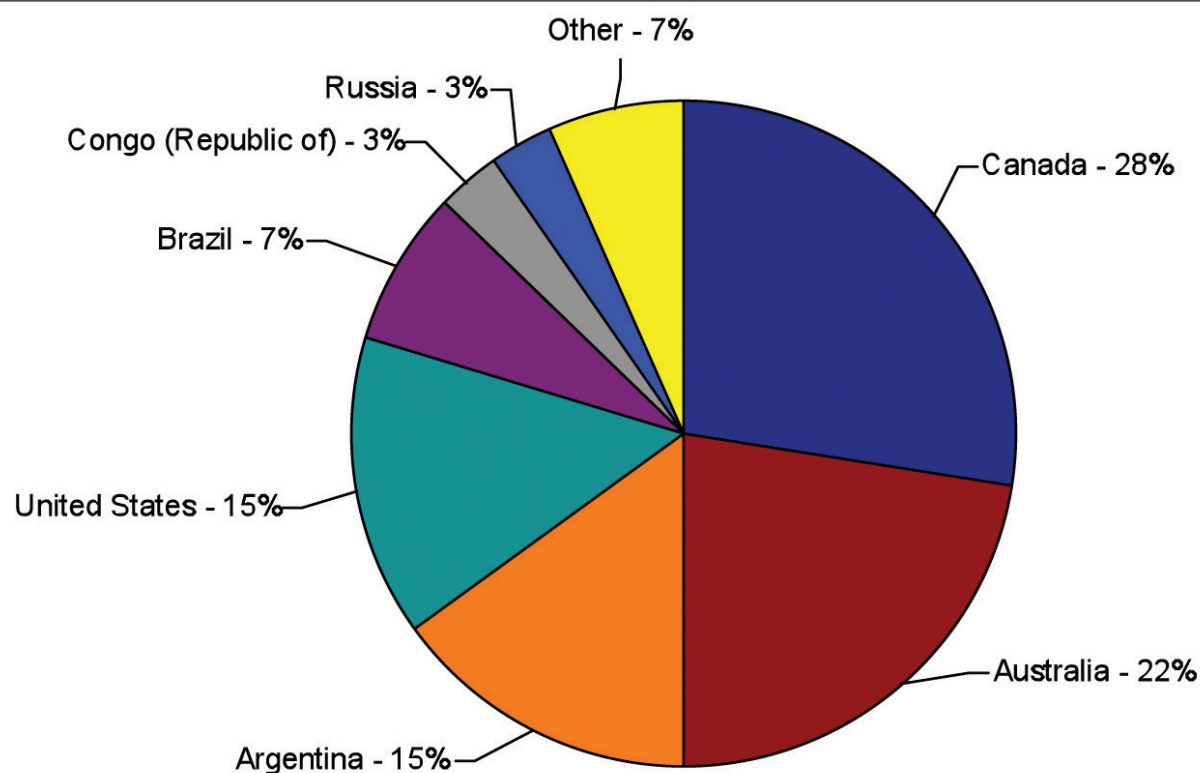


Operating potash projects p

Source: IntierraLive



Grassroots through to feasibility stages for potash products

Source - IntierraLive

Turning the spotlight on potash's bright future

Intierra is a leading global resource research company providing unique and up-to-date business intelligence. This month, Intierra's business development director Greg Kay examines demand and supply of a perhaps not so glamorous commodity – potash.

POTASH may be one of the less glamorous commodities in the resources sector, however, it has its fair share of interesting aspects and has made the news in recent months.

Its demand reflects, amongst other things, the changing direction in global eating patterns and there is data to suggest a potential shift in the geographical distribution of future global production.

Recently, sovereign issues regarding the commodity entered the media as Canada used state interests to deny a corporate takeover of a major potash producer.

Potash essentially refers to mined and manufactured salts that bear potassium. It has become such an integral part of soil fertiliser because of its many beneficial properties: it improves water retention, yield, nutrient value, taste, colour, texture and the disease resistance of food crops.

The outlook for potash demand in

future years appears to be strong. This theory is supported by population growth and two worldwide consumption trends. Global population will continue to rise and available arable land will be reduced so the need for fertiliser to improve the output of available land will continue to grow.

Dietary change will drive up demand for fertilisers as the world, in particular the developing world, consumes more protein per capita. This means more grain feeds are required to produce the necessary meat and dairy products.

Expected continued growth in biofuels is another trend driving, both literally and metaphorically, the need for fertilisers. More and more corn and other contributing crops will be needed to sustain biofuel production.

Currently, North America dominates the distribution of operating potash projects globally, with Canada and the US holding a combined 62 per cent. Canada's sovereign interest in potash has, of course, made the news in recent months. The government there rejected BHP Billiton's hostile takeover of the world's largest fertiliser maker, Potash Corp, with Canada's Industry minister commenting that the bid did not show a

"net benefit to Canada" as required under foreign investment laws. The global miner has subsequently withdrawn its bid and returned more than \$4 billion to investors via a share buyback.

A review of the information within the IntierraLive database indicates that a future picture of production may look very different and there is a possibility that production will be spread across a variety of countries and continents. Australia (22 per cent) and Argentina (15 per cent) hold a significant share of the potash projects that are between grassroots and construction stages.

Our IntierraLive data indicates very clearly that there is a spread of resources that is much more global than production. South America, Africa, Asia and Australia all have significant resources.

An important determinant of where production spreads to will be the types of deposit found: there are basically two types of potash deposit, each with dramatically different mining methods.

Surface brine deposits are associated with saline bodies of water. These require solar evaporation to lead to concentration of the ore and the massive evaporation ponds used can cover in excess of 90sqkm.

Then there are buried marine evaporite

deposits of potash, usually 400 to 1000 metres deep. Here the mining method used is conventional underground extraction with crushing, hauling to the surface, flotation and screening.

In some instances solution mining is used, with heated brine pumped through the ore body to absorb sylvite.

Industry sources have estimated that the two types of deposit are to be found in almost equal measure, with approximately 100 large buried deposits and 100 brine deposits of commercial quality.

The deposit type will then also impact when and if production will occur. The billions of dollars of capital costs for a conventional underground dry shaft mine, as well as a wait of five to seven years before production, is prohibitive.

The brine deposits may present a more attractive economic proposition due to solution mining methods that can be implemented far more quickly.

Time will tell whether the necessary development and investment that leads to a far more even spread of producers globally will occur; production that is far less dominated by North America than it is today

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