



## **GENSOURCE ANNOUNCES CAD \$50 Million Project Equity Commitment Letter from Project Offtaker HELM AG and Update on Tugaske Project Special Purpose Vehicle**

**SASKATOON, Saskatchewan, September 2, 2021** – Gensource Potash Corporation (“Gensource” or the “Company”) (TSXV: GSP) today is pleased to announce an update on the financing, development and future structure of its Tugaske Project (“Tugaske” or “Project”) in Saskatoon, Canada.

### **Highlights**

- Gensource has formed a Special Purpose Vehicle (“SPV”), which will finance, own, construct and operate the Tugaske Project;
- The SPV is called KClean Potash Corporation (“KClean”) and will be owned by Gensource and HELM (“HELM”: HELM AG and its North American subsidiary, HELM Fertilizer Corp) following final equity investments;
- As a part owner of the SPV and as Project offtaker, HELM has committed to invest CAD \$50 million into the 250 kt/a Tugaske potash production Project, contingent upon the remaining equity and debt financing for the SPV being successfully completed and HELM’s Board Approval. The investment commitment represents an increase over previously discussed amounts and will occur at financial close;
- Mandated senior debt lead arrangers to the Project, KfW IPEX-Bank and Societe Generale, are progressing with their respective credit approval processes;
- The fertilizer market is currently buoyant, with prices for most products having increased at least 50% over the past twelve months, whilst food security concerns continue to highlight the need to provide key macronutrients at affordable prices

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

*“We are excited to achieve this next important milestone for the Tugaske Project. The equity investment commitment by the Project’s offtaker, HELM, reaffirms Gensource’s fundamental business proposition of creating new and direct supply chains in the potash industry, to help begin the transition of the industry to more of a manufacturing model rather than the conventional “bulk mining” model. When we launched Gensource several years ago, our vision was to help achieve food security by supplying the world with a key macronutrient at an affordable cost through a new supply chain that is open, transparent, and sustainable. Today we are one step closer to realizing that vision with the founding of KClean Potash Corporation.”*

### **Formation of KClean Potash Corporation**

The Tugaske SPV has now been incorporated and is named KClean Potash Corporation (“KClean”). KClean is a Saskatchewan corporation and is the entity that will finance and ultimately own, construct and operate the Tugaske Project. The Tugaske Project itself involves the use of the latest innovative selective solution mining and processing methods to create an efficient, modular, scalable and environmentally sustainable potash production facility, sized appropriately for local communities. By using its selective solution mining technology, the Tugaske Project will 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. KClean will own the Tugaske Project, which will be the first production



module on Gensource's Vanguard Area located 170 km south of Saskatoon and only 360 km north of the US-Canada border.

With HELM's increased cash equity commitment as well as other tangible contributions it is making to support the overall financing of the Project, it is anticipated HELM will ultimately own 33% of KClean and Gensource is anticipated to own the remaining 67% through its paid-in capital (i.e., the value of Tugaske Project assets assigned to KClean) and cash equity investments.

Given the defined proven and probable reserves and measured and indicated resource in the Vanguard Area (as disclosed in the Company's news release dated 22 March 2021), Gensource anticipates implementing several potash production modules over the course of the next decades. The Company believes that the cost of potash production from its modules will be within the lowest quartile of potash producers worldwide.

### **HELM offtake agreement**

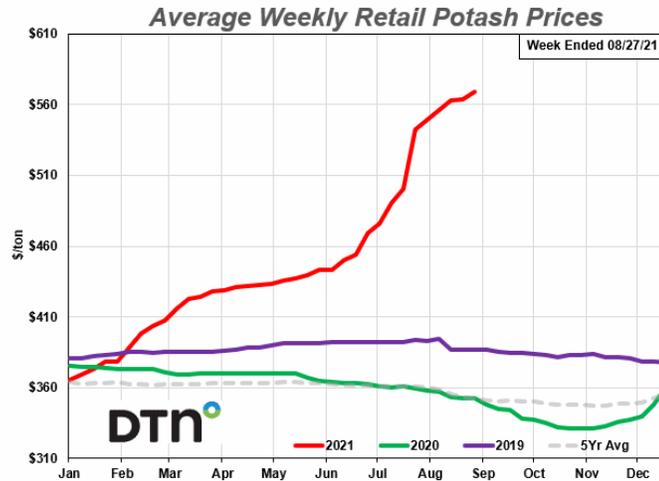
HELM, as the Project's offtaker, is committed to purchasing 100% of the production for a period of 10 years, renewable thereafter. HELM will market the potash directly to its customer base, providing KClean Potash Corporation with the competitive advantage of a direct and efficient delivery network from the mine site to retail. The modular nature of Tugaske will also allow for nimble and capital-efficient future supply additions to meet market demands, without the need for the multi-billion-dollar mega-projects the industry has suffered from up to now.

### **Senior Debt Update**

The senior debt financing package for the Tugaske Project, being arranged by joint lead arrangers KfW IPEX-Bank and Societe Generale, is expected to be for up to CAD \$280 million with the financial model supporting the robust economic viability of the Project. As highlighted in past news releases, all due diligence reports from external consultants for the assessing the technical and commercial merit of the Tugaske Project, its risks and its financial returns required by senior lenders are in final form and supportive of a favourable credit assessment. Gensource will provide further updates soon with respect to the senior debt financing for the Tugaske Project.

### **Fertilizer Market Update**

Fertilizer prices have increased dramatically over the past year, with prices of major fertilizer products throughout North America increasing by over 50%. The average retail potash (MOP) prices across the United States increased from \$380 per metric tonne in 2020 to \$661 per metric tonne, 2021 to date, increasing \$280 per tonne or 73%. The last time the potash price was above \$600 per tonne was in November 2012.



\*Prices shown in the above chart are in \$US and quoted in short tons.

Source: Progressive Farmer-DTN

*“I’m very encouraged to see a robust fertilizer market as we continue to achieve our key milestones towards commencing the construction of the Tugaske Project” added Mike Ferguson. “The presence of today’s higher prices will, no doubt, bring additional new potential projects to the industry, however, it is important to note that Tugaske does not rely on the current high prices to be economically sound. Tugaske was developed under much lower potash pricing scenarios than we are seeing today and shows robust economics at both low and high pricing environments, this is one of many fundamental and differentiating strengths of the Project.”*

## About HELM

HELM, founded in 1900, is a privately-owned company based in Hamburg, Germany. HELM is one of the world’s largest chemical marketing companies and guarantees access to the world’s key markets through its specific regional knowledge and more than 100 subsidiaries, sales offices, and participations in over 30 countries. HELM AG employs approximately 1,600 staff.

As a multifunctional marketing organization, HELM is active in the chemical industry, the crop protection industry, and the active pharmaceutical ingredients and pharmaceuticals industries as well as the fertilizer industry.

HELM’s fertilizer business unit was started in 1972 and has developed into one of the world’s largest independent global logistics and marketing networks. HELM distributes fertilizer in its core markets of Europe, North America and Latin America. Within the US market, HELM Fertilizers is counted as one of the top five fertilizer companies in North America in terms of its storage facilities, distribution hubs, long-term transport contracts and end-user customer networks.

To serve the needs of the customer, HELM has recently increased its portfolio of storage facilities close to the agricultural markets in the US.

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.

**Neither the 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.**

### 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.*

### Contact:

Gensource Potash Corporation  
Mike Ferguson, President & CEO  
mike@gensource.ca