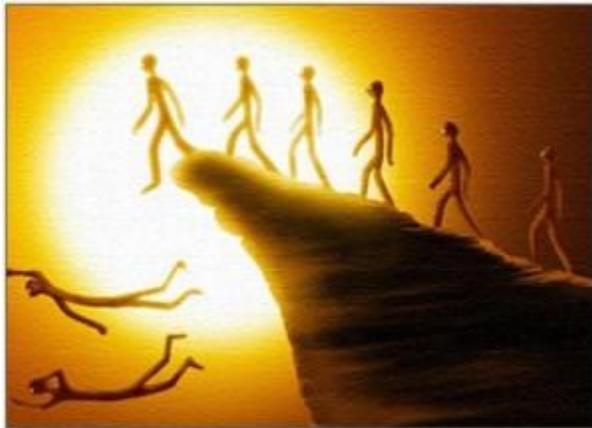


Calling all Potash Investors: Panic Presents Buying Opportunities

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The recent shortsighted doom-and-gloom news about the *“end of the potash world as we know it”* as a result of the dismemberment of potash marketing cartel Belarusian Potash Co. (BPC) by Russian potash producer **Uralkali** has challenged investor nerves. All potash stocks – from the Davids to the Goliaths – have been hit hard. However, the pervasive ‘sky is falling’ potash panic is wrong on many levels.

Potash is an essential, non-substitutable commodity in agriculture – needed more now than ever – it’s a multi-billion-dollar global industry and the demand will always be strong (reference international food security issues). Just yesterday

Potash Corp of Saskatchewan’s President and Chief Executive Officer **Bill Doyle** said that there, *“was no reason for panic.”* Mr. Doyle, who heads up the world’s largest potash producer by capacity, doesn’t expect the breakup of BPC to last long, nor does he agree with predictions that the split would spur a deep potash price drop. “My guess is (the breakup will last) shorter rather than longer, and the reason I say that is logic tends to prevail,” explained Doyle. “I don’t find too many people who self-destruct intentionally.”

Despite the BPC breakup and the belief that there is no longer a floor in the spot price of potash (Bill Doyle dismisses that prediction too), the fundamentals of the potash industry remain strong. People should have confidence in the growth potential of this market, which makes investing in potash an attractive opportunity – especially now. This may very well be a huge opportunity to get into potash, with the juniors in particular, at bargain-basement prices.

Here are some facts to remember regarding the fundamentals behind investing in potash. The world’s population is 7.2 billion. The global populace continues to grow at a rate of 82-million-plus people per year. Imagine almost two-and-a-half times the entire population of Canada unloaded onto to the planet each and every year. That’s a lot of mouths to feed every day.

Take India and China as an example, whose tremendous population growth and a burgeoning (and, for all intents and purposes, previously non-existent) middle class, accounts for over 37% of the world’s population. This fact alone represents a remarkable increase in the demand for higher-quality food, requiring significantly higher agricultural output and efficiency, even if the rest of the world’s population wasn’t growing simultaneously.

People gotta eat. The Chinese and the Indians are no different than the rest of the first world. The only real difference is that, until recent years, millions and millions of people in those developing countries experienced food shortages. Now they can and, like the rest of world, demand more and higher-quality fruits, vegetables, nuts, coffee/tea, oilseeds and, yes, even loathsome tobacco (in China annual tobacco growth is pegged at 3% to 4%).

If rapid population growth and the obvious resultant strain on the global food supply doesn’t give cause for concern, then perhaps the never-ending annual reduction in the amount of arable land countries have for

agriculture (note: there are further serious issues with the conversion from crop to livestock agricultural land use which cannot be addressed within the confines of this article). There is less and less room to grow the foods we need to eat. Add that to the fact that the salinity index of soil is altered with each successive crop yield – and needs to be rebalanced.

For someone who can think beyond the immediate short term, the future, as it relates to food demand, is scary. So what's the answer? Population reduction? No... apparently there are some laws in place in most countries to discourage that from happening. Besides, most people have a conscience.

The only serious answer to this global conundrum is to optimize agriculture. In other words, grow the foods we require in the most efficient, cost-effective, sustainable and productive manner as possible (goodbye and good riddance “organic”). The fertilizer potash – in all its various forms – is a tremendously important part of sophisticated agriculture. But what most people, investors and analysts fail to realize or, at least, fully appreciate is that there are two distinctively different types of potash, with two distinctively different applications.

Muriate of Potash (MOP)

When people refer to potash, with few exceptions, they are referring to Muriate of Potash (MOP). MOP is considered standard potash and is the dominant potash used in the world. All the potash news as of late has been about the MOP titans of the industry. These major players are like what Microsoft is to computers. MOP is the potash used for non-chloride-sensitive carbohydrate-based crops (i.e. wheat) and is essential to effectively grow the food that feeds the animals we eat (livestock feed). MOP accounts for 90% of the total demand of potash from the agriculture industry. Despite its many favorable qualities, MOP is not ideal for all end uses (meaning, it is not the ideal potash to grow many of the foods we eat). There are a plethora of players in the MOP space, and many worthy juniors to consider (many of whom may eventually be bought out by the majors).

Sulphate of Potash (SOP)

The second type of potash, which accounts for approximately 10% of potash consumption, is Sulphate of Potash (SOP). SOP is a premium, special value-added fertilizer. When it comes to chloride-sensitive, high-value, human-consumption food crops, SOP is the desired potash. SOP is also used in salty soils because it's low salinity index, which makes it a water-sparing fertilizer.

Future SOP consumption in North America is anticipated to grow at a rate significantly greater than that of MOP. I personally believe that the consumption of SOP has been limited because there is only one producer in North America and the availability of imported SOP is restricted to a few coastal locations. It should come as no surprise that California alone accounts for one-third of U.S. SOP consumption. The future growth rate in SOP consumption globally will be supported by consumer demand for more and higher-quality fruits, nuts and vegetables; growth in “fertigation” (fertilizer application through irrigation systems); increasing concerns about fertilizer runoff in storm water; and more stringent regulations on water quality in lakes, rivers and streams.

Over the last 30 years, global consumption of SOP has increased 181%, reaching current demand of approximately 5 million tonnes. This number will only increase in future. The U.S. is and always has been undersupplied in SOP, relying on imports to meet the country's needs. It is also important to note that SOP has consistently commanded a substantial premium of at least 35%, but closer to 50% over the prevailing market price for MOP. Since October 2011 to September 2012, the market price range for SOP has been between USD\$481 and USD\$594 per tonne (per SOP FOB/FOT Standard Bulk NW Europe Spot Price).

The players in this space – and there are few – are attempting to fill a void, allowing countries, like the U.S., to be self sufficient in their SOP supply and not have to rely on imports. Hopefully one such company will come

into production after it releases its highly anticipated Feasibility Study in the coming weeks. That company is **Sidney Himmel's IC Potash Corp.** (TSX: ICP | OTCQX: ICPTF).

IC Potash is the most advanced-stage primary SOP play in the underserved North American market. The Company holds tremendous promise and has the potential to be hugely profitable. The business model is simple: ICP intends on becoming the lowest-cost producer of SOP in the world (the company's economic modeling puts ICP in the bottom-quartile of producers when it comes to cost at USD\$162 per tonne).

The deeper one looks into ICP, the better ICP looks – especially when compared to its competition. ICP's flagship Ochoa Project in southeastern New Mexico holds incredible promise. Led by arguably the smartest CEO in the mining business, ICP arguably has a perfect asset, in the perfect location, with perfect governmental support and political climate, not to mention a perfect management and technical team.

What can I say, I like this story. And I am not the only one, as Norway's **Yara International ASA** (Yara) was impressed last summer when it invested CAD\$40 million in Himmel's company. Clearly many have invested in a vision towards building a successful, highly lucrative mining company and single-handedly making the U.S. self-sufficient in SOP... and we are all supporters here of sustainability initiatives.

The hurdles ICP has to jump through now are the standard ones that any mining junior has to face at this juncture, with the added complications of the MOP potash situation... pending practicality and common sense returns to the herd mentality that the markets occasionally fall prey to.

Source: <http://investorintel.com/potash-phosphate-intel/calling-all-potash-investors-panic-presents-buying-opportunities/#sthash.ohoQnQSS.LjkwxDHf.dpuf>