



GENSOURCE  
POTASH CORP.

# The future of potash

TSXV:GSP, AIM:GSP  
January 2023



# Disclaimer

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This Presentation contains “forward looking information”, “forward looking statements”, “future oriented financial information” and “financial outlooks” within the meaning of applicable securities legislation (collectively herein referred to as “forward-looking statements”). All statements other than statements of historical fact contained in this Presentation are forward-looking statements, including, without limitation, statements regarding future financial position, business strategy, completed and potential acquisitions and the potential impact of such completed and/or potential acquisitions on the operations, the future development of the Company's potash project located in Tugaske, Saskatchewan (the “Tugaske Project”), including the proposed use of proceeds from the Company's financing activities and the results expected to be achieved therefrom; statements with respect to the successful negotiation and entering into of the Company's proposed debt facility with Société Générale S.A. and KfW IPEX-Bank of Germany (the “Debt Facility”), the proposed term of the Debt Facility including coverage from Euler Hermes Aktiengesellschaft, or otherwise known as the Export Credit Agency in Germany, the use of proceeds from the \$5 million credit facility from HELM (the “HELM Credit Facility”), the Company's expectations relating to the proposed modular potash production facilities, the Company's expectations relating to the use technology and its planned business model, financial condition, capital resources and business of the Company, the Company's policy with respect to the amount and/or frequency of dividends, budgets, litigation, projected costs and plans and objectives of or involving the Company or any businesses to potentially be acquired by the Company. Prospective investors can identify many of these statements by looking for words such as “believes”, “expects”, “will”, “may”, “intends”, “projects”, “anticipates”, “plans”, “estimates”, “continues” and similar words or the negative thereof.

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The information contained in this Presentation identifies additional factors that could affect the operating results and performance of the Company. Assumptions about the performance of the Company are considered in setting the business plan for the Company and in setting financial targets. Key assumptions include that the Company will successfully develop the Tugaske Project, the Company will be able to negotiate and implement satisfactory financing arrangements for the Tugaske Project, the Debt Facility and the special purpose vehicle (Kclean Potash), that the Company will utilize the expected use of proceeds from its various financing activities as described herein; one of the two triggering events will occur with respect to the two potash production royalties with respect to the approximately 72,000 acres of crown mineral leases in the Province of Saskatchewan, KL 244 and KL 245, the Company will be able to negotiate and finalize the ownership structure of the Tugaske Project and that the Company's relationship with HELM will otherwise be positive and productive, demand for products of the Company will remain stable and that the Canadian and other markets in which the businesses are active will remain stable. Should one or more of the risks materialize or the assumptions prove incorrect, actual results, performance or achievements of the Company may vary materially from those described in forward-looking statements.

The forward-looking statements contained herein are expressly qualified in their entirety by this cautionary statement. The forward-looking statements included in this Presentation are made as of the date of this Presentation or such other date specified in such statement. Except as required by law, the Company disclaims any obligation to update any forward-looking information, estimates or opinions, future events or results or otherwise.

# Tugaske Project Summary



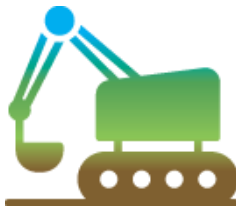
**ATTRACTIVE GLOBAL POTASH  
DYNAMICS**



**INNOVATIVE PLANNED  
EXTRACTION METHOD**



**10-YEAR OFF-TAKE AGREEMENT  
SECURED**



**OUR FIRST PROJECT IS  
'SHOVEL-READY'**



**EXPECTED SCALABLE, LOW-COST  
PRODUCTION**



**POSITIVE FORECASTED  
FINANCIAL RETURNS**



## Section 1 - Transforming Potash

“ A smaller carbon footprint  
was always part of  
our bigger plan. ”

- Gensource



# Feeding the world requires more potash



## ~10 BILLION

An estimated global population of approximately 10 billion in 2050 will require an increase in the total food production.<sup>1</sup>

And as the world's rising middle class will be eating more meat<sup>1</sup>, the pressure on agriculture to produce sufficient food is increasing.



## POTASH

Potash (or "KCl") is a necessary component in fertilizer that helps produce healthier soil, larger product yields and strengthen drought resiliency.

As urbanisation and nature preservation claim more land use, the shrinking proportion used for agriculture needs to produce more.



## FUTURE FACING COMMODITY

Potash is at the convergence of global demographic, social and environmental trends.

Environmental footprint of potash is significantly more attractive than other major chemical fertilizers. Potash is not a chemical fertilizer and is organic by nature.<sup>2</sup>

<sup>1</sup> Source: UN World Population Prospects 2019

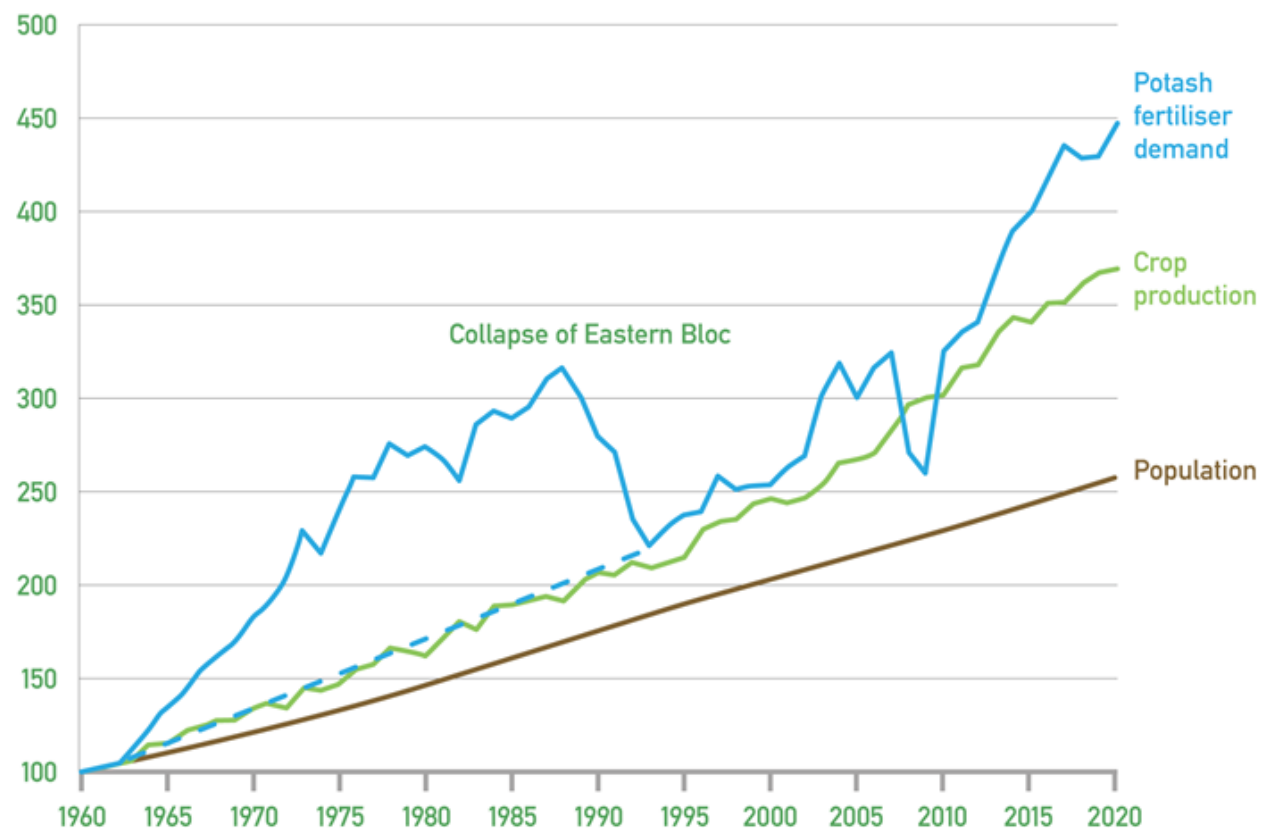
<sup>2</sup> Source: Canadian General Standards Board, Organic Production Systems

# This translates into a growing market for valuable potash

## Global Market Size

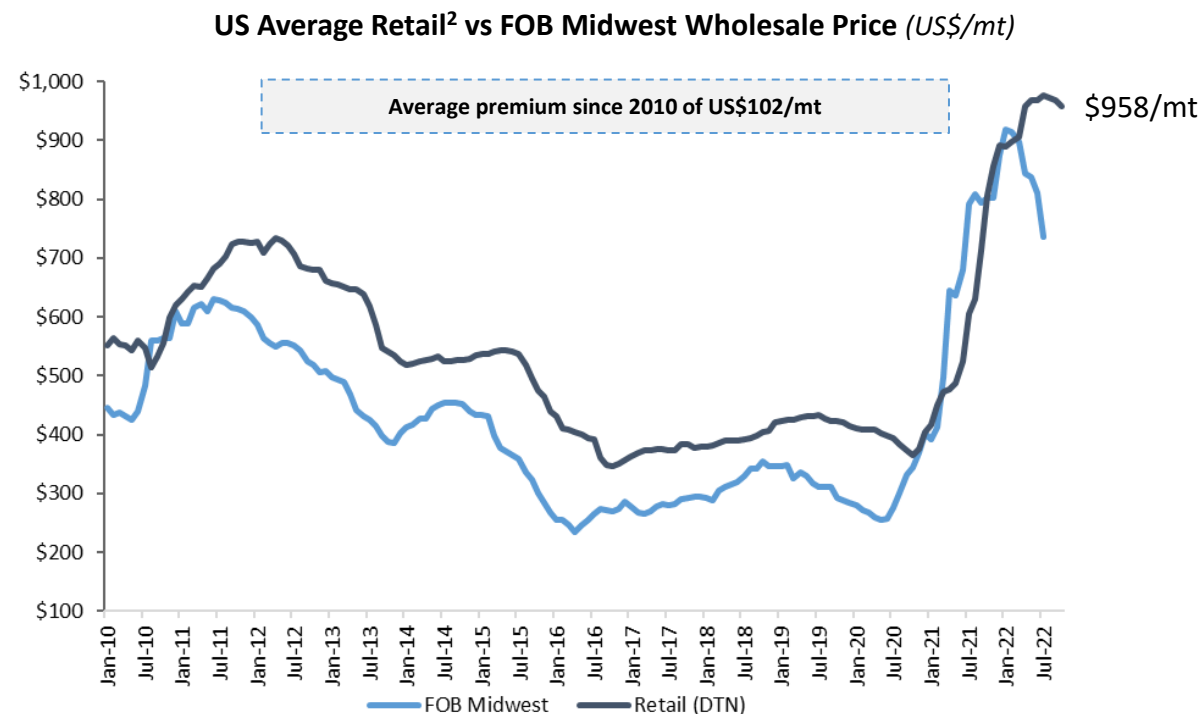
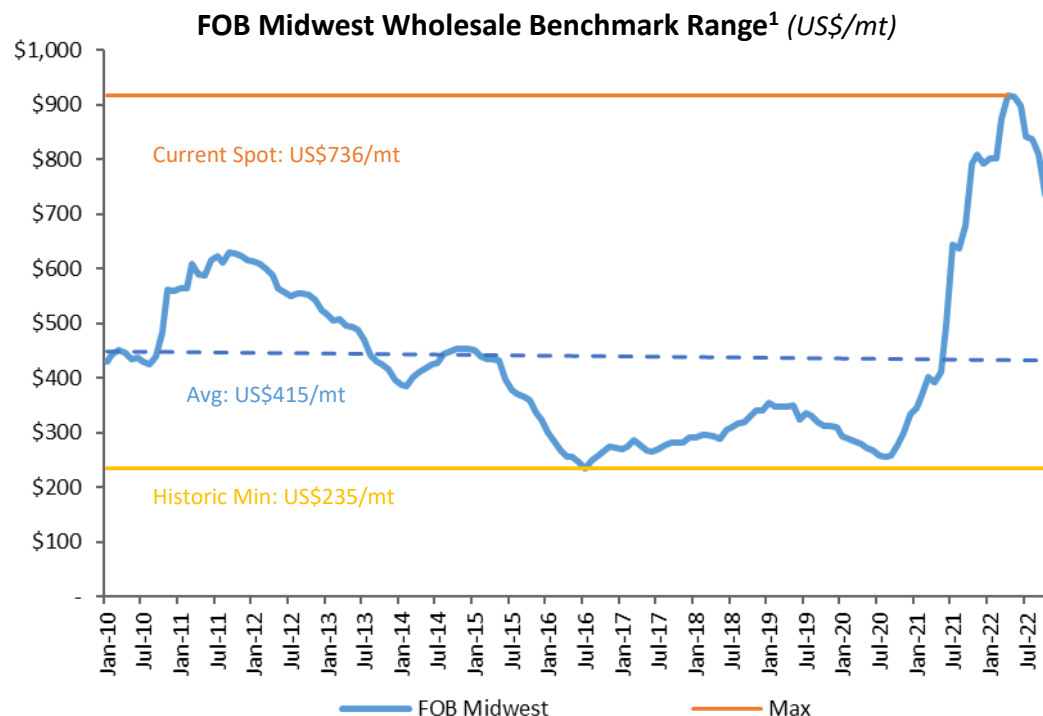
Global potash demand expected to grow at a 2% CAGR per year, resulting in total expected demand of 88.7 million tonnes by 2035.

Population up ~2.5 times since 1960, crops ~ 3.5 times, fertilizer ~ 4.5 times  
Index, 1960 = 100



# Retail Price Premium

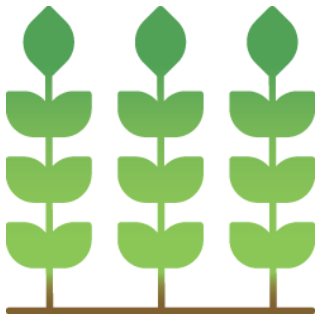
- Gensource's 100% off-take agreement with HELM provides the Company with a pricing mechanism, via HELM's extensive distribution network, that is tied to the retail sale price of potash
  - Retail prices have historically been at a sizeable premium to wholesale pricing benchmarks, implying a benefit to Gensource's margins
  - We believe the closest major wholesale benchmark to Gensource's target markets is the FOB Midwest benchmark



<sup>1</sup> Source: CRU, January 1, 2010–October 1, 2022.

<sup>2</sup> Source: CRU, DTN. Data based on the Potash National Average of the DTN Fertilizer Index, which is a composite of approximately 1,700 price bids from 300 retailers across the United States. January 1, 2010 – October 1, 2022.

# Gensource aims to transform the way potash is extracted, produced and distributed



## OUR VISION

Support food security by supplying the world with a key macronutrient at an affordable cost within an open, transparent, and sustainable environment.



## OUR MISSION

Create a series of independent, scalable, and environmentally sustainable potash production facilities in Saskatchewan and around the world.



## OUR VALUES

The core priorities for Gensource are integrity, openness and forthrightness, innovation and social responsibility.



# Current extraction and distribution for potash is unsustainable

## Conventional Potash Extraction Problems

Producing potash is carbon-intensive, water-intensive and leaves behind large amounts of waste in the form of salt tailings piles.

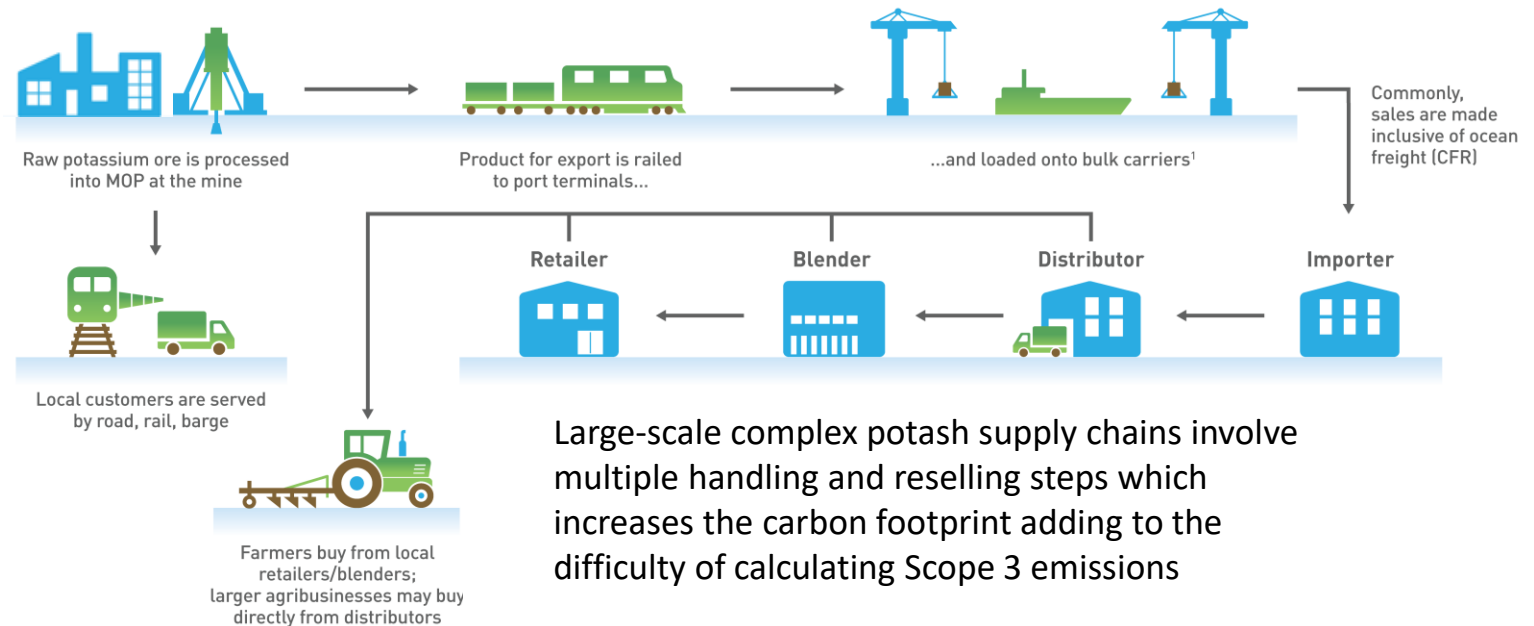


Monte Kali, enormous 250 metre tall tailings pile covering 93 hectares with over ~188 million tons of salt in Heringen, Germany

Saskatchewan has 11 operating mines each with their own salt tailings

## Conventional Potash distribution supply chain

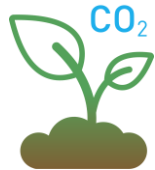
Potash is predominantly sold on wholesale markets, which means that there's also a significant carbon footprint associated with each tonne of potash in terms of travel to where it's used.



Large-scale complex potash supply chains involve multiple handling and reselling steps which increases the carbon footprint adding to the difficulty of calculating Scope 3 emissions

# Gensource aims to extract potash with a lower environmental impact as compared to conventional extraction methods

Our planned selective extraction method injects a hot salt (NaCl) brine into horizontal caverns in the ore body, to selectively dissolve KCl leaving salt in place. The KCl-rich brine is then processed (KCl 'drops out' through cooling crystallization) and the NaCl brine is reheated and re-circulated back to the cavern to repeat the process. This clean approach is expected to have less impact on air, water, and land.



## POTENTIAL FOR NET-ZERO

Power planned to be self generated at site using natural gas, not grid coal. A Gensource module is expected to avoid up to 24,000 tonnes/year of CO2 emissions resulting in lower air pollution.

For the long term, Gensource is investigating pyrolysis waste-to-energy process that can sequester carbon and provide fuel to Gensource. Gensource is also studying technology for the production of green hydrogen to replace natural gas consumption



## WATER

A Gensource module is designed to use up to 75% less water per tonne of potash produced than conventional solution mining methods and the ability to use a brackish water source can reduce freshwater usage even further.



## LAND

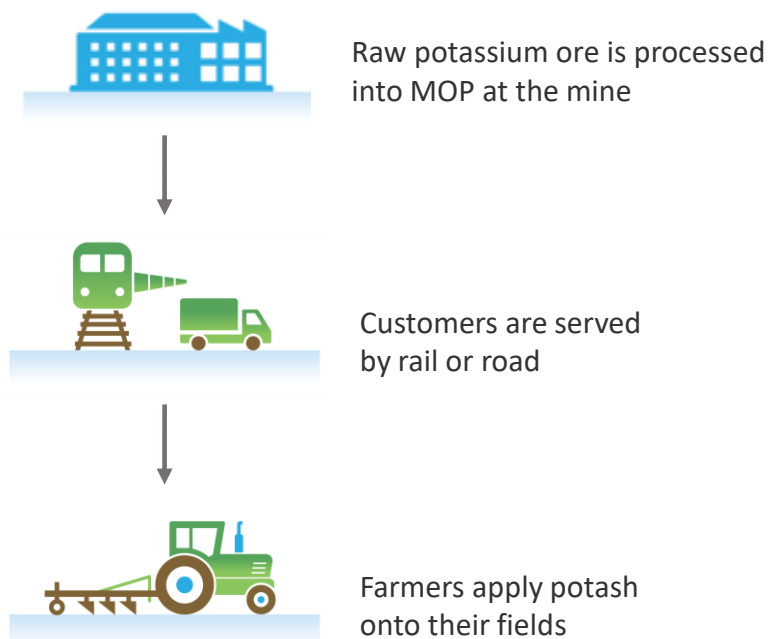
With no salt tailings, no brine ponds and a compact modular facility, a Gensource module is expected to use a lot less land than conventional potash production.

Paired with investment in nature-based solutions and offsets, there's a potential for carbon-positive production.

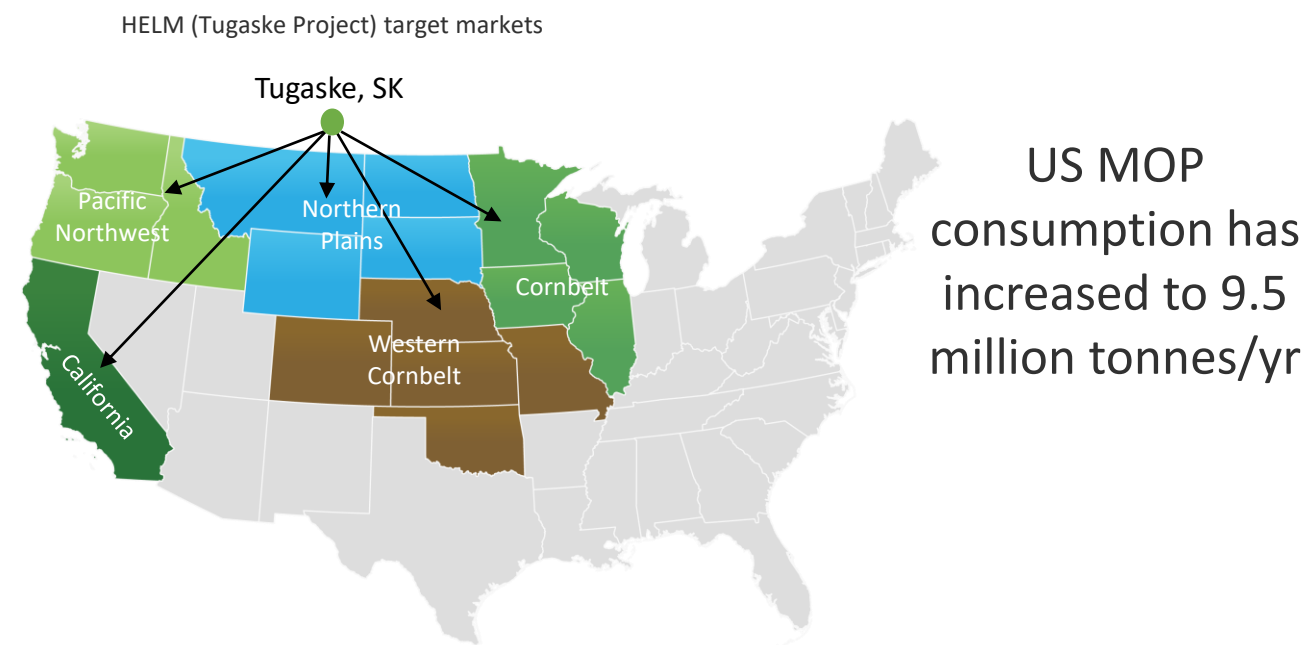
# Gensource's planned vertical integration expected to reduce market risk and the environmental impact of distribution – Scope 3 is transparent

## VERTICAL INTEGRATION

Direct to customer - forecasted higher margins



**Our Target Market is Right in Our Backyard**  
Five core regions account for 60% of total US muriate of potash ("MOP") consumption



## Gensource's planned approach is modular: a scalable and replicable method that is designed to have a lower carbon and physical footprint

Gensource believes technical innovation will allow it to create a series of independent, scalable and environmentally sustainable potash production facilities. Designed to produce 250,000 – 270,000 t/year of potash.

### LOWER LAND IMPACT

Our projects are designed to be 1/10th the size of a traditional potash project.

Designed to use less surface land and place a small demand on shared utilities, such as local infrastructure.

### LONG-TERM EMPLOYMENT

We believe our projects will complement rural communities by providing long-term employment opportunities and by placing less pressure on surrounding agricultural lands.





## Section 2 – The Tugaskie Project



# Tugaske Project highlights



Designed minimum production of 250,000 metric tonne per annum of saleable MOP using the planned selective solution extraction method

## **Technically and economically robust project design**

- Combining tested extraction methods with patented processing techniques and an in-place off take partner results in robust forecasted economics

## **Bankable Feasibility Study completed in 2018 and updated in October 2021**

- Technical and economic feasibility of the Tugaske Project confirmed
- 45-year planned mine life

## **Critical infrastructure already in place**

- Located on or very close to
  - Road and rail access
  - Natural gas, power and water
- Saskatchewan is well set-up for potash production and movement

## **Environmentally and socially responsible**

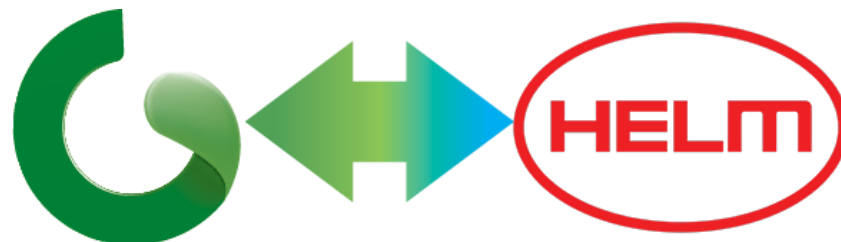
- Leaves no tailings on surface (minimizing decommissioning risk)
- Requires no brine ponds (eliminating significant environmental concern) while decreasing decommissioning risk
- Small physical footprint (eases public concern/social risk)

## **Key government approvals are in place**

- Saskatchewan Ministry of Environment determined no Environmental Impact Assessment (EIA) was required due to the Tugaske Project's negligible environmental impact
- The project was determined to be 'not a development' because it does not trigger the need for an EIA

# Tugaske is designed to deliver straight to the end-user through partnership with HELM

- Gensource has been working directly and transparently with our partner, HELM, since the start of the Tugaske Project
  - HELM and Gensource have completed an off-take agreement where HELM will purchase 100% of the intended production from the Tugaske Project and market directly to its customers using its own infrastructure.
  - Among the largest fertilizer distributors in US (complete with infrastructure)
  - Have participated in large methanol and other fertilizer projects in the past



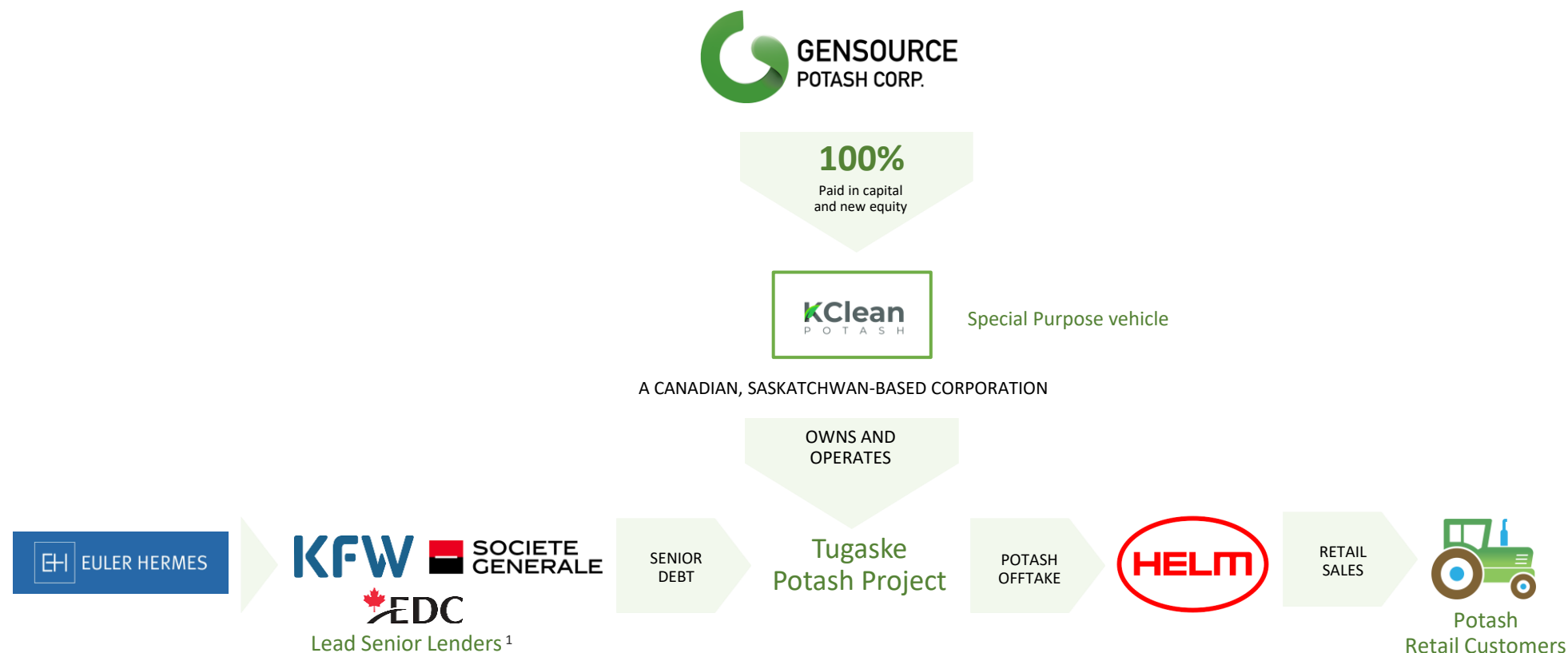
**100%** of planned Tugaske Project production is already sold to HELM

#### Key Points:

- Take or pay provisions
- Initial 10-year term
- Term exceeds financing tenor
- Option to renew
- Right of first refusal for the offtaker to purchase any additional tonnes produced at the Tugaske Project
- Realized prices and costs will be transparent to both parties, with provision for audit

# KClean Potash Corporation has been created as the special purpose vehicle to deliver the Tugaske Project

Current ownership structure of the Tugaske Project illustrated

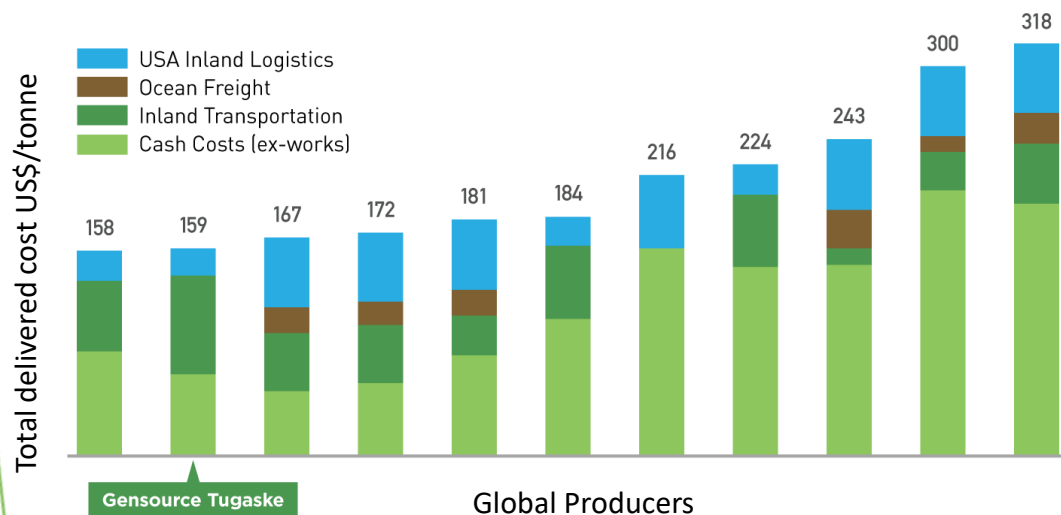


<sup>1</sup> EDC currently working through credit approval. Debt financing is subject to negotiation and finalization of definitive debt financing documentation, approval by Euler Hermes and other terms and conditions to be contained therein. See "Caution Regarding Forward Looking Statements".



# Tugaske anticipated to be a low-cost supplier

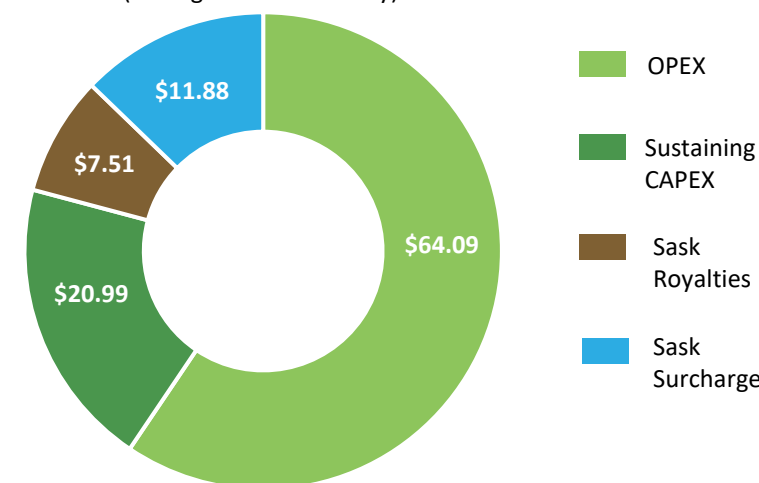
## Average Retail Potash Price (October 2022) – US\$ 958/tonne



Tugaske potash is expected to be delivered within the lowest quartile cost of potash sold in the Cornbelt. Tugaske expected to also benefit from geographic proximity and logistics advantages owing to shorter distances to market

## Tugaske Plant Forecasted Site Operating Costs

**C\$85.08 /Tonne\***  
(During Sask PPT Holiday)



Source: NI 43-101 Technical Report Summarizing the Tugaske Project, Saskatchewan 2021. Report available on SEDAR  
\* Does not include Sask. Royalties or Sask. Surcharge

Source: Argus Consulting, DTN LLC, CIBC World Markets, Gensource Potash – NI 43-101 Technical Report

The next slides in this Presentation contain “financial outlooks” for the purposes of applicable Canadian securities laws. These financial outlooks are qualified by the cautionary statements under “Caution Regarding Forward-Looking Statements” at the start of this Presentation.

# Tugaske Project planned funding, sources and uses

Sources <sup>3</sup>	CAD\$M	CAD\$M	%
<b>Project Equity (Cash and In-Kind)</b>		<b>\$191</b>	40%
Paid in Capital (Project Value)		\$36	
Cash Required		\$155	
Gensource Cash <sup>2</sup>	\$155		
<b>Project Finance Debt<sup>1</sup></b>		<b>\$280</b>	60%
<b>Total Sources of Funds</b>		<b>\$471</b>	100%

Uses <sup>3</sup>	CAD\$M	%
Capex	\$318	68%
Project Contingency	\$34	7%
<b>Total Project</b>	<b>\$352</b>	<b>75%</b>
Cost Overrun Account	\$40	8%
Paid-In Capital (non-cash)	\$36	8%
Banking Fees, ECA Premium and Closing Costs	\$35	7%
Interest During Construction	\$8	2%
<b>Total Uses of Funds</b>	<b>\$471</b>	<b>100%</b>

- Full project finance debt - \$CAD 280 million<sup>1</sup>
- All returns and financing numbers include contingency and cost reserve accounts (\$CAD 74 million)
- Gensource receives \$CAD 36.3 million non-cash carried interest

<sup>1</sup> Note: A debt facility of up to CAD\$ \$280 million has been committed by KfW IPEX Bank and Société Générale. The debt financing is subject to negotiation and finalization of definitive debt financing documentation, approval by Euler Hermes and other terms and conditions to be contained therein. See "Caution Regarding Forward Looking Statements".

<sup>2</sup> Note: This Company will be required to obtain this amount from offerings of equity and/or debt securities of the Company or other sources. There can be no guarantee that the Company will be able to obtain these funds. In the event that the Company cannot obtain these funds it will not be able to make its equity commitment to the Tugaske Project and it may be required to reduce the scope of its operations or anticipated expansion, incur financial penalties or reduce or terminate its operations.

<sup>3</sup> Note: The Company may not raise the expected amount of proceeds from the sources described in this Presentation and the Company may allocate any such proceeds in a different manner than described herein. Please see "Caution Regarding Forward-Looking Statements".

## Section 3 – Summary



# Introducing a management team with a strong track record in innovation and delivery

Our team brings together technical expertise with delivery experience. The core Gensource team led Potash One's development of the Bethune Mine – the only new potash development in Saskatchewan to be put into production within the last 40 years (first production 2017). That experience helped us formulate an innovative approach to extracting, producing and distributing potash.



**Mike Ferguson, P. Eng.**  
**President & CEO**

Led the technical team that developed Potash One's Legacy Project.



**Alton Anderson, CPA, CA**  
**CFO**

Over 30 years in the fertilizer industry including 22 years at PotashCorp and Nutrien.



**Rob Theoret, B.Comm., CIM**  
**VP, Corporate Finance & Business Development**

Over 20 years in the financial industry and co-founder of NEXXT Potash (predecessor to Gensource) and successfully financed several junior development companies.



**Deborah Morsky**  
**VP, Corp. Services**

Over 25 years of family business leadership and corporate governance and financial restructuring experience.



# Invest in the future of potash with Gensource



## ATTRACTIVE GLOBAL POTASH DYNAMICS

- Growing global population needs more food
- As a key constituent of fertilizer, potash is a growing market



## OUR FIRST PROJECT IS 'SHOVEL-READY'

- Proven development partners for construction
- Full-scale construction ready to begin at Tugaske project; a Tier 1 mining jurisdiction
- Strong financial partners with lenders KfW IPEX-Bank & Société Générale underwriting C\$280m in Senior Debt Facility<sup>1</sup>



## INNOVATIVE PLANNED EXTRACTION METHOD

- Potash production designed to produce no tailings or surface brine ponds and be powered by low-carbon energy
- Opportunities being investigated to deliver net-zero potash



## EXPECTED SCALABLE, LOW-COST PRODUCTION

- Projected to be on the lowest end of the global cost curve delivered to the market
- Estimated Tugaske plant site operating costs of C\$ 85.08/tonne
- Scalable modules that is expected to be replicable in any appropriate potash ore deposits



## 10-YEAR OFF-TAKE AGREEMENT

- Renewable take-or-pay off-take agreement
- Delivers vertically-integrated potash, expected to reduce market risk



## POSITIVE FORECASTED FINANCIAL RETURNS

- Forecasted After-tax IRR: 17.1% at 250,000 t/y on the Tugaske project
- Forecasts based on low potash price forecast

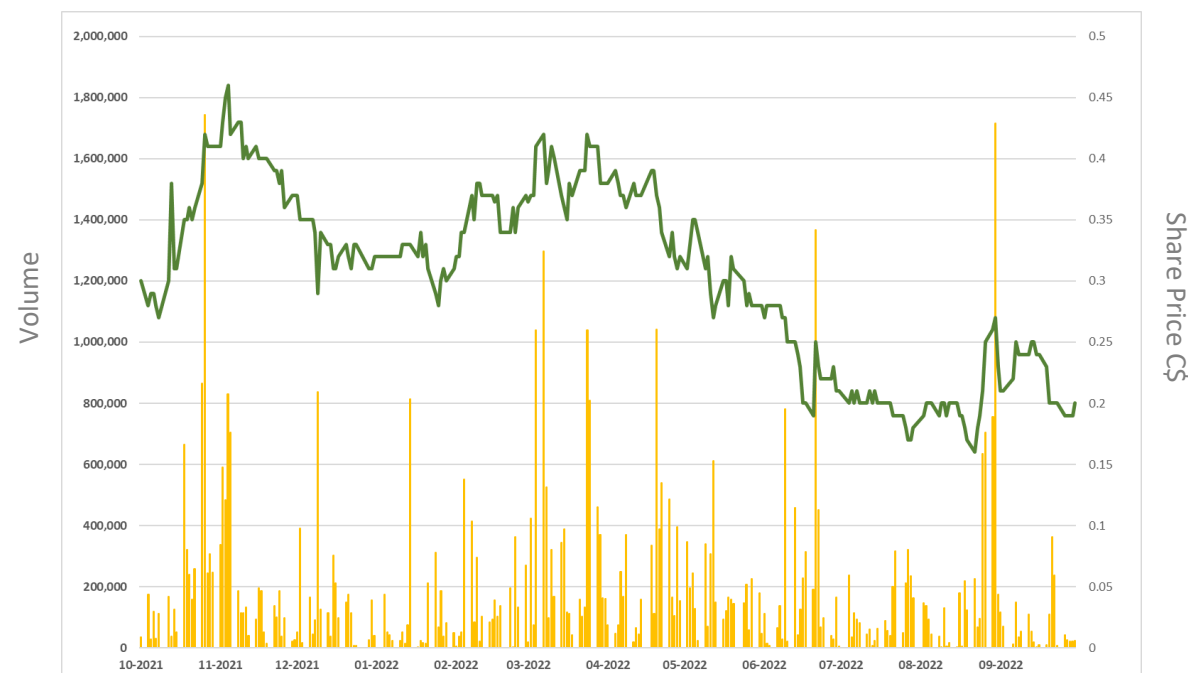
<sup>1</sup> Note: A debt facility of up to CAD\$ 280 million has been committed by KfW IPEX Bank and Société Générale. The debt financing is subject to negotiation and finalization of definitive debt financing documentation, approval by Euler Hermes and other terms and conditions to be contained therein. See "Caution Regarding Forward Looking Statements".

# Public market overview

## Capitalization *(C\$ millions, except per share amounts)*

Share Price (as at November 30, 2022)	\$0.15
Fully Diluted Shares Outstanding (mm)	451.9
<b>Market Capitalization</b>	<b>\$65.8M</b>

## Share Price Performance *(52 Weeks)*



## Section 4 – Appendix



## We're strategically located in a potash-rich area, close to the US-Canada border



- Located in south-central Saskatchewan, a potash-rich area, only 360 km north of the US-Canada border
- Over 70,000 acres of Crown Mineral Lands available for potash mining (Saskatchewan Government Potash Leases KL244 and KL245)
- Gensource controls a large potash deposit, which is expected to be able to support additional potash production modules similar to the Tugaskie Project
- Cultivated, flat, agricultural land, with minimal environmental sensitivities



# Projected financial returns on Tugaske; our *first* project module

Economic Indicator <sup>1</sup>	Before Sask. PPT (\$M)	After Sask. PPT (\$M) <sup>2</sup>	Final After-Tax (\$M) <sup>3</sup>
NPV8 (CAD\$)	\$635.4	\$454.4	\$310.4
IRR	21.74%	19.47%	17.10%

This discounted cash flow (“DCF”) analysis for the Tugaske Project uses input parameters and is based on assumptions including:

- Potash production is 100% granular grade and conforms to the specifications required by Helm AG, the offtaker (i.e., SGN 300, granular grade MOP);
- Annual OPEX costs of CAD\$ 64.09/t KCl
- Annual sustaining CAPEX costs of CAD\$ 20.99/t KCl
- Product delivery is FCA mine site (at Tugaske, SK), as per the terms of the detailed offtake agreement;
- There is no expansion assumed beyond 250,820 tonnes of saleable product per year;
- The economic mine life is estimated at 45 years, including 40 years of full production;
- Base case pricing for granular product is the net-back price of product “Free Carrier” (Incoterms®: FCA) mine site forecast supplied by Argus Consulting Services (June 2020 and updated September 2021) net of a 4% marketing fee for HELM;
- The cash flows include Saskatchewan Resource Surcharge (3% of revenue), Provincial Royalties (3% of K2O net revenue) and Saskatchewan profit Tax (PPT), as well as other commercial royalties as per royalty agreements negotiated by Gensource.

*Source: NI 43-101 Technical Report  
Summarizing the Tugaske Project,  
Saskatchewan 2021. Report available on  
SEDAR*

<sup>1</sup> Note: NPV8 means net present value less an 8% discount. IRR means internal rate of return.

<sup>2</sup> Note: The Saskatchewan Potash Profit Tax calculated does not take into account new regulations regarding R&D credits announced by the Saskatchewan Government December 2020.

<sup>3</sup> Note: Final After-tax (Corporate rate of 27%) IRR and NPV do not take into account Net Operating Losses (NOL) that may be available to the Tugaske Project. These NOL’s may be used to offset corporate taxes. Thus, the published Final After-Tax IRR/NPV may be understated.

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