IC Potash Set on Future of Ochoa Mine

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Houston, 8 January (Argus) — IC Potash Corp is set to become the second US-based producer of sulfate of potash (SOP) as early as 2015 but it could take some time before the company builds strong demand for the niche polyhalite-mined fertilizer product.

Although a successful prefeasibility study conducted in 2012 revealed the Company's Ochoa mine fit for initial construction, there are still some preliminary steps standing in the way of ground breaking. A feasibility study, expected to be completed on or before 31 August, 2013, will be needed to "further refine information" regarding the mine, such as projected production rates, costs, and construction timing.

"We expect to start the next phase of the project in the fourth quarter of 2013," Art Roth, Director of Marketing for IC Potash, said referring to the initial construction phase of the mine. "However, we don't expect production to start until the end of 2015."

According to Roth, significant production at the mine would probably not commence until 2016. Once production does start though, Ochoa should be capable of producing 843,000st of potassium products, including 568,000st of SOP and 275,000st of sulfate of potash magnesium (SOPM).

While about 95pc of the global potash market is dominated by muriate of potash (MOP), IC Potash believes the growing world demand for potash translates into greater opportunities for other potassium products, particularly SOP in such markets as Latin America. A similar vote of confidence came in April 2012 when Yara International agreed to purchase 30pc of all IC Potash's production over a 15-year span and bought a 19pc ownership of the company. With Yara recently taking over Bunge's fertilizer business in Brazil, much more US-produced SOP may find its way to growers located in one of the world's fastest growing markets and largest citrus producer.

Because potassium sulfate is a preferred nutrient for chloride-intolerant crops such as citrus, crops in the southern hemisphere may potentially receive more optimal nutrition with IC Potash supplying Yara. SOP supply across the continent has been traditionally low, prompting high prices and preventing widespread buying and application.

In a 2 January press release, IC Potash announced that the prefeasibility study determined an operating cost of $147/st ($133/t) of SOP and SOPM. Today, the current indicative spot fob price of SOP out of the US Gulf is about $656-661/st.

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