AG PROFESSIONAL

Yara Buys Stake in Canada's IC Potash Group

Reuters | April 23, 2012

Norwegian fertilizer maker Yara is to pay 40 million Canadian dollars ($40.0 million) for new shares in Canada's IC Potash Group (ICP), paying a near 50 percent premium for a 19.9 percent stake to secure access to potash supplies.

As part of the deal, Yara said it had also entered into an off-take arrangement for 30 percent of all products produced by ICP's Ochoa project in New Mexico for a period of 15 years, and discussed the possibility of establishing a jointly held entity for the purpose of marketing the project's products.

ICP is to issue to Yara, the world's biggest nitrate-based fertilizer maker, some 30.13 million common shares in ICP at a price of $1.32 per share. Yara said it currently has no current intention to acquire additional securities in the firm.

With ICP shares closing at 0.89 Canadian dollars per share on Friday, the payment represents at 48.3 percent premium.

"Through the ownership in ICP, Yara gets an upstream exposure on potash which reduces and mitigates the financial impact of being structurally short on the nutrient," Yara's Chief Executive Joergen Haslestad said in a statement.

Toronto-listed ICP plans to start commercial production of potash magnesium sulphate (SOP) - a non-chloride based potash fertilizer used in the cash crop and horticultural industries - in the last months of 2015, with an estimated annual production of 700,000 metric tonnes.

"We make this deal primarily to get access to this important nutrient," Yara spokesman Espen Tuman told Reuters.

Source: **http://www.agprofessional.com/newsletters/agpro-weekly/articles/Yara-buys-stake-in-Canadas-IC-Potash-Group-148087865.html**