



## **GENSOURCE POTASH CORPORATION RAISES \$US 7.1M FROM ROYALTY SALE ON TUGASKE POTASH PROJECT TO STRATEGIC INVESTOR AND PROJECT OFF-TAKER AND NON-BROKERED PRIVATE PLACEMENT**

SASKATOON, Saskatchewan--(BUSINESS WIRE)—October 15, 2019--Gensource Potash Corporation (“**Gensource**” or the “**Company**”) (TSX-V: GSP), is pleased to announce the closing of:

1. a US\$6.0 Million royalty sale with respect to the first project, officially called the “Tugaske Potash Project” (the “**Project**”), to be developed within Gensource’ Vanguard Area (comprising mineral leases KL244 and KL245); and
2. a non-brokered private placement of 11,230,769 common shares of the Company (“**Common Shares**”) at a price of \$0.13 per Common Share for gross proceeds of \$1,459,999.97 (the “**Private Placement**”). Common Shares issued pursuant to the Private Placement are subject to a four month and one day statutory hold in accordance with Canadian securities laws. In relation to the Offering, the Company paid commissions to a certain licensed finder. The commissions paid to the finder consisted of a cash payment of \$72,999.99. The Private Placement is subject to final approval by the TSX Venture Exchange. The Strategic Investor and Roc Global Investments participated in the private placement.

The aggregate gross proceeds of \$US 7.1M from the Royalty and the Private Placement will be used for the completion of the senior debt financing, completion of due diligence work, further development of the Tugaske Potash Project and working capital.

### **Royalty Agreement with Strategic Project Equity Investors**

The Strategic Investor and the Project Off-taker for the Tugaske Potash Project (see Gensource’ news release dated May 22, 2019) have executed royalty agreements (the “**Royalty Agreement**”), pursuant to which Gensource has granted a royalty (the “**Royalty**”) to the purchasers (the “**Royalty Owners**”) in consideration of US\$6.0 Million paid by the Royalty Owners to Gensource. In relation to the Royalty Agreement, the Company paid a cash commission of \$US 120,000.00. Pertinent details of the Royalty Agreement are:

- Gensource grants to the Royalty Owners the Royalty at the rate of 2% of gross revenue from the sale of commercial minerals (calculated and paid quarterly on the terms set out in the Royalty Agreement) extracted from the Company’s mineral dispositions with respect to the Project and for the life of the Project;
- The Royalty will run with the Mineral Dispositions, and will be a registered interest on the mineral leases; and
- The Royalty Owners shall have the right to the Royalty on minerals produced and sold by the first module of production to be constructed on the leases. In the May 22<sup>nd</sup> news release, it was disclosed that the Strategic Investor and the Project Off-taker have signed Letters of

Intent to provide 33% and 25%, respectively, of the project equity required as part of the Project finance package.

Gensource has worked tirelessly to bring the right groups to the Project for both debt and equity as it moves forward with creating a full project finance and ownership structure for the Tugaske Project. Our partners in this Project are strong industry players who see the value in Gensource's business and project approach and wish to be part of the future of the potash industry. As a result of today's announcement, Gensource has successfully sourced strategic support from sophisticated investors to advance the Tugaske Project to completion of the project finance stage.

The part and parcel transaction (the Royalty Agreement and the Private Placement together) announced today is unique and important for a number of reasons:

- It provides the required capital for Gensource to complete the detailed senior debt due diligence process towards achieving a financial close for the project finance package;
- It provides interim working capital for Gensource to accomplish the financial close;
- It provides the above capital in a manner that is largely non-dilutive to existing Gensource shareholders; and
- It allows the future equity owners of the Project to invest their risk capital in the Project at the current stage. Both the Royalty Agreement and the Private Placement underscore the belief in, and commitment to the Project by both of the Royalty Owners.

Mike Ferguson, President & CEO of Gensource, said, "We are very pleased to welcome our project partners – both the Strategic Investor and the Off-taker – to the Tugaske Potash Project as Royalty Owners. We appreciate their trust in Gensource's approach to potash production. We also appreciate their unique foresight, which allows them to see the tremendous opportunities ahead under the Gensource model. We see the equity investment as a further validation of the Gensource "Potash 2.0" concept. At the same time, we acknowledge the support of existing shareholders to allow Gensource to bring the Project to its current stage of development – the Royalty, being non-dilutive to existing shareholders, underscores our focus on shareholder value. We look forward to working with our project partners to complete the remaining debt and equity financing work and achieving a financial close in early 2020."

### **About Gensource**

Gensource is based in Saskatoon, Saskatchewan and is focused on developing the next potash production facility in that province. Gensource's President and CEO, Mike Ferguson, P.Eng., has assembled a management and technical team with direct and specific expertise and experience in potash development in Saskatchewan.

Gensource operates under a business plan that has two key components: (1) vertical integration with the market to ensure that all production capacity built is directed, and pre-sold, to a specific market, eliminating market-side risk; and (2) technical innovation which will allow for a small and economic potash production facility, which is much friendlier to the environment, is quicker and cheaper to construct and more efficient to operate - the output of which can then be directed to a single, specific market.

### **About the Strategic Investor**

The Strategic Investor is a highly respected and established shipping and commodity transportation group which is internationally active in the field of shipping chemicals, oil and agricultural products

for world-wide active commodity producers and trading houses. The group also owns real estate and has development interests, the roots of which go back to the early nineteen fifties. The strategic investor wishes to become actively involved in the Project as part of its strategic plan to further diversify its investments on a long-term basis.

### **About the Project Off-taker**

The Project Off-taker is a large and well-respected international fertilizer manufacturing and distribution company. The group has significant infrastructure and a well-established distribution and logistics network within the North American fertilizer marketplace and has developed a marketing plan to strategically place 100% of the production from a Gensource facility.

### **About Roc Global Investments**

Roc Global Investments is an affiliate of Roc Global of New York, exclusive financial advisor to Gensource.

**Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.**

For further information please contact:

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### *Caution Regarding Forward-Looking Statement*

*This news release may contain forward looking information and Gensource cautions readers that forward-looking information is based on certain assumptions and risk factors that could cause actual results to differ materially from the expectations of Gensource included in this news release. This news release includes certain "forward-looking statements", which often, but not always, can be identified by the use of words such as "believes", "anticipates", "expects", "estimates", "may", "could", "would", "will", or "plan". These statements are based on information currently available to Gensource and Gensource provides no assurance that actual results will meet management's expectations. Forward-looking statements include estimates and statements with respect to Gensource' future plans, objectives or goals, to the effect that Gensource or management expects a stated condition or result to occur, including the ability to finance the Project or other projects on terms which are economic or at all, the establishment of vertical integration partnerships and the sourcing of end use potash purchasers. Since forward-looking statements are based on assumptions and address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results relating to Gensource' financial condition and prospects, the ability to finance the Project or other projects on terms which are economic or at all, the ability to establish viable vertical integration partnerships and the sourcing of end use potash purchasers could differ materially from those currently anticipated in such statements for many reasons such as: failure to receive final TSXV approvals for the Private Placement; failure to meet the obligations set out in the Royalty Agreement failure to finance the*

*Project or other projects on terms which are economic or at all; failure to settle a definitive joint venture agreement with a party and advance and finance the Project; changes in general economic conditions and conditions in the financial markets; the ability to find and source off-take agreements; changes in demand and prices for potash; litigation, legislative, environmental and other judicial, regulatory, political and competitive developments; technological and operational difficulties encountered in connection with Gensource' activities; and other matters discussed in this news release and in filings made with securities regulators. This list is not exhaustive of the factors that may affect any of Gensource' forward-looking statements. These and other factors should be considered carefully, and readers should not place undue reliance on Gensource' forward-looking statements. Gensource does not undertake to update any forward-looking statement that may be made from time to time by Gensource or on its behalf, except in accordance with applicable securities laws.*