

The Ellis Martin Report Interview with Sidney Himmel of IC Potash

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TEMR: As the devaluation of the dollar continues and world food supplies are threatened not just by a growing population but a variety of factors, soft commodities such as food continue to rise dramatically in cost. Investments in precious metals are most often extremely speculative and at the end of the day, gold and silver are substances that you really cannot eat. We all must eat to stay alive, all of us. In that light we're introducing to this audience a possible investment opportunity involving a company that is focused on the exploration and development of potassium sulfate minerals, otherwise known as potash, used in fertilizer, specifically high-yield potash. That company is IC Potash. IC Potash trades on the TSX Venture Exchange as ICP.V and in the U.S. as ICPTF. IC Potash's Ochoa Project in Lea County New Mexico contains premium priced potash, necessary for maintaining sensitive crops such as high-starch potatoes, beans, nuts, fruits, including strawberries, citrus, mangoes, cherries and peaches etc. Join me now for a conversation with Sidney Himmel, President and CEO of IC Potash as we begin the education process regarding this resource with ever increasing demand in a significant project in the Land of Enchantment, New Mexico. Sidney welcome to the program.

Sidney Himmel: Thank you very much.

TEMR: Sidney the price of food is certainly continuing to dramatically rise.

Sidney Himmel: Well, we've seen some amazing trends in the price of food internationally and in North America. If you look at the price you know say in San Francisco, New York, et cetera while people used to spend perhaps \$10.00, \$9.00 for lunch a couple of years ago these prices have gone up to \$13.00, \$14.00. You're also finding there's a change in the major trends. Right now the size and portions served in the major cities they're being reduced. They're not being increased. And that's because of the high food prices. Now if you look internationally, let's take a look at what's happening in the Middle East. We all know there's been major revolutions going on. The Egyptian Government has changed. There's potential revolutions in Syria. You've got fear in Yemen and Saudi Arabia about further revolutions. And, what's causing those? What's causing those is the fact that people can't afford to eat meals and fill themselves up because major portions of their pretty small disposable income is going into food. These trends have occurred in the last 5 or 6 years. So what we're seeing in the world is something which we did not see since World War Two. During the 1950s, 1960s, seventies, eighties people didn't worry about the food prices. Those prices were coming down. The concern was distribution to get food to the poorer countries. That's now been reversing in the last 8 or 9 years. There's a number of reasons for it. Some, like Paul Krugman, who's a very famous economist at Princeton and writes in the New York Times all the time is attributing a lot of it towards poorer crops as a result of global warming. That's part of it. Corn prices have been going up phenomenally. Corn provides all kinds of food input. Corn also provides the main food for animals, cows and pork. Those prices have been going up. What's been happening with corn? Well the Government's been subsidizing the use of corn for fuel. And, therefore, we all know the price of corn's got to go up, for the price of corn chips, for example has gone up. Go and buy a bag of corn chips. Compare it to what you paid a couple of years ago. You'll see that. On top of that, you've got the rest of the world, which used to be the developing world and right now is the developed world and increasingly developed, they're consuming more food and better food. Their calories per capita has gone from 1,300 or 1,400 calories per day up to what North American's eat. Well, not quite what North American's eat but they're getting there but up to 2,000/2,200 calories a day. And they're eating better quality food. They're eating fruits. They're eating vegetables. They're eating colorful foods. They're eating more processed, the

carbohydrates. So that demand is causing food prices to go up. And, furthermore, the amount of agricultural land continues to get reduced. You've heard how some of the South American are causing deforestation because they need more agricultural land. And, this is a whole slew of issues which have finally hit financial markets to the extent that right now the G-20 is an Argentinean meeting talking about commodity prices and how to control them but particularly food prices.

TEMR: How does your company, IC Potash, factor into the equation with regards to rising food prices? And, in what way can your shareholders potentially benefit per se?

Sidney Himmel: Sure. I appreciate that question. It's a real good question. We're in the business of trying to make food prices cheaper. And the business (inaudible) is the production of high-quality fertilizer and the particular fertilizer is potassium. We're making potassium sulfate. The more potassium that's used the more productive the fields become and the production per acre becomes larger in terms of the mass of plants produced. By increasing the specific product which we're making, which is sulfate potash, we're also producing a mineral, which is chemically what they call pH neutral. It doesn't increase the acidity of the ground. It doesn't increase the (inaudible) nature of the ground. That's a very positive thing from an environmental perspective. Also we don't have chlorides. Regular potash which is potassium chloride has got chloride in it which is somewhat polluting in the (inaudible). We don't have that. We've got sulfates. And, a lot of the soils, because of the changing weather conditions and the increasing dryness of soils, but because of the intensive agriculture, a lot of the soils are become very salty. And, as anyone who has a beer at a bar knows when you put salt in your mouth and the salt gets digested you get dry because salt absorbs water. And, as these soils are getting more salty it's getting harder for the plants to suck the water up into the stems, into their flowers, into the flesh of the fruit and that's a problem. That means it take more energy to produce plants and even more effort to get good productivity. Well, our potash, sulfate potash, which is produced in New Mexico, is the lowest (inaudible) of any fertilizer whatsoever. Furthermore, we are a U.S. company. We will be producing. We will be producing. (Inaudible) will be at full production in New Mexico. The United States is a major importer of potash. It produces some potash about 1 million tons but it also imports about 4 million tons. We're going to be producing about 1 million tons of a quality potash. We'll be meeting the need for sulfate of potash in the United States. We've got one other producer here for the western U.S. We'll be meeting the needs for the eastern U.S. The prices will be reduced somewhat. That'll give us a large volume. We have a very low cost so that's good for the shareholders. We're also going to be helping the farmers because they can get more potash for a somewhat better price. On top of that, we all know that the balance of payments along with the national debt that's a problem in the U.S. we'll be contributing to reducing the balance of payment. So, we're helping solve the food problem, the high cost food problem internationally. We're certainly doing it in the United States. We're also producing a product which is chemically, in terms of the environment, just about perfect. Even our mine operations that we're using for processing the ore is water. We're not using acid. We're not using base. We're not using cyanide. You couldn't be more placid in a mining environment. So, I think we're doing all kinds of things for all kinds of people. And most importantly we're going to be providing great returns for our shareholders. We're financed through these developments. And we're looking for great share price appreciation as we come through and eventually a decent dividend as well.

TEMR: Of course one of the keys to success for a mining company or any company for that matter is a strong management team. I've met them and they're impressive.

Sidney Himmel: There are perhaps 13 or 14 developing companies, sometimes they're called junior companies, who are looking to develop potash projects. I think we're going to be one of the 3 or 4 to put a major billion dollar project into production. And that's because of the team that we've assembled over the last 3 1/2 years. I think the primary skill set I've been able to work with is an ability to attract really great people. When you have a big project, when you have a big asset and you have something that requires a lot of intelligence, a lot of finance, all kinds of different people have those skill sets but a small number of them are

top decimal people, i.e., the top 10 out of 100. An even smaller number know how to manage these people. And, proper management of those skill sets is what makes a project come in on budget and on time or makes it cost twice as much or take twice as long and maybe not even come into production. On the geology side we've got a guy called Pat Okita. He's a consultant but he gives us considerable time. And he's taking full responsibility for the finalization of the geology program. We essentially have completed that program. Now we're in an engineering mode. Pat was the head of industrial minerals for BHP and those industrial minerals include potash and other such minerals. He is a world renowned potash expert whose only other client right now is one of the world's major mining companies involved in potash. We've been able to attract a guy like that. He doesn't come here because he needs the money because he's done well. He's in high demand. We've been able to attract him because I think he wants to be involved with a superior product which is what we've got. He also wants to see a mine built and he likes working with bright people and that's what we've done there. On the geology side we have a man who's probably the best mine superintendent for potash mining in the United States of America. His name is Randy Foote. Randy used to be the head of New Mexico operations for potash mining of Mississippi Chemicals. And, subsequently when they were acquired by Intrepid he worked at Intrepid Potash for a number of years. He's come to our company because, again, he wants to be involved with the building of a major mine. And, this is a man who understands not only the marketing of potash and fertilizer in the United States but how you run a mine. He understands the chemical operations, the mining operations. And, if you look at the mines he ran he had 1,000 people reporting to him in all capacities. He also knows New Mexico. He knows the ore bodies. He knows the geology. This is a fantastic individual. And a guy like that's been able to attract chemical engineers, mining engineers who he's worked with for 10, 15, 20 years and also environmental scientists. So you put together a team like that and then you make sure you've got good financial backers. And you're going to build that project on time, on budget and with the ability to produce outstanding returns for the investors. Now I should mention, if I can, that there's 3 key aspects to the business model or what they call the business thesis for this company. Number one, we've got a long life mine here, a long life asset. If you're going to build a mine you don't want it to be 10, 15 years or 8 years. You want 40, 50 years. We have a mine with the resource space that'll be producing for well over 50 years. Number two, when you're in the mining business because it's volatile prices can go up and down. Even if the long-term trend is up you want to be a low cost producer. You want to be what they call a bottom core (inaudible) producer. That means your cost of production is in the bottom 25% of everybody's cost of production. What that means is if you get a down year or two when the prices of the commodities come down you're still making money, you're still making substantial profits. You don't need to lay people off. You continue and that's a key business aspect for it. The third business aspect is rarity. We're selling premium priced potash. Most potashes are called muriate of potash. Those are used for the carbohydrates crops, wheat, oats, barley, corn. And those are used for the crops that become one of two things bread or beer. Those are the carbohydrate crops. And muriate of potash or potassium chloride is fine for those. We're in the rare crops which are high value crops from the perspective of the consumer and also high value crops from the perspective of the farmer. People who produce certain crops have to use potassium sulfate. And those crops are fruit and vegetables and potatoes and nuts, horticultural crops and also an interesting crop, tobacco. If you don't use potassium sulfate, if you use potassium chloride you're not going to produce sellable crops in the current environment. And that particular potassium sulfate, because of the high demand and because of the high cost of production for most people, not us, but for most people, sells for \$150.00 per ton more than regular potash. So what we have in this company there's a long life mine, a bottom core tile cost mine and a premium priced product.

TEMR: The market for premium priced potash is substantial domestically and internationally. This bodes well for IC Potash.

Sidney Himmel: That's right. The U.S. demand for sulfate potash is about 450,000, 500,000, 550,000 tons. The company Great Salt Lake that produces about 250,000 tons, we'd be producing 250,000/300,000 tons for the eastern United States for agriculture with strong demand of course in Florida and the fruit growing and vegetable growing State. A lot of production's now moving towards Mexico. So we're going to see increasing

demand for sulfate of potash there. That'll be a major market. Central America are significant producers. That'll be another market. South Americans historically when they had poorer economies were using the cheaper product, the potassium chloride. But, now that they've become increasingly wealthy and from a commodities perspective, incredibly wealthy they're starting to move into SOP. So we can see strong SOP growth down in South America. So just staying in the Americas we'll be able to sell virtually all of our product. We got some additional fertilizer products which we can produce from ore. Suffice it to say that's incremental cash for the shareholder and that just grows the size of the company.

TEMR: Well respected Stifel Nicolaus recently put a buy recommendation out on IC Potash of about \$2.25 per share with a projection down the road of about \$5.00. Your share price is currently near a dollar a share. Furthermore, food concerns are less speculative than perhaps precious or base metals as in the fact that the shortages are real for food and we all absolutely need it to survive. There's a great deal of seemingly potential upside here for the shareholder.

Sidney Himmel: On a relative value, I think, the markets right now are becoming increasingly aware of the high price of food, increasing price of food and that if there's any commodity at the top of the list where there's shortages it's not necessarily copper or zinc or even oil but it's food. I think as that knowledge base comes out and as people start to determine the fact, and I think it's a fact that we're going to be one of the 3 or 4 or 5 at most potash mines going into production, I think that increase in value of the stock will be developed. And, I think it'll be developed over the next few months. And over the next couple of years I think you'll see a turn in the knowledge base of the company. The public is becoming increasingly aware of what's happening in the food area. There's quite a lot of news in terms of technical development at the company. A major piece of news which should be coming out is the prefeasibility report. When you're going to build a mine first you do your prefeasibility, where you look at the various options for engineering and you key in on specific options. That includes mining methods. That includes processing methods, logistics and also the sources of water and how you get that water. That's the prefeasibility. After that you do the feasibility which basically is for all intensive purposes the final engineering. While people are waiting for the final prefeasibility study which should be out in the (inaudible) that we've prepared by about 30/35 consultants. I think when that comes out sometime in the middle of October that should have quite a dramatic impact on our valuation. The analysts are going to have highly objective information and detailed information on the processes. The study's also looking at the marketing of the product. We've contracted with British Sulphur also known as Commodities Research Unit from London. And, they've come out with a very positive piece on the market. They're saying that basically we can sell a huge amount of SOP without affecting at all. That's because of the high growth in the market. So you put the news about the SOP market coming out I think we'll have a fair bit of additional news in the meantime about testing we're doing on the metallurgy and everything is coming out gangbusters. So by the fall I think we'll see a dramatic valuation bump up as the analysts have very objective evidence that everything that we've been talking with you about today is actually independently verified by numerous environmental scientists, chemical engineers, mining engineers.

TEMR: I'm familiar with Lea County, New Mexico and as well as potash there are a plethora of oil and gas wells there. I understand that you do not have to drill as far down to access the potash as you would with oil and gas in that area.

Sidney Himmel: Yeah. The typical oil and gas well there is about 5,000 to 6,000 feet. And the new wells are 10,000 to 12,000 feet for gas. We're only at 1,300 feet. For a mine that's shallow. And compared to oil and gas we're virtually at the surface. Now I also should say where we are in the eastern portion of New Mexico, in the southeast of Mexico, we're in one of the most industrial pro business areas in the entire United States. As a matter of fact the potash industry in North America, which in the early 20th century it didn't have one, all potash came from Germany. But the North American potash industry, I'm talking all of North America, Canada and the U.S. started in New Mexico in the 1930s. That's where the first potash mines were found. And they're

mining potash actually in Eddy County which is right next to Lea County, where we are for 80, 90 years. One of the two world's largest potash companies, the Mosaic company is there and they've been operating profitably now for 80 years. And, Intrepid Potash, where our Chief Operating Officer, Randy Foote, used to work is there as well. So we're in an area where there's a trained labor force, there's roads. There's rail to move potash either domestically across the U.S. or to Houston for distribution by freighter around the world. We've got a Bureau of Land Management that understands potash. We have a New Mexico State Land Ops that understand potash. We have a community that has been pro business going back a long time and certainly right to the present day. Just recently the world's largest nuclear enricher was finalized, Louisiana Energy Services enricher and that was in southeast New Mexico. They're building new (inaudible) division. They have the world's only depository for radioactive waste. And they're a strong proponent of trying to help out America by producing oil and gas. As you said, there's lots and lots of oil and gas wells there. So we're finding primarily just support for the project. The new Governor, Susana Martinez has expressed support for us as have the local Senators and Representatives in Santa Fe and the federal politicians know us well. I think they support us as well. We're in fantastic shape. We're working in an ideal business environment. We have to do the environmental work but everything is going on schedule. And we're finding super support.

TEMR: One of the advantages that you have over competitors is you're going to be mining in the semi-arid desert of southeastern New Mexico.

Sidney Himmel: Absolutely. The amazing thing is that we're going to mine this rock. It's called polyhalite which is Greek for many salts. That rock's got 3 salts in it. People are going to be surprised, most people, when I tell them what the salts are because they probably don't think of them as salt. We've got potassium sulfate. That's your sulfate of potash salt. You've got magnesium sulfate. That's also a fertilizer. It's got magnesium which is required by plants and sulfate. And, finally you've got calcium sulfate and guess what? Calcium sulfate is (inaudible) rock. It's on the walls all over the place. We'll be able to see some of the calcium sulfate but most of it will enter a tailings pond. So, we mine the rock. We remove the potassium sulfate and mag sulfate. Then we end up having it dissolve in a large amount of water. Now how do you get a salt out of water? Well you evaporate the water. If you use energy that's going to be real expensive. But we're going to (inaudible) energy and it's real simple (inaudible) energy. You put the water in those potassium sulfates and mag sulfates in the pond. The pond is about 2 1/2 square miles. It's about 6 or 7 feet high. Over the air the water evaporates and quite simply out comes passing sulfate magnesium sulfate. That's why we're a low cost operation. We don't pay for the (inaudible) energy.

TEMR: So thanks so much for speaking with me today.

Sidney Himmel: I really enjoyed this interview. And I appreciate the opportunity of speaking to you.

TEMR: We've been speaking with Sidney Himmel, President and CEO of sponsor company, IC Potash, trading in the U.S. under the symbol ICPTF. Just type in ICPTF, their website is icpotash.com. Find them also on Potashblog.com and on the homepage of our website, ellismartinreport.com. In the coming weeks we'll be speaking with other IC Potash company principles as well as getting updates from Sidney Himmel. The food story is not going away, not as long as we continue to eat. IC Potash is poised as a potential solution to rising food prices and creating healthier crops. Thanks for joining us. I'm Ellis Martin and I'm a shareholder of IC Potash.

To Listen to the two part interview, please click the links below.

Part 1: <http://www.youtube.com/watch?v=yzuI dt KiQ>

Part 2: <http://www.youtube.com/watch?v=N 6KkhNbafA&feature=relmfu>