

IC Potash Gets \$1.40 Target Price from Industrial Alliance on Ochoa Project Promise

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IC Potash Corp (**TSE:ICP**) has received initial coverage from analyst Kiril Mugerman at Industrial Alliance Securities, who gave the potash developer a speculative buy rating and a bullish 12-month price target of \$1.40 per share, far and above the company's current trading price of 52 cents.

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IC has a strategic partner in Yara, at 19.9 per cent, with an offtake agreement for 30 per cent of production for 15 years. Mine construction at the site is scheduled for next year.

Despite SOP being the preferred potassium fertilizer for crops such as tropical fruits and vegetables, Mugerman noted that because of a lack of supply and high costs, farmers often opt for muriate of potash (MOP) even though MOP depresses crop yields. The analyst cites that currently, 70 to 80 per cent of global SOP supply comes from "high cost secondary production".

"Annual production is 6M tonnes with market blue sky potential as high as 32M tonnes. Production expansion from secondary methods is limited while low cost primary greenfield projects are scarce," he said.

Against this drop, the analyst says that the Ochoa project looks promising, being large, well defined, and relatively shallow for an underground mine. It is also scalable and supported by "good existing infrastructure", Mugerman wrote in a research report released Thursday.

The company has the flexibility to start with a smaller operation, and scale it up once polyhalite processing to SOP is shown on a commercial scale, he adds.

The Industrial Alliance analyst also highlights the company's management team as a point of strength, with extensive experience on the financial, technical and marketing sides, specifically within the potash fertilizer sector. Last year, Yara International became a major strategic partner with a 19.9 per cent stake, with Mugerman predicting the company will participate in a project financing as it looks to grow its position to between 30 and 50 per cent.

Mugerman has an estimated net asset value of \$1.54 per share pegged for **IC Potash**, with a project payback of six years. Upcoming catalysts for the Toronto-listed potash development company are a pilot plant, the publishing of the environmental impact study and the feasibility study, all due out in the third quarter. A record of decision for permitting is expected in the first quarter of next year, as is a project financing.

Source: <http://www.proactiveinvestors.com/companies/news/44986/ic-potash-gets-140-target-price-from-industrial-alliance-on-ochoa-project-promise-44986.html>