

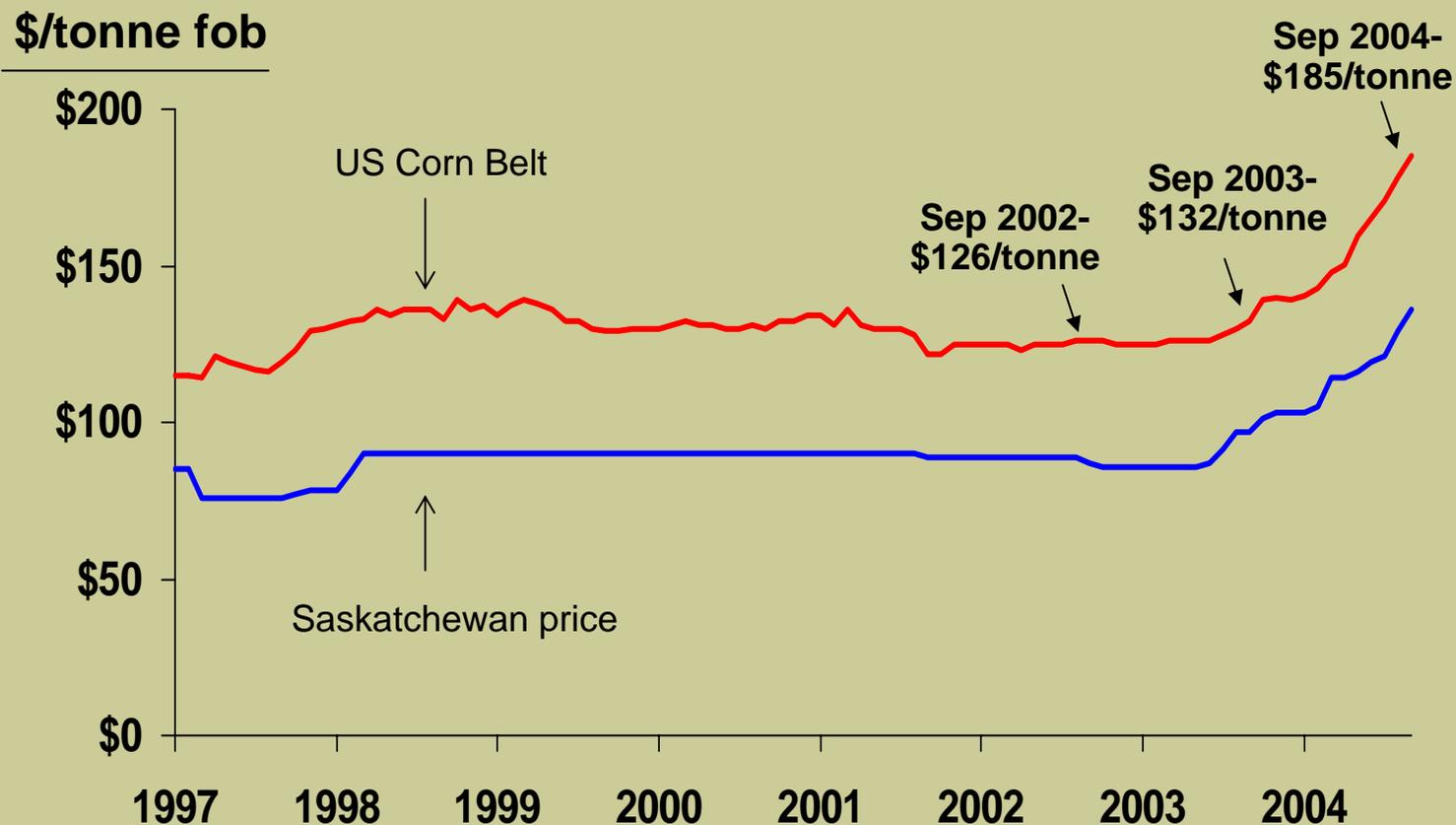
TFI Potash Outlook
Oct 27, 2004
Jim Pendergast
Director, Strategy and Business
Development



Presentation Outline

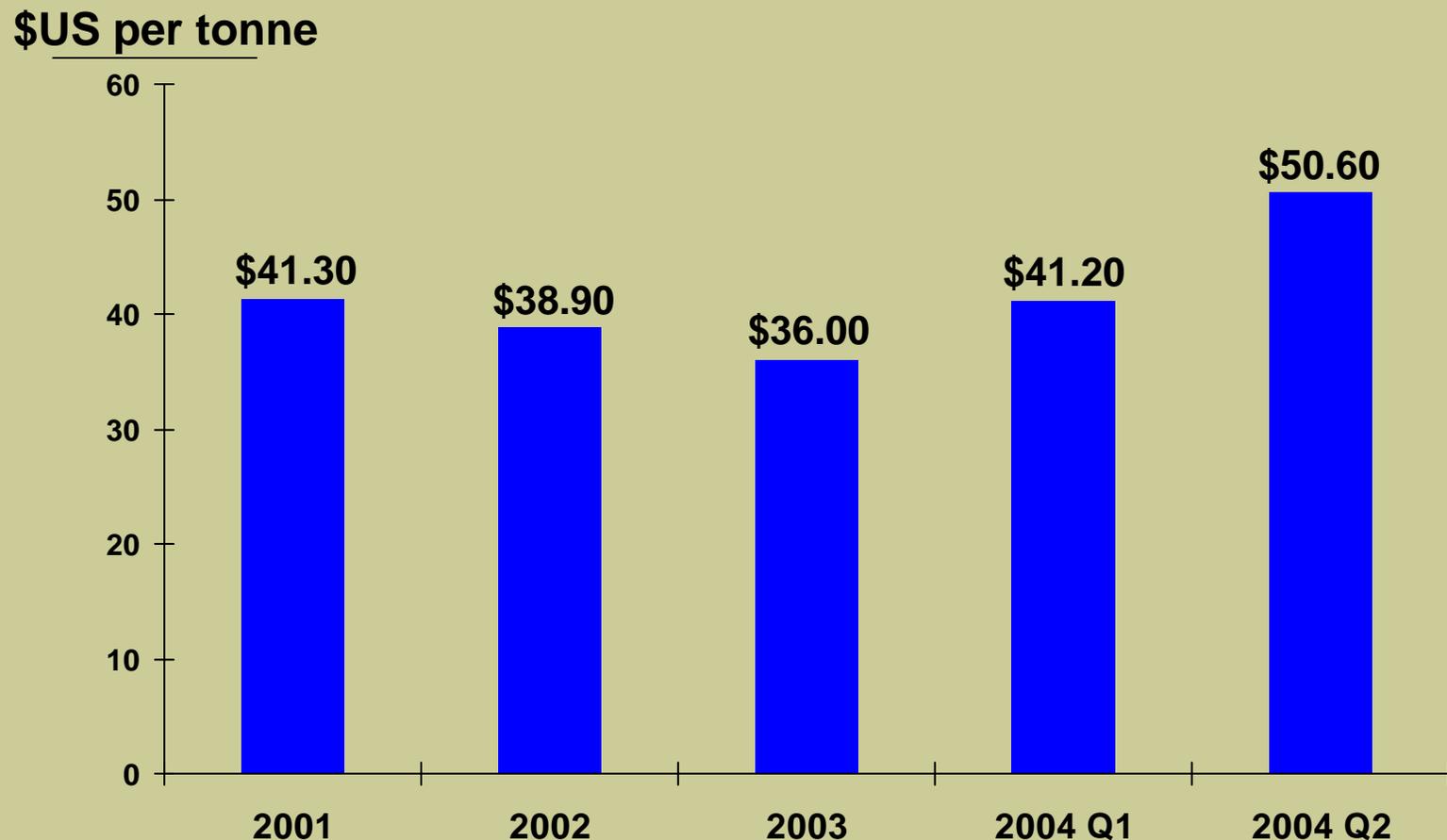
- **Current Potash Market**
- **Grain Market Factors**
- **Potash Consumption and Trade**
- **Potash Supply**

Step Change in Potash Prices



Source: Green Markets

Saskatchewan Potash Producer Gross Margins



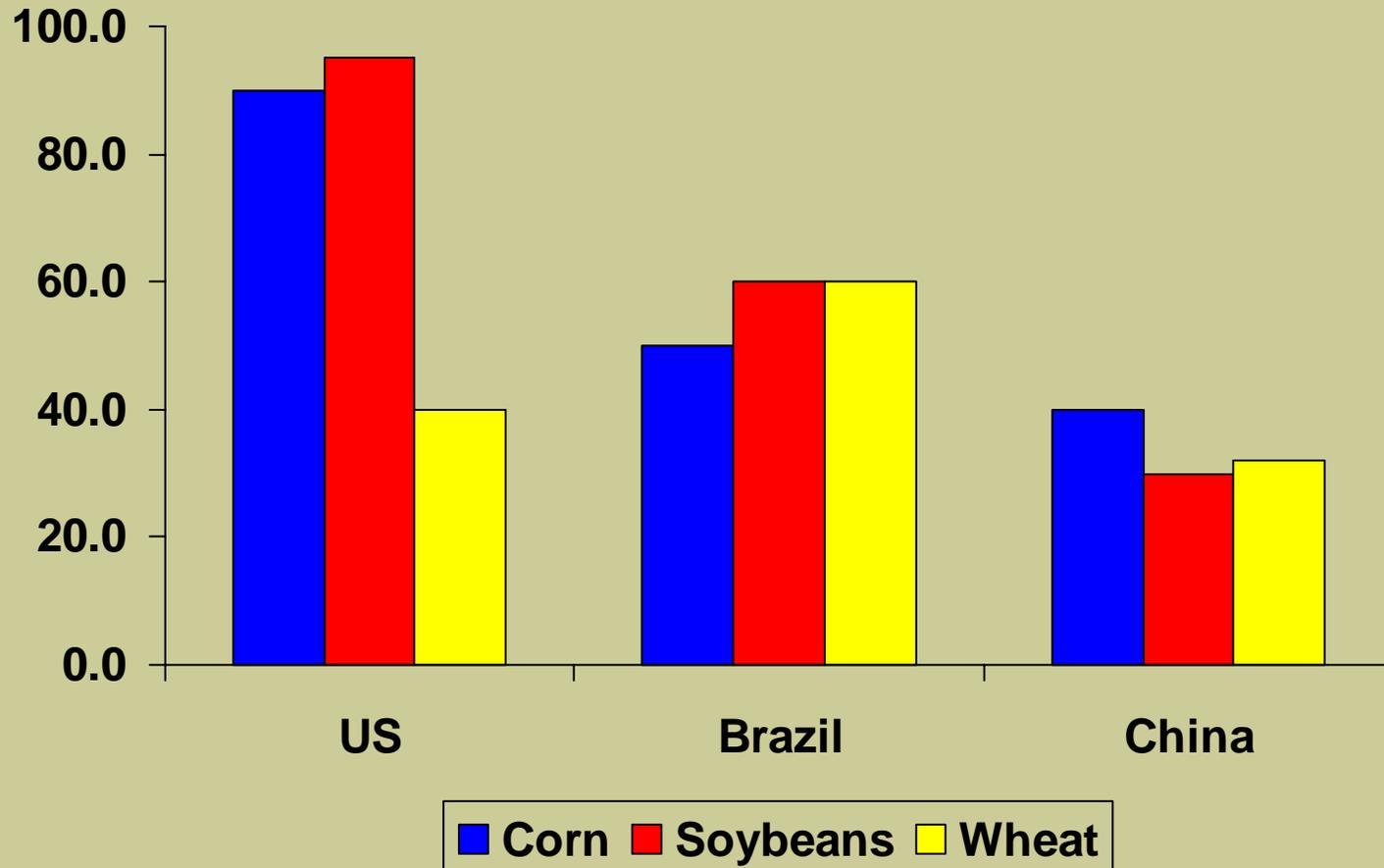
** Represents the weighted average gross margin for Saskatchewan potash producers before deduction of related depreciation, depletion and amortization expenses*

Source: Annual and quarterly financial statements PCS, IMC, and Agrium

Potash Application Rates by Crop

Application Rate
Kg/Hectare

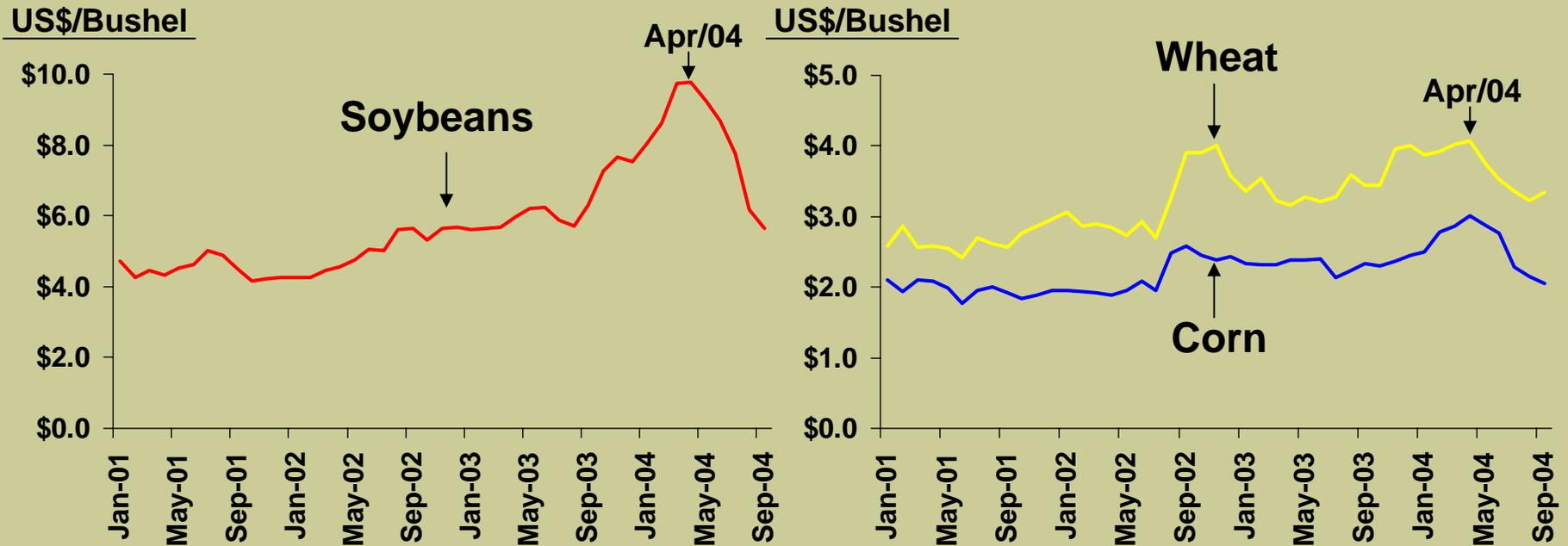
US, Brazil, and China account for approx.
51% of global potash fertilizer consumption.



Source: IFA, IFDC, FAO, IPI, PPI

US Grain Prices

Grain prices peaked in the spring of 2004 supporting potash demand.

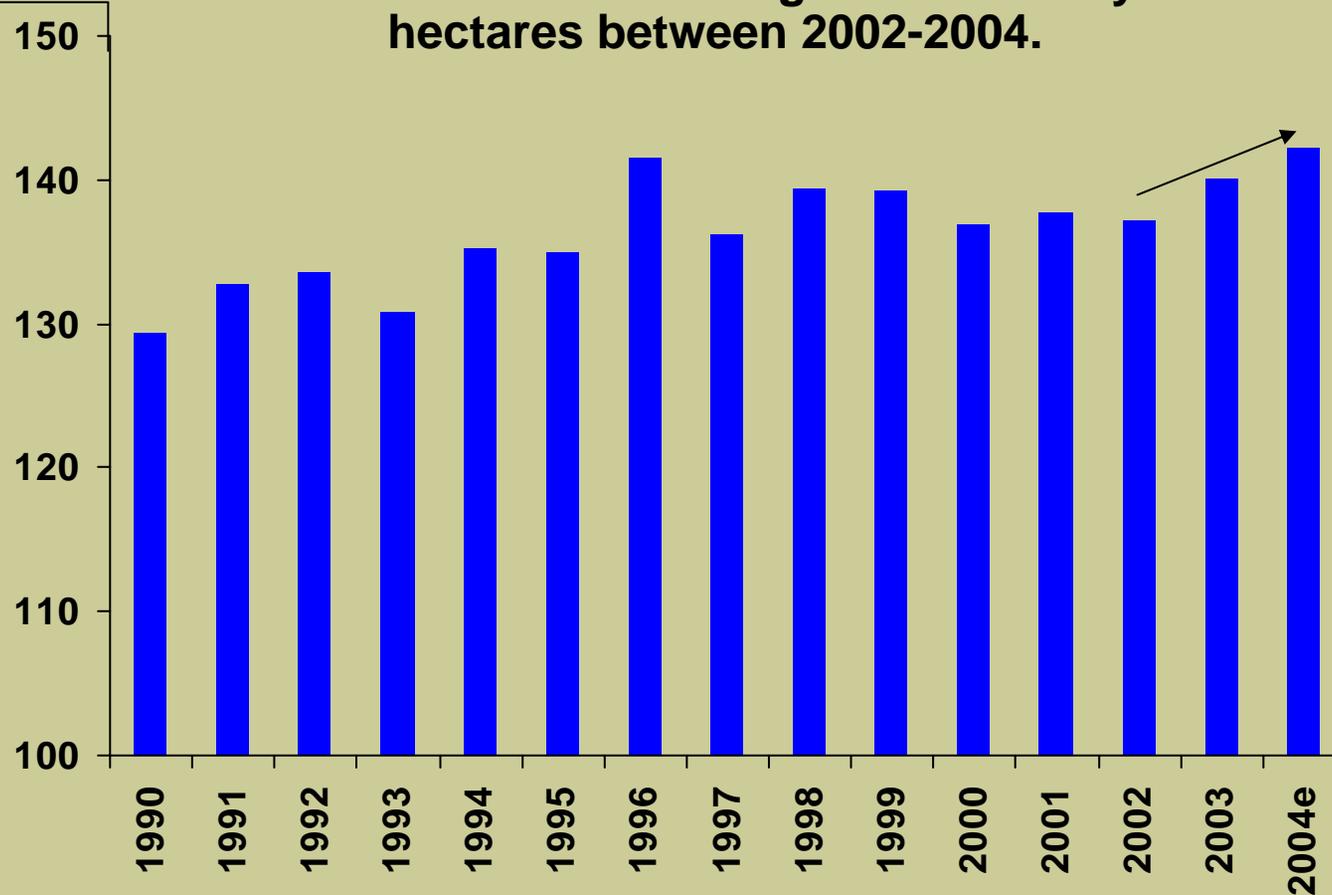


Prices are monthly average US cash prices

Source: Globe and Mail

World Corn Acres

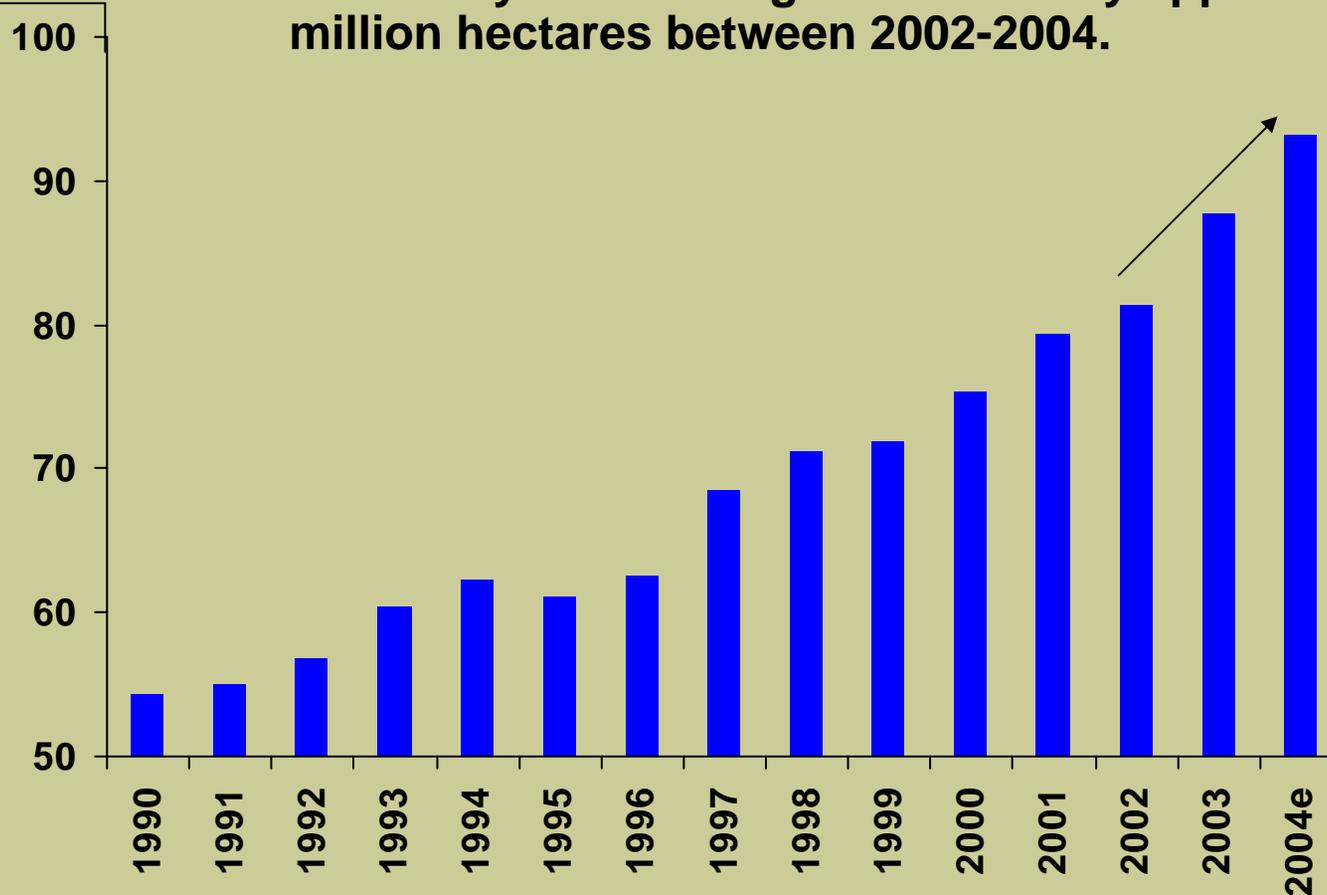
Million Hectares



Source: USDA

World Soybean Acres

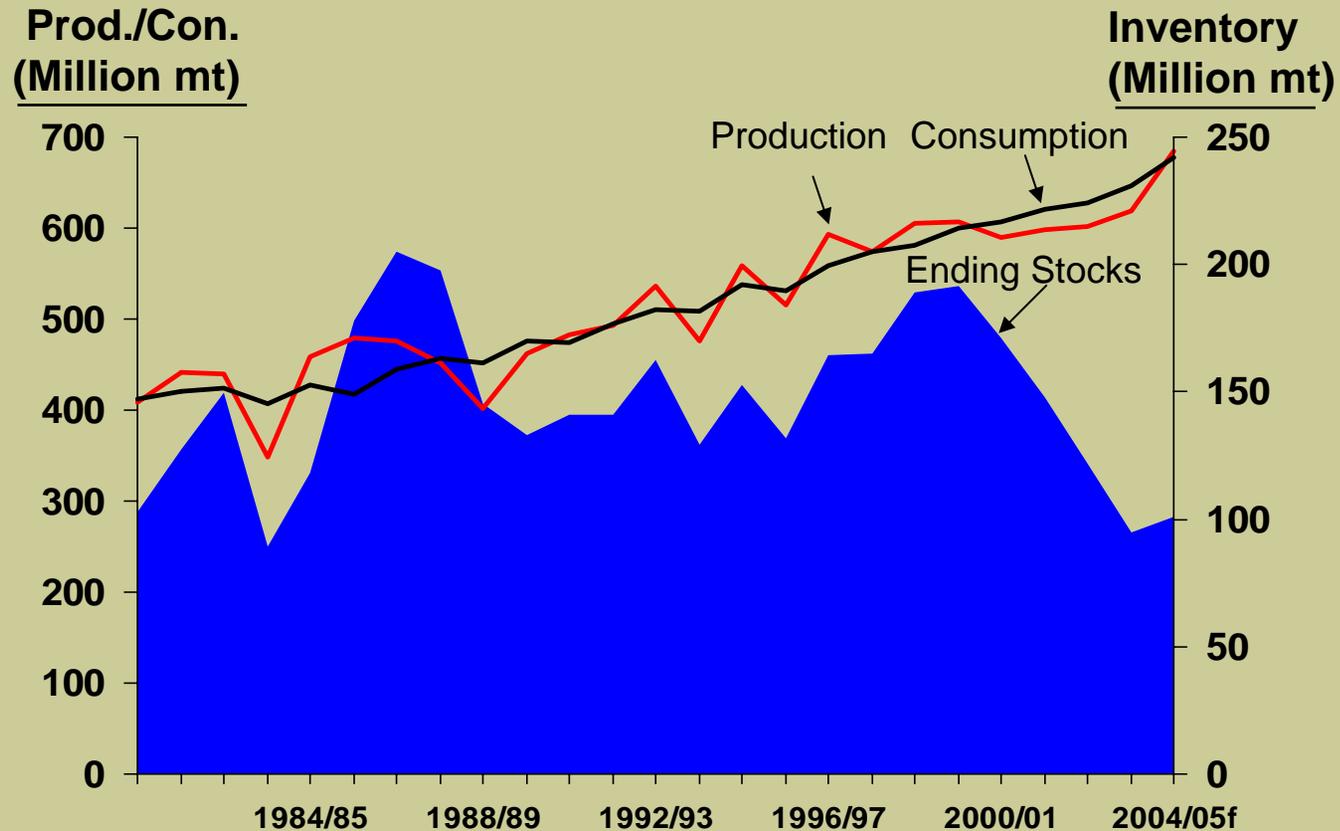
Million Hectares



Source: USDA

World Corn: Supply, Demand & Inventory

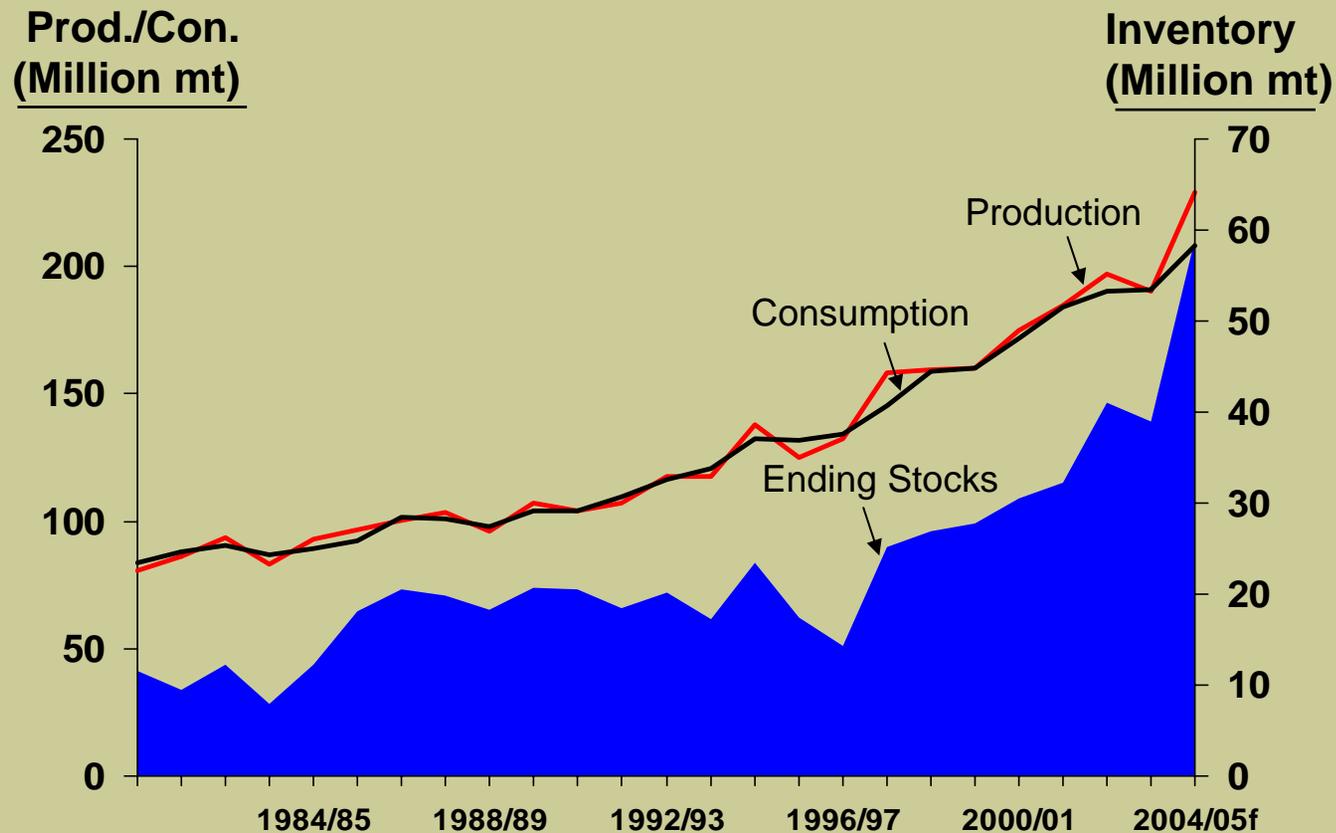
Corn stocks expected to remain low despite significant increase in production.



Source: USDA

World Soybean: Supply, Demand & Inventory

Soybean stocks forecast to increase due to large crops in the US and South America.

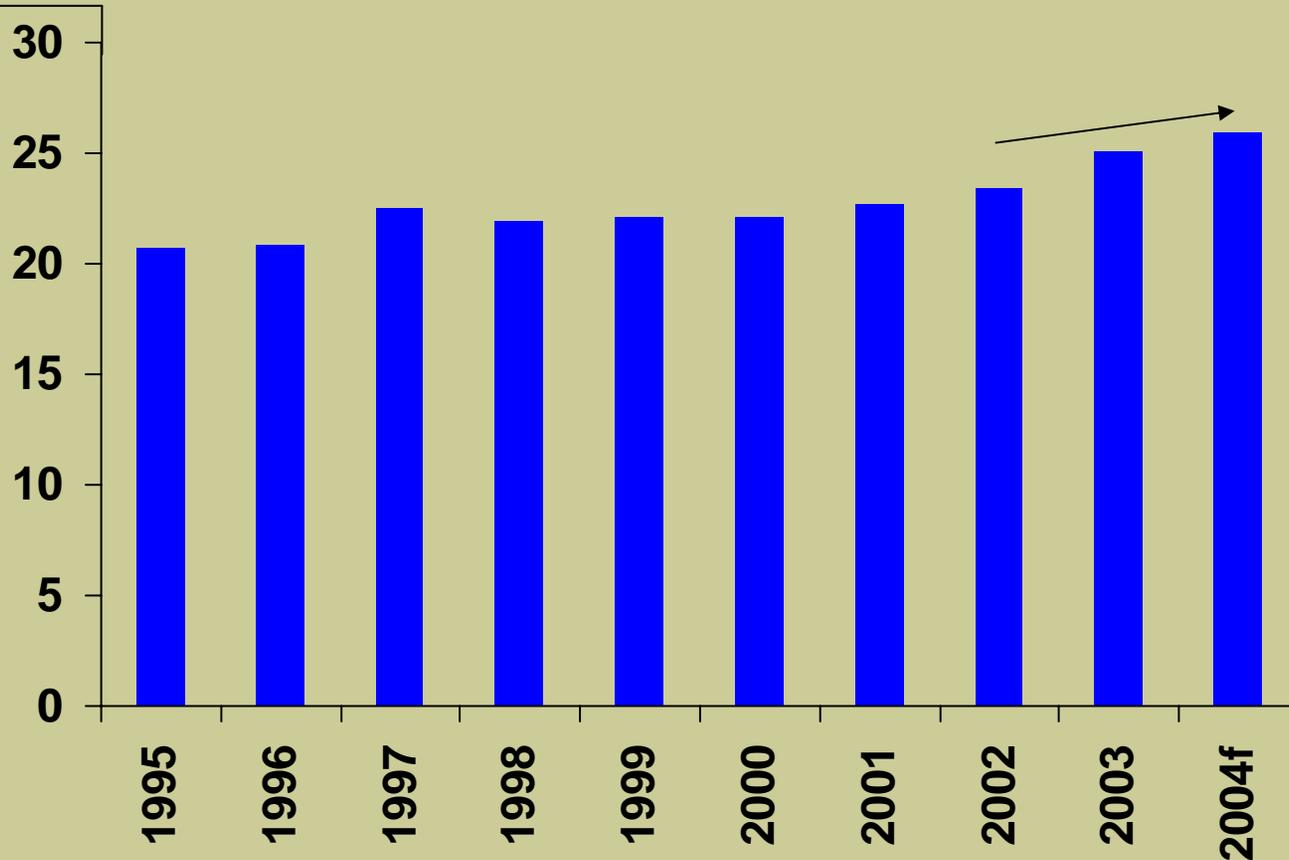


Source: USDA

Global Potash Fertilizer Consumption

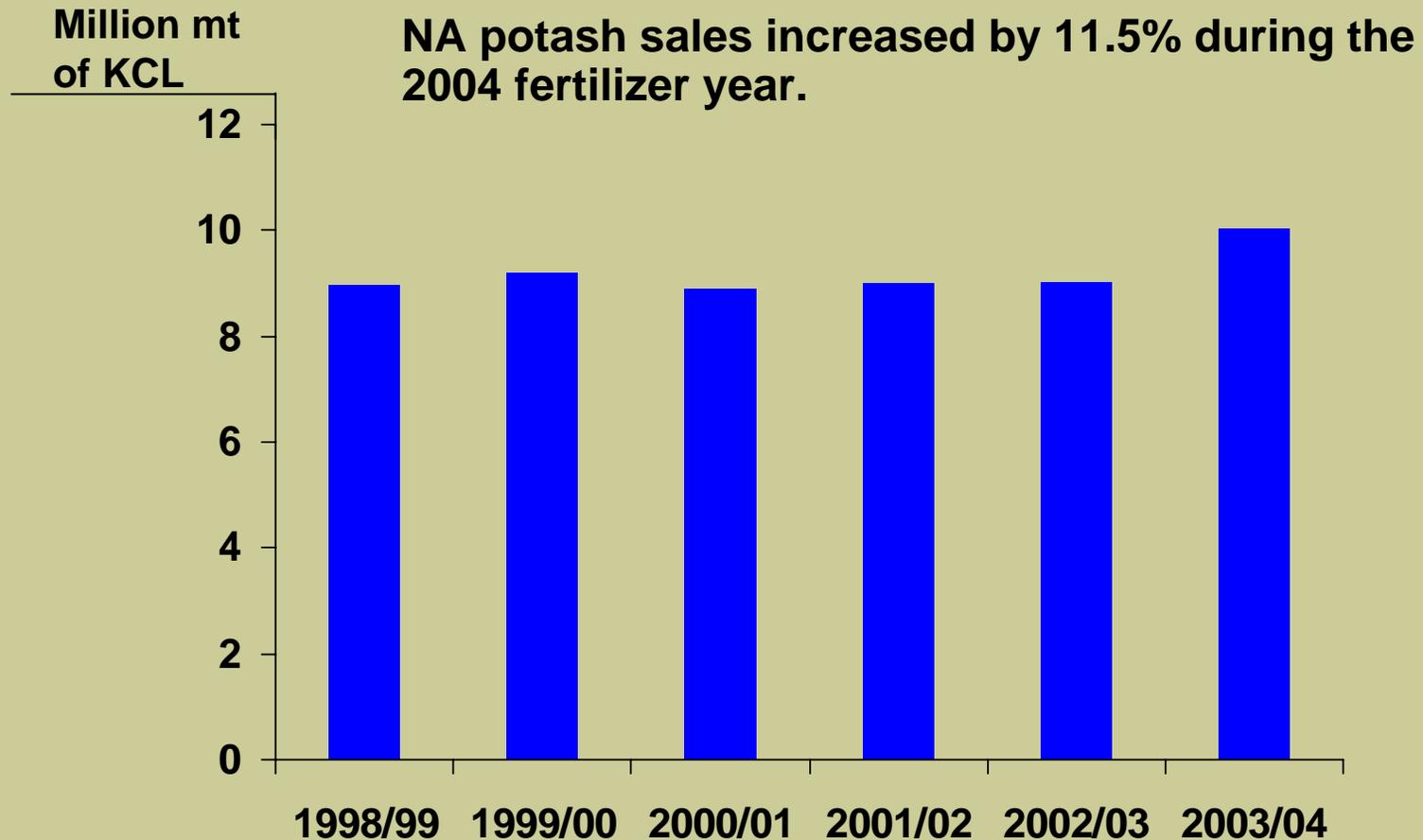
World potash consumption is forecast to grow by 7% in 2003 and 3.6% in 2004.

Million mt of K₂O



Source: IFA, Fertecon

North American Potash Domestic Sales

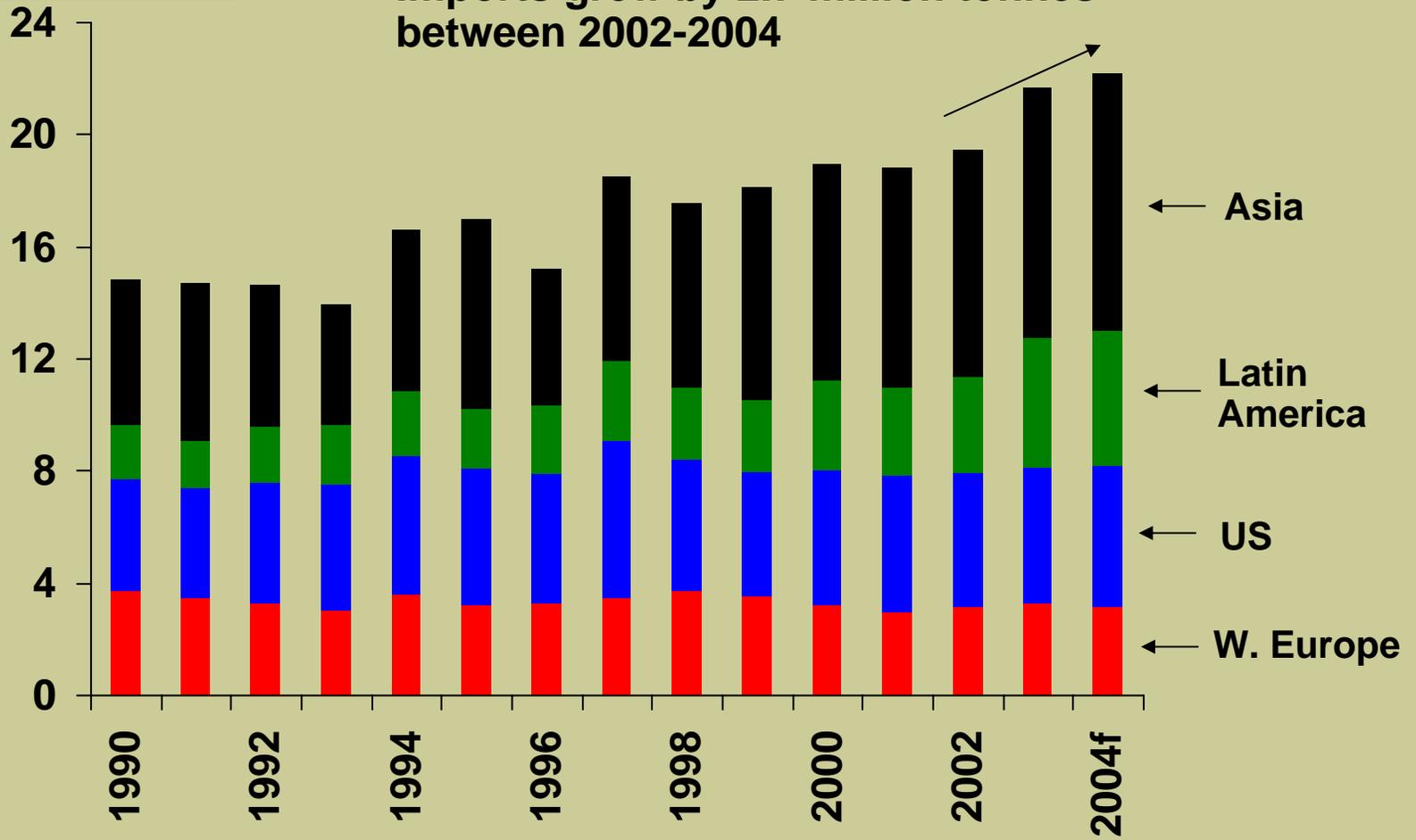


Note: Includes AG & Industrial Potash Sales,
* Fertilizer Year Totals

Source: PPI

World Imports- Major Importing Regions

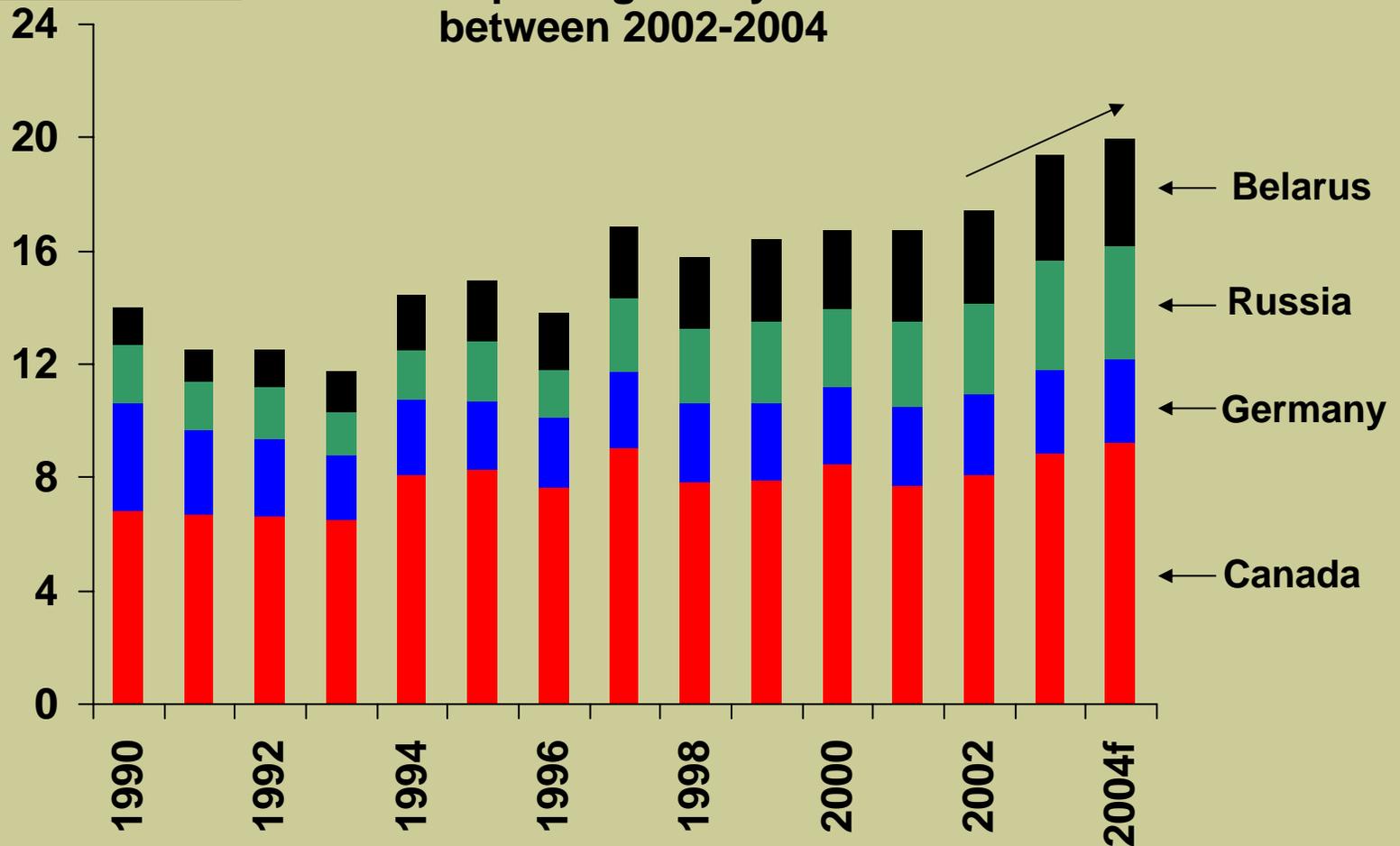
Million mt of K_2O



Source: IFA, Fertecon

World Potash Exports- Major Exporting Regions

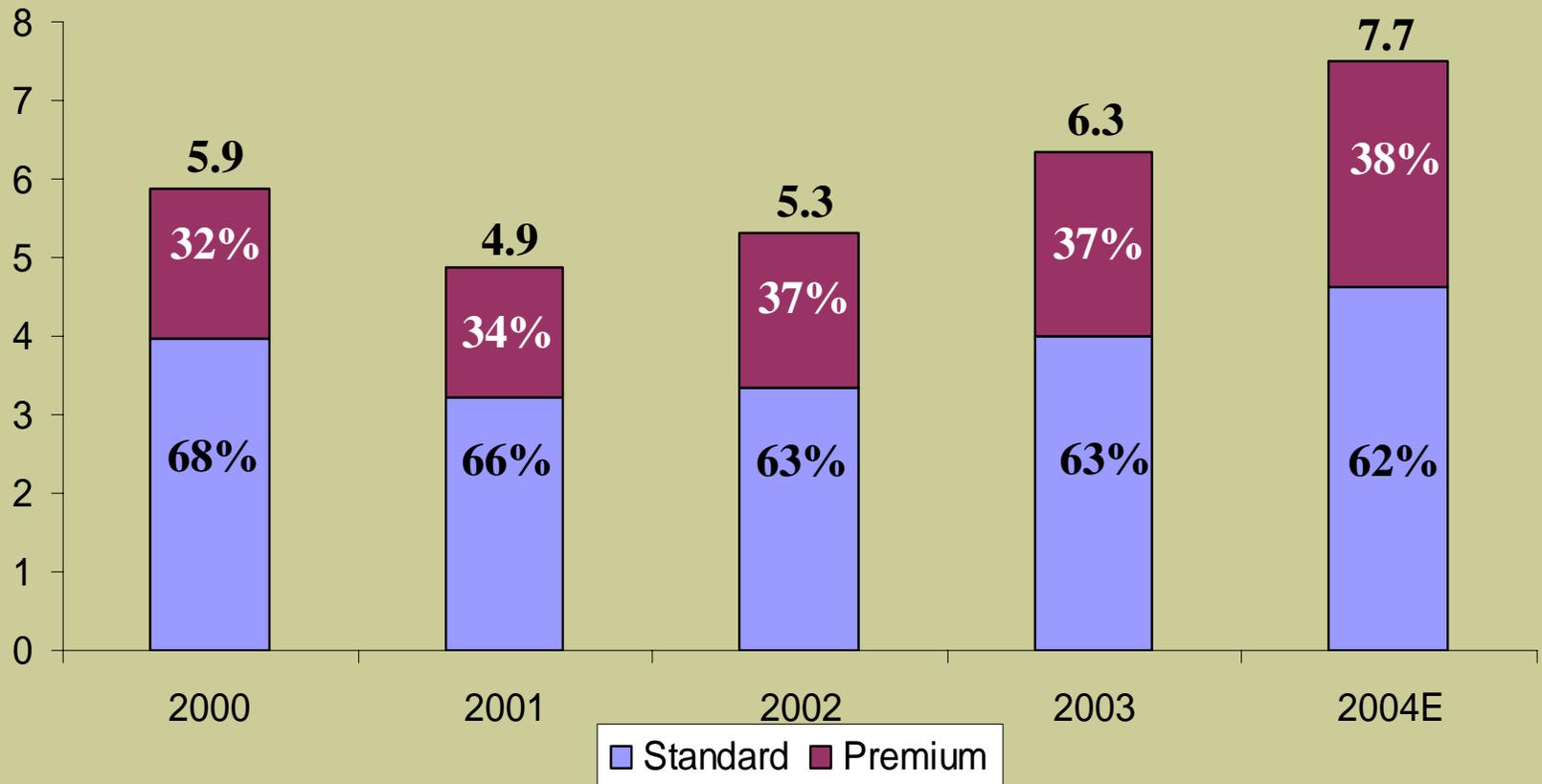
Million mt of K_2O



Source: IFA, Fertecon

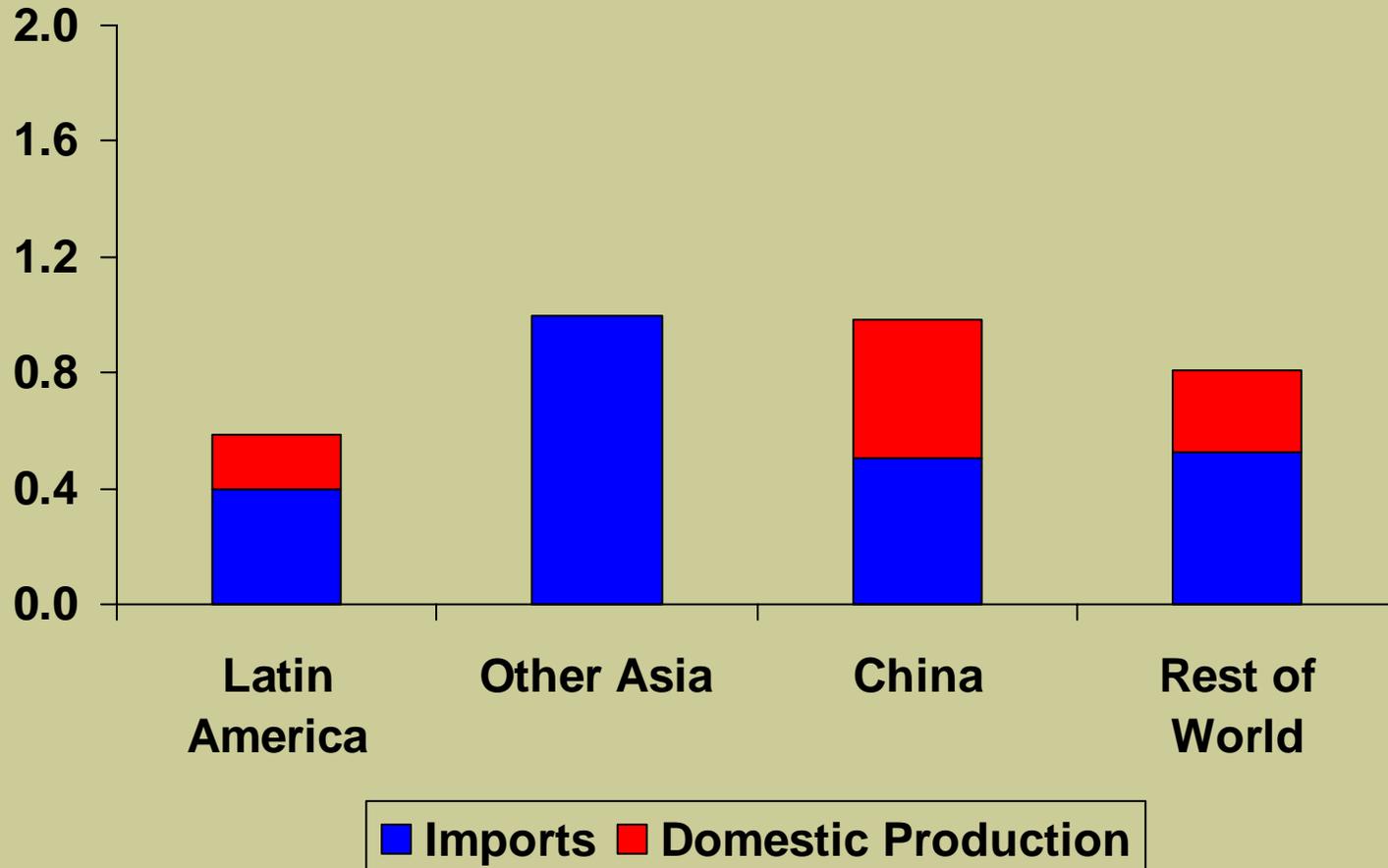
Canpotex Sales

Million mt
of KCL



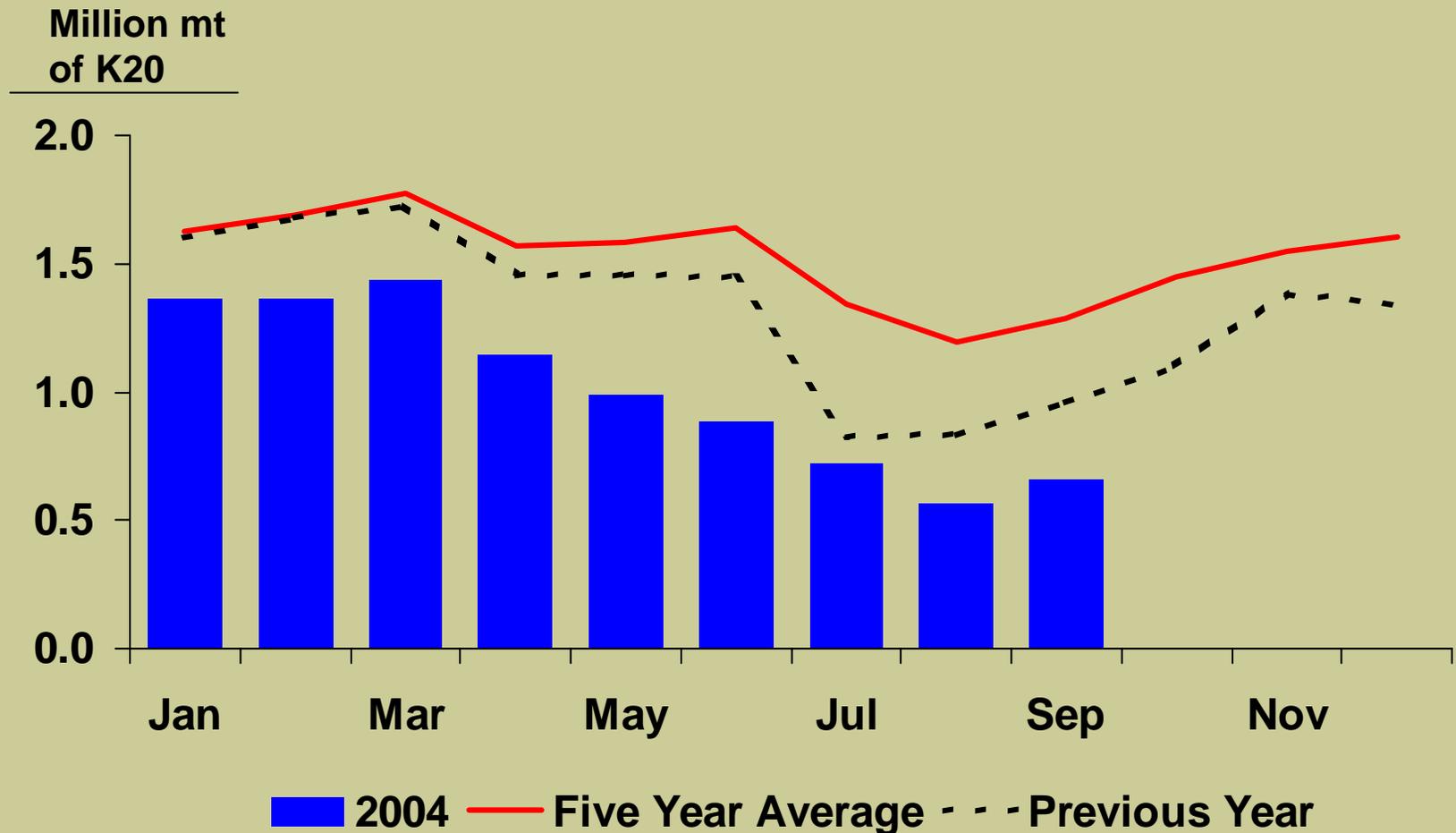
Forecasted Change in Potash Consumption: By Key Region and Source (2003-2007)

Million mt of K2O



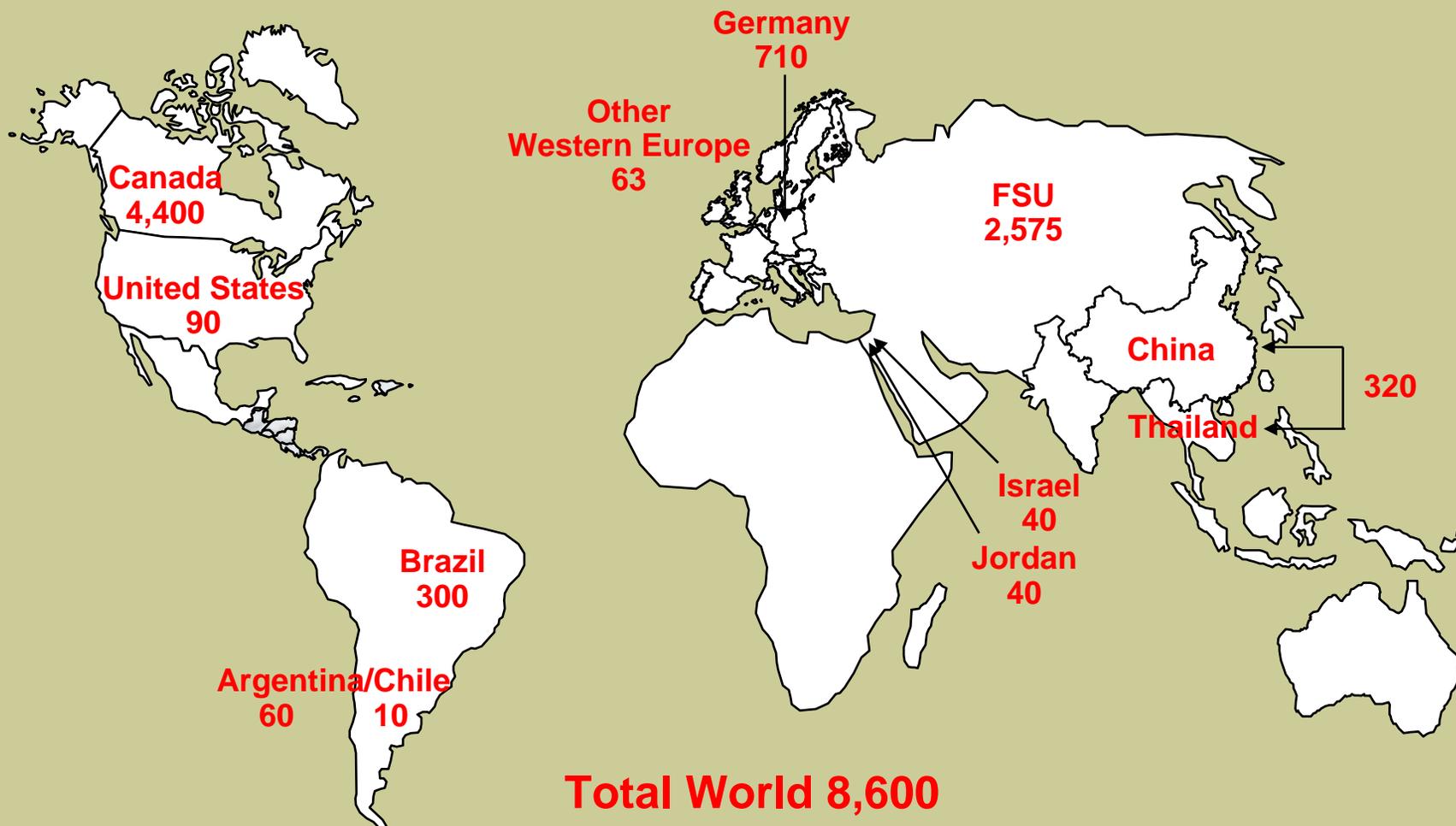
Source: Fertecon, Agrium

NA Potash Producer Ending Inventories



World Potash Reserves

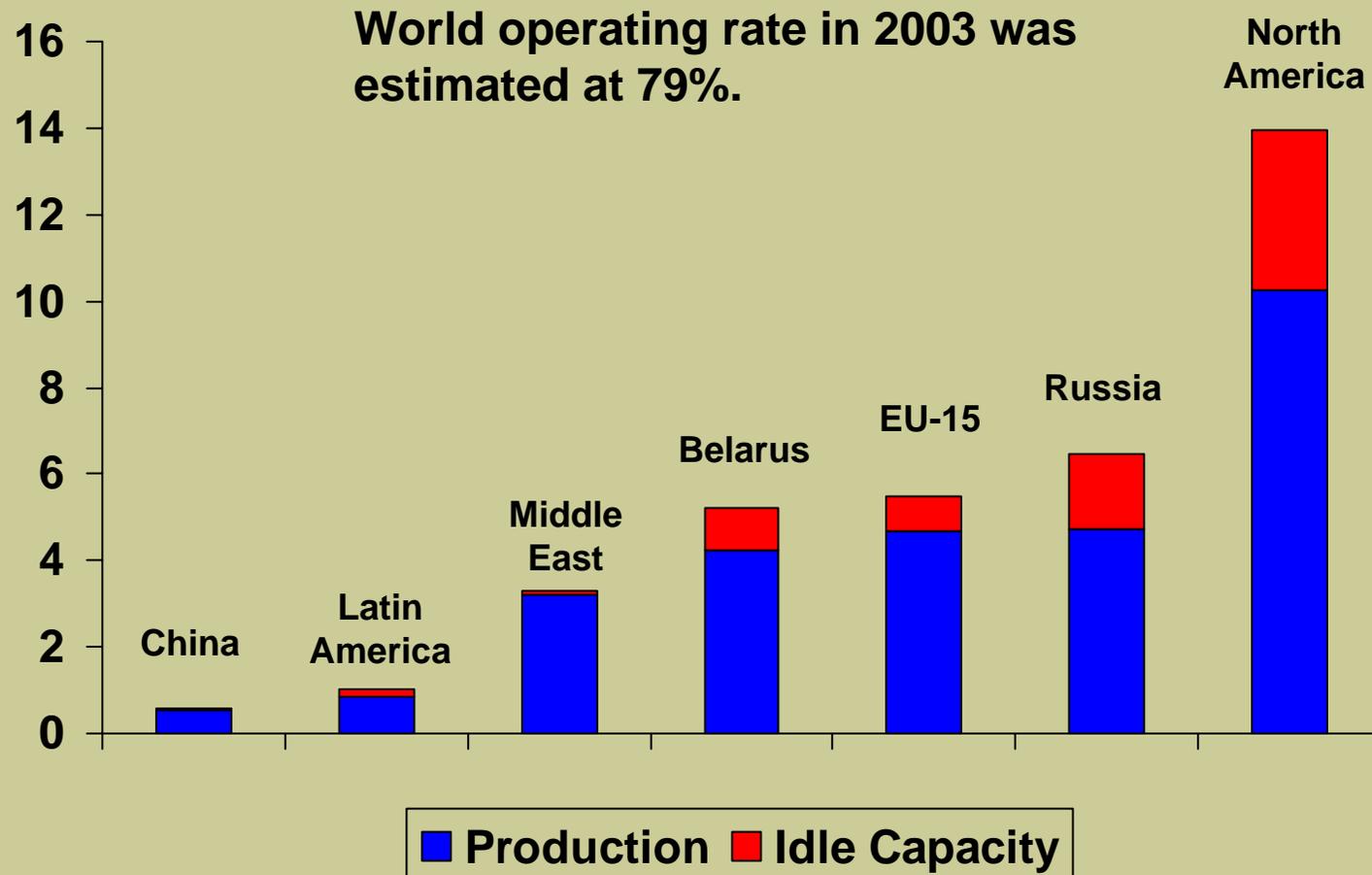
(million metric tonnes of K_2O)



Source: US Geological Survey

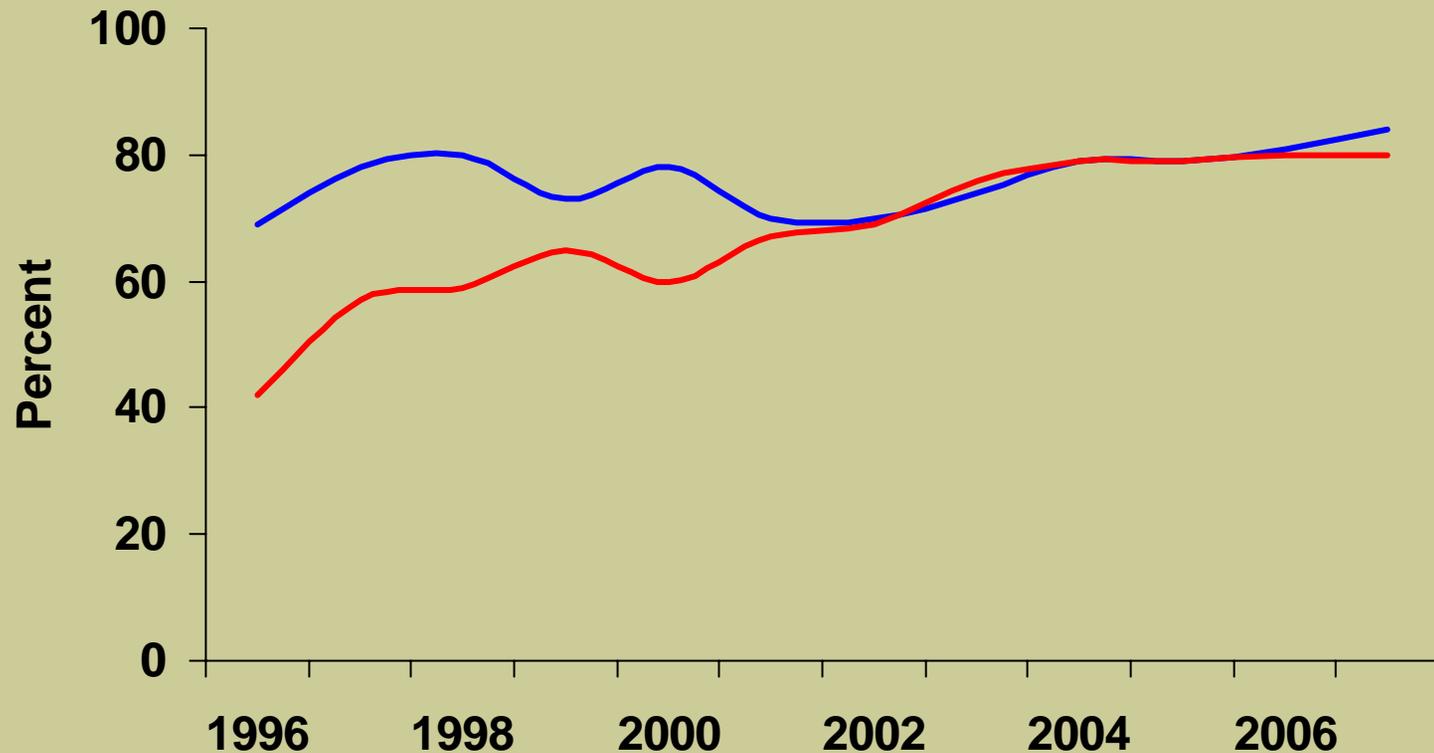
World Potash Capacity and Production

(million tonnes K_2O)



Source: Fertecon

Operating Rates – North America & FSU



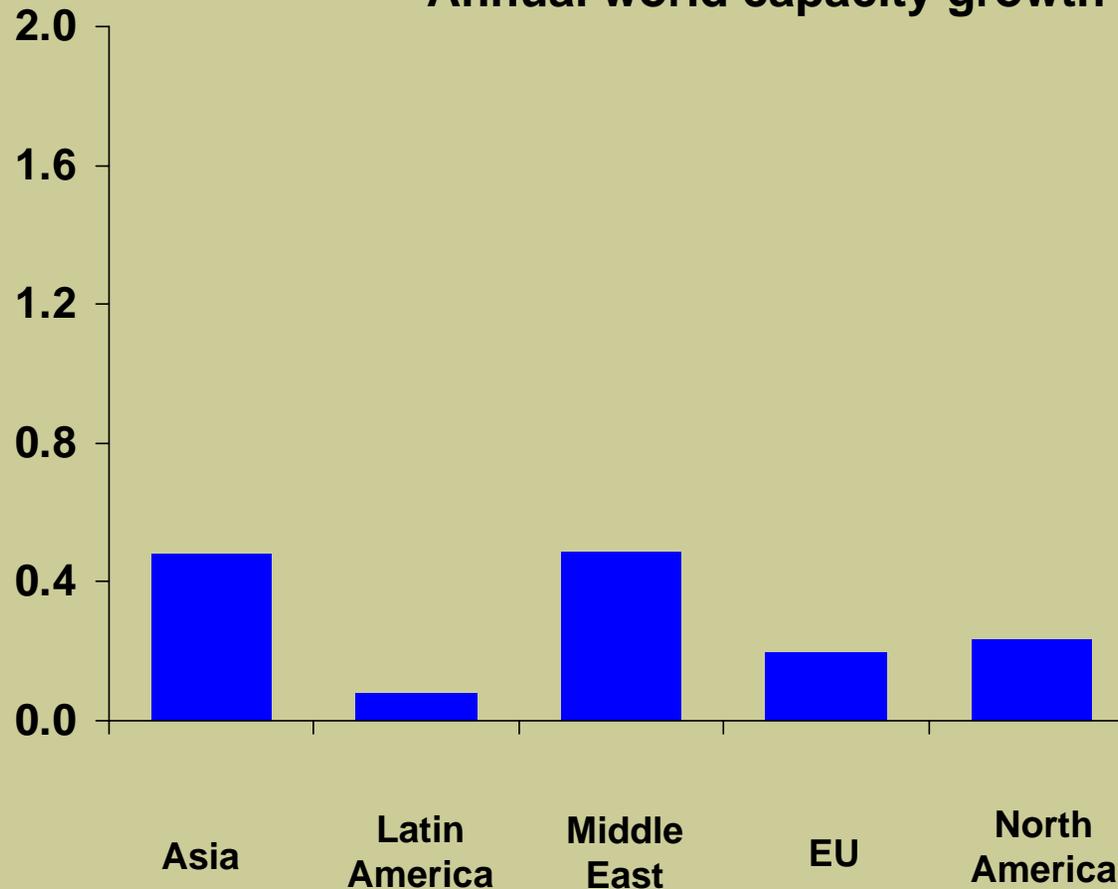
FSU 
North America 

Source: Fertecon

Forecasted World Capacity Change – 2003 to 2007

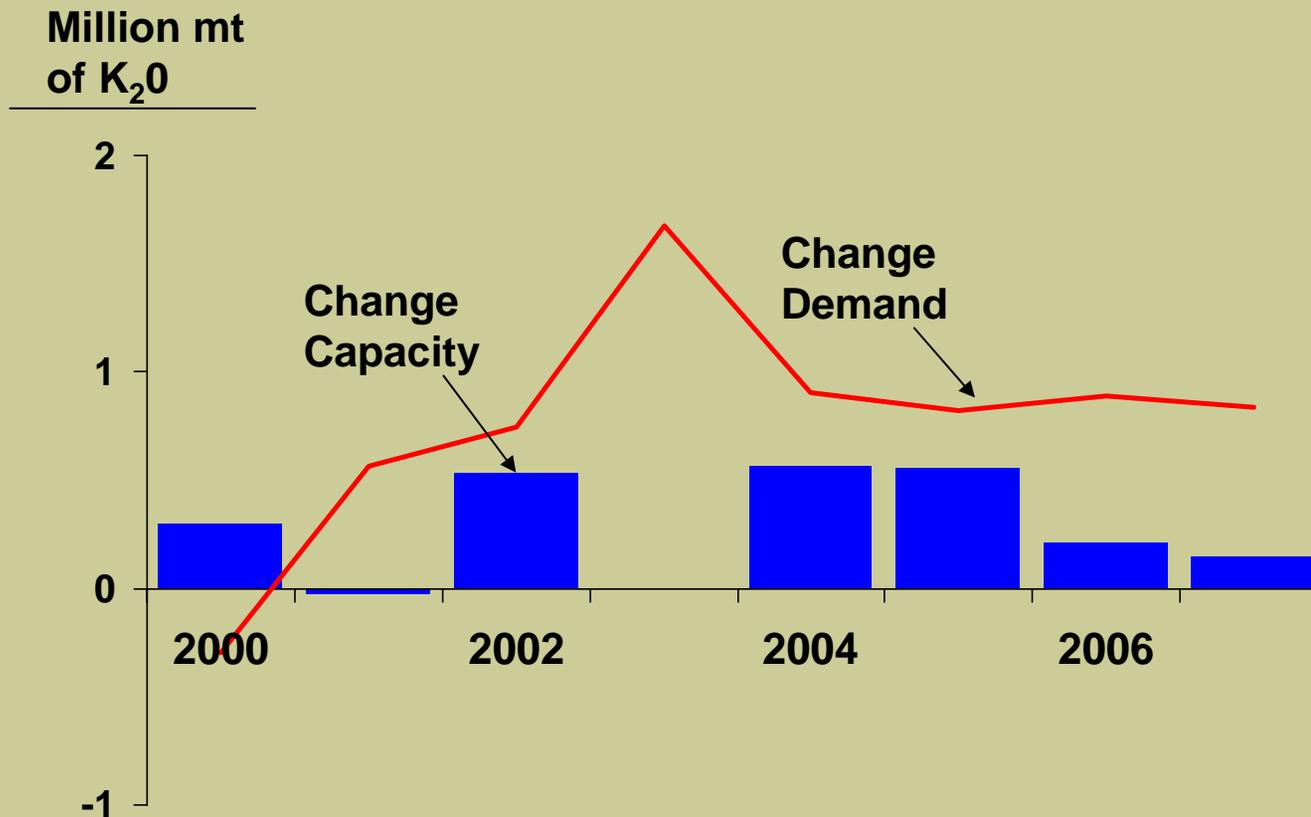
(million tonnes K₂O)

Annual world capacity growth rate of 1.1%.



Potash Supply Demand Balance

Potash supply/demand balance expected to remain tight.



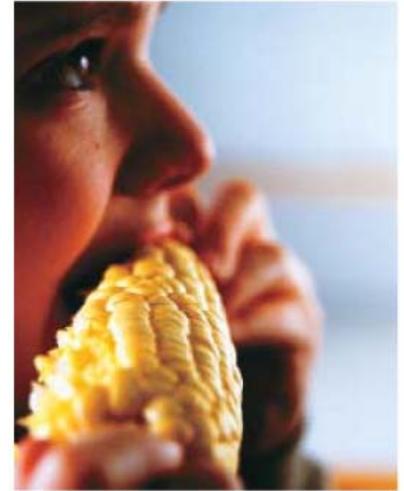
Source: Fertecon

Saskatchewan Greenfield Project History

<u>Company/Location</u>	<u>Year</u>	<u>Million mt of K₂O</u>
• Agrium, Vanscoy	1969	1.074
• PCS, Allan	1968	1.150
• PCS, Cory	1969	0.830
• PCS, Lanigan	1969/87	2.335
• PCS, Patience Lake	1958/65/89	0.630
• PCS, Rocanville	1970	1.640
• IMC, Colonsay	1970	1.098
• IMC, Esterhazy K1	1962	1.206
• IMC, Esterhazy K2	1967	1.090
• IMC, Belle Plaine	1964	<u>1.720</u>
		13.225

Proposed Greenfield Projects

<u>Country/Project</u>	<u>Year</u>	<u>Million mt of KCL</u>
• China, Qinghai Salt Lake	2004	0.2
• Argentina, Rio Colorado Potash	2008+	1.5-2
• Laos, Vientiane	2006	0.05
• Laos, Vientiane	2009+	0.8-1.0
• Thailand, Asia Pacific Potash Corp.	2008+	1.0
• Thailand, ASEAN Potash	2009+	1.0



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