

## **Gensource Potash Secures \$C 280 Million Senior Debt Facility for Tugaske Project**

SASKATOON, Saskatchewan, September 23, 2021 – Gensource Potash Corporation (“Gensource” or the “Company”) (TSXV: GSP), a fertilizer development company focused on sustainable potash production, today is pleased to announce it has received commitment letters from its two mandated joint lead debt arrangers, KfW IPEX-Bank and Societe Generale (together, the “Mandated Lead Arrangers”), to provide a senior secured debt facility for a total of up to \$C 280 million (the “Debt Facility”). The Debt Facility is intended to fund, in part, the construction and ramp up of the Company’s Tugaske potash development project (“Tugaske” or the “Tugaske Project”). All dollar amounts in this release are in Canadian dollars (“\$C”) unless otherwise indicated.

### **Highlights**

- The Company has received binding commitment letters from KfW IPEX-Bank and Societe Generale, its two Mandated Lead Arrangers for a Debt Facility of up to \$C 280 million;
- The Mandated Lead Arrangers have each underwritten 50% of the Debt Facility, or \$C 140 million each;
- The Debt Facility comprises two tranches:
  - Tranche A of \$C 140 million fully amortizing term loan facility is to be supported by credit insurance issued by Euler Hermes Aktiengesellschaft (“Euler Hermes”), the Federal Republic of Germany Export Credit Agency (“ECA”) and;
  - Tranche B of \$C 140 million fully amortizing term loan facility.
- Work on the definitive loan agreement and associated documentation (the “Loan Documentation”) is underway. Execution of the Loan Documentation is subject to completion of the remaining equity financing by the Company, Euler Hermes approval and other customary conditions typical for transactions of this nature - each of which is expected to be achieved in parallel with completion of the Loan Documentation;
- As previously announced ([see press release dated September 2, 2021](#)), a Special Purpose Vehicle (“SPV”) has been incorporated in Saskatchewan for the Tugaske Project and named KClean Potash Corporation (“KClean”). KClean is the legal entity that will finance and ultimately construct and own the 250 kt/a Tugaske Project. As the Tugaske Project’s offtaker, HELM AG from Germany (“HELM”) has committed to invest \$C 50 million to own 33% of KClean. Gensource is anticipated to own the remaining 67% through paid-in-capital and an equity investment in KClean;

### **Mike Ferguson, President & CEO of Gensource, commented:**

“We are delighted to achieve yet another significant milestone towards making Tugaske the first potash project of its kind: efficient, scalable and sustainable. Designed purposefully to be different from a conventional potash mine, Tugaske utilizes innovative, sustainable production methods that are environmentally sound and socially responsible. The Tugaske Project will have a decreased physical footprint, resulting in less impact on air, water, and land with no salt tailings or brine ponds. We envision Tugaske to be the new standard for potash production.

A commitment from our Mandated Lead Arrangers for this Debt Facility is a strong endorsement for the Tugaske Project and represents a key milestone whilst confirming the appetite for Tugaske's business model and environmental approach with a strong focus and commitment to environmental, social and governance matters. We wish to thank our Mandated Lead Arrangers, KfW IPEX-Bank and Societe Generale, for their support through their respective approval processes. These two lenders are clear leaders in greenfield project finance and have demonstrated success in financing fertilizer projects worldwide. Both lenders have been involved in the Tugaske Project since early 2020 and understand well the economic viability of the project. The bank approvals demonstrate the robustness of the capital intensity and production costs from our potash development projects which we expect will be within the lowest quartile of potash producers worldwide."

### **Senior Debt Facility**

The Company has received a binding commitment letter from its two Mandated Lead Arrangers, KfW IPEX Bank and Societe Generale, following successful risk approvals and credit approvals within each organization. The commitment letter is based on an agreed and binding term sheet for the Debt Facility and is divided into two tranches, Tranche A and Tranche B.

#### **Tranche A Facility – \$140 million**

- Term of 11.5 years;
- Interest base rate of 3-month Canadian dollar offered rate ("CDOR") plus respective margin;
- Purpose is to fund key equipment and service provider contracts with German suppliers which are eligible for export credit cover;
- Export credit guarantee issued by Euler Hermes;
- Interest capitalized during construction;
- Fully amortizing loan facility, early repayment permitted without penalty, upon notice;
- Subject to standard bank fees.

#### **Tranche B Facility – CAD \$140 million**

- Term of 10.5 years
- Interest base rate of 3-month CDOR plus respective margin;
- Purpose is to fund the remaining capital spend as identified in the detailed capital cost estimate;
- Interest capitalized during construction;
- Fully amortizing term loan facility, early repayment permitted without penalty, upon notice;
- Subject to standard bank fees.

Conditions precedent to loan drawdowns include final approval of insurance coverage from Euler Hermes, execution and delivery of the Loan Documentation, equity expenditure and other customary conditions for a project finance debt facility.

### **Tugaske Project**

Located in the Company's Vanguard Area, comprising potash leases KL244 and KL245 in south-central Saskatchewan, the Tugaske Project will employ the Company's innovative selective solution mining and

processing methods to create an efficient, modular, scalable and environmentally sustainable potash production facility.

An updated NI 43-101 technical report released on March 22, 2021 (the “Technical Report”) and filed on SEDAR is based on a FEED (Front End Engineering Design) Study and includes significant detailed procurement work with the Company’s selected process and equipment vendors.

Under the Economic Analysis outlining the Tugaske Project’s Sources and Uses in the Technical Report, the project is funded 60% by senior debt and 40% by equity. HELM has committed to invest \$50 million to own 33% of KClean, the SPV that will own and operate the Tugaske Project. Gensource will own the remaining 67% through Paid-In-Capital (value of the Tugaske Project’s assets assigned to KClean) and a cash investment in KClean.

The Tugaske Project is anticipated to have lower impact on air, water, and land compared to conventional potash mining methods, with significantly lower freshwater use, no salt tailings and no brine ponds. The absence of tailings eliminates decommissioning risks, while eliminating brine ponds removes the single largest negative environmental impact associated with conventional potash mining. Additionally, power at Tugaske is self-generated using natural gas rather drawing from the Saskatchewan electrical grid, which allows the Tugaske Project to avoid up to 24,500 tonnes per year of CO<sub>2e</sub> of emissions.

### **HELM Offtake Agreement**

As previously disclosed, HELM, as the Tugaske Project’s offtaker, is committed to purchasing 100% of the production for a period of 10 years, renewable thereafter. HELM will market the potash directly to its customer base, providing KClean Potash Corporation with the competitive advantage of a direct and efficient delivery network from the mine site to retail. Thanks to storage facilities close to its sales outlets and a wide product range, HELM’s fertilizer business line is firmly established in key agricultural markets across the United States.

Learn more at <https://www.helmag.com> and <https://us.helmcrop.com>

### **About Gensource**

Gensource is a fertilizer development company based in Saskatoon, Saskatchewan and is on track to become the next fertilizer production company in that province. With a small scale and environmentally leading approach to potash production, Gensource believes its technical and business model will be the future of the industry. 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, that demonstrates environmental leadership within the industry by using significantly less water per tonne compared to conventional solution mining operations, producing no salt tailings, therefore eliminating decommissioning risk, and requiring no surface brine ponds, thereby removing the single largest negative environmental impact of potash mining.

## **About KfW**

Within KfW Group, KfW IPEX-Bank is responsible for project and export finance. It supports German and European companies operating in key industrial sectors in global markets by structuring medium and long-term financing for their exports, funding infrastructure investments, securing a raw materials supply and by financing environmental and climate protection projects worldwide. As a specialist bank, KfW IPEX-Bank has extensive industry, structuring and country expertise, it takes on leading roles in financing consortia and actively involves other banks, institutional investors and insurance firms. KfW IPEX-Bank operates as a legally independent group subsidiary and is represented in the most important economic and financial centres across the globe.

## **About Societe Generale**

Societe Generale is one of the leading European financial services groups. Based on a diversified and integrated banking model, the Group combines financial strength and proven expertise in innovation with a strategy of sustainable growth. Committed to the positive transformations of the world's societies and economies, Societe Generale and its teams seek to build, day after day, together with its clients, a better and sustainable future through responsible and innovative financial solutions.

Active in the real economy for over 150 years, with a solid position in Europe and connected to the rest of the world, Societe Generale has over 133,000 members of staff in 61 countries and supports on a daily basis 30 million individual clients, businesses and institutional investors around the world by offering a wide range of advisory services and tailored financial solutions. The Group is built on three complementary core businesses:

- French Retail Banking which encompasses the Societe Generale, Credit du Nord and Boursorama brands. Each offers a full range of financial services with omnichannel products at the cutting edge of digital innovation;
- International Retail Banking, Insurance and Financial Services to Corporates, with networks in Africa, Russia, Central and Eastern Europe and specialised businesses that are leaders in their markets;
- Global Banking and Investor Solutions, which offers recognised expertise, key international locations and integrated solutions.

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### Caution Regarding Forward-Looking Statements

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's future plans, objectives or goals, to the effect that Gensource or management expects a stated condition or result to occur, including the proposed financing of the Tugaske Project and the development of the Tugaske Project and other projects by Gensource. 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 the success of the Tugaske Project and the financing of the Tugaske Project could differ materially from those currently anticipated in such statements for many reasons such as: failure to finance the Tugaske 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 Tugaske 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's activities; an inability to predict and counteract the effects of COVID-19 on the business of Gensource, including but not limited to the effects of COVID-19 on the price of commodities, capital market conditions, restriction on labour and international travel and supply chains, failure to obtain required regulatory approvals; 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's forward-looking statements. These and other factors should be considered carefully, and readers should not place undue reliance on Gensource's 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.

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