2007/08 Potash Outlook
TFI/FIRT Outlook Session

Ken Taylor
Manager of Financial Planning
Intrepid Potash LLC

November 7, 2007

Key Potash Topics

- 2006/2007 Review
- Supply
- Inventory
- Demand
- U.S. Outlook

2006/2007 Potash Review

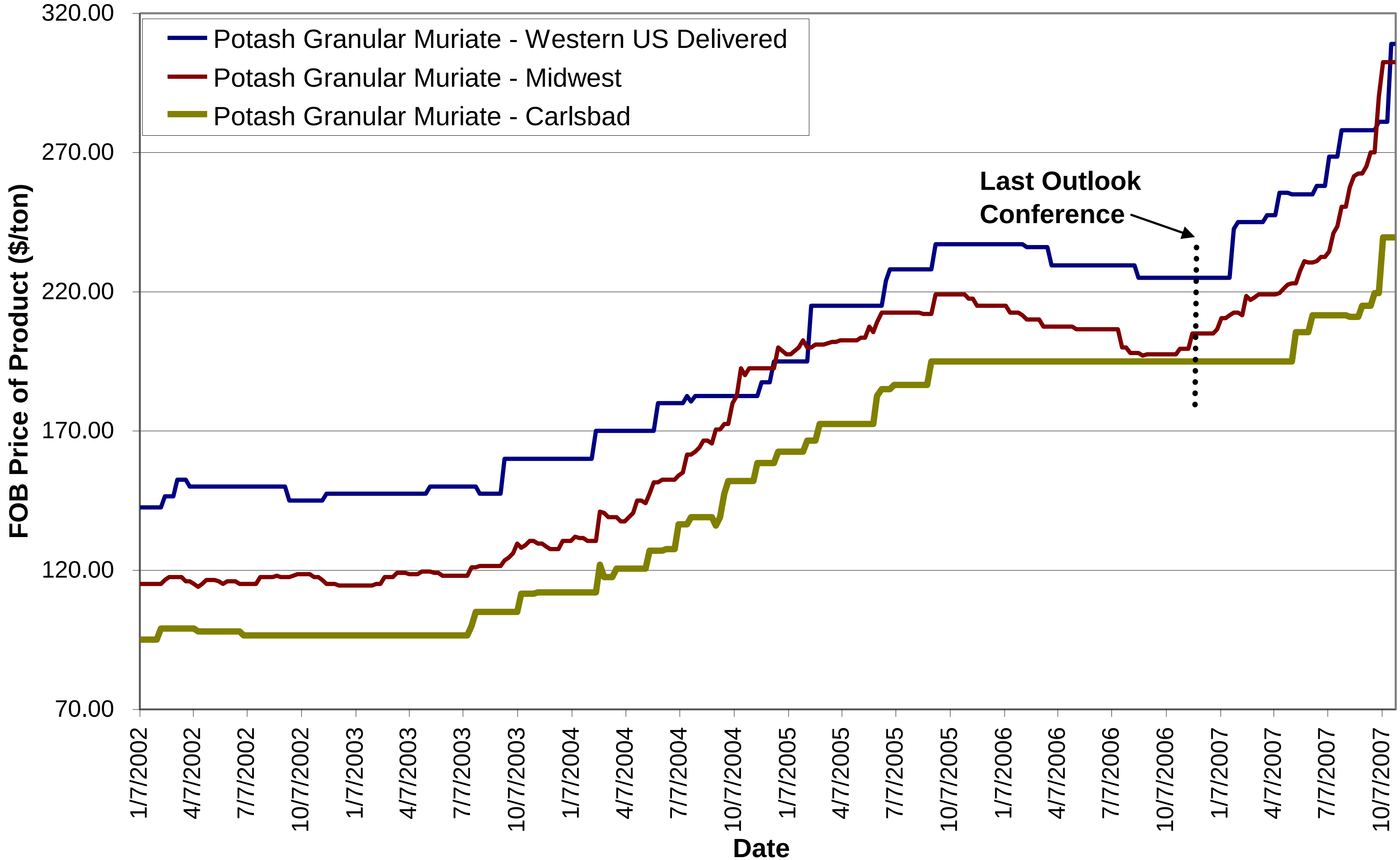
- **Surging Agricultural Prices Spur Global Fertilizer Demand**

- **The Need for Balanced Nutrient Usage in India, China, and Brazil adds to Potash Demand**

- **The Supply Lost by the Berezniki 1 Flood Impact the Market**

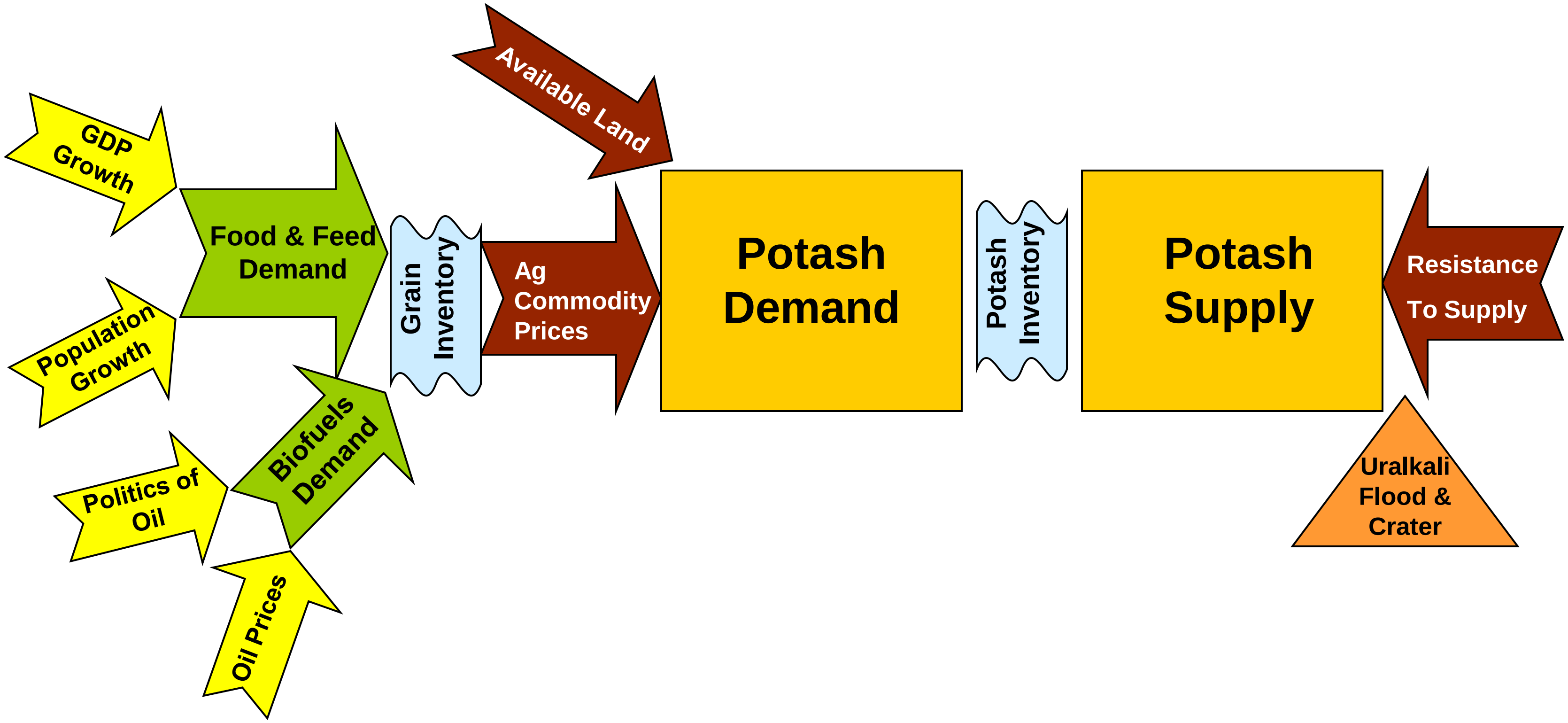
- **World Freight rates climb, adding freight cost to Potash**

Potash Prices have Climbed Steadily over the Past Year



SOURCE: Green Markets: Fertilizer Intelligence Weekly

Conceptual Outline



Supply: Effective Capacity Utilization at Very High Levels

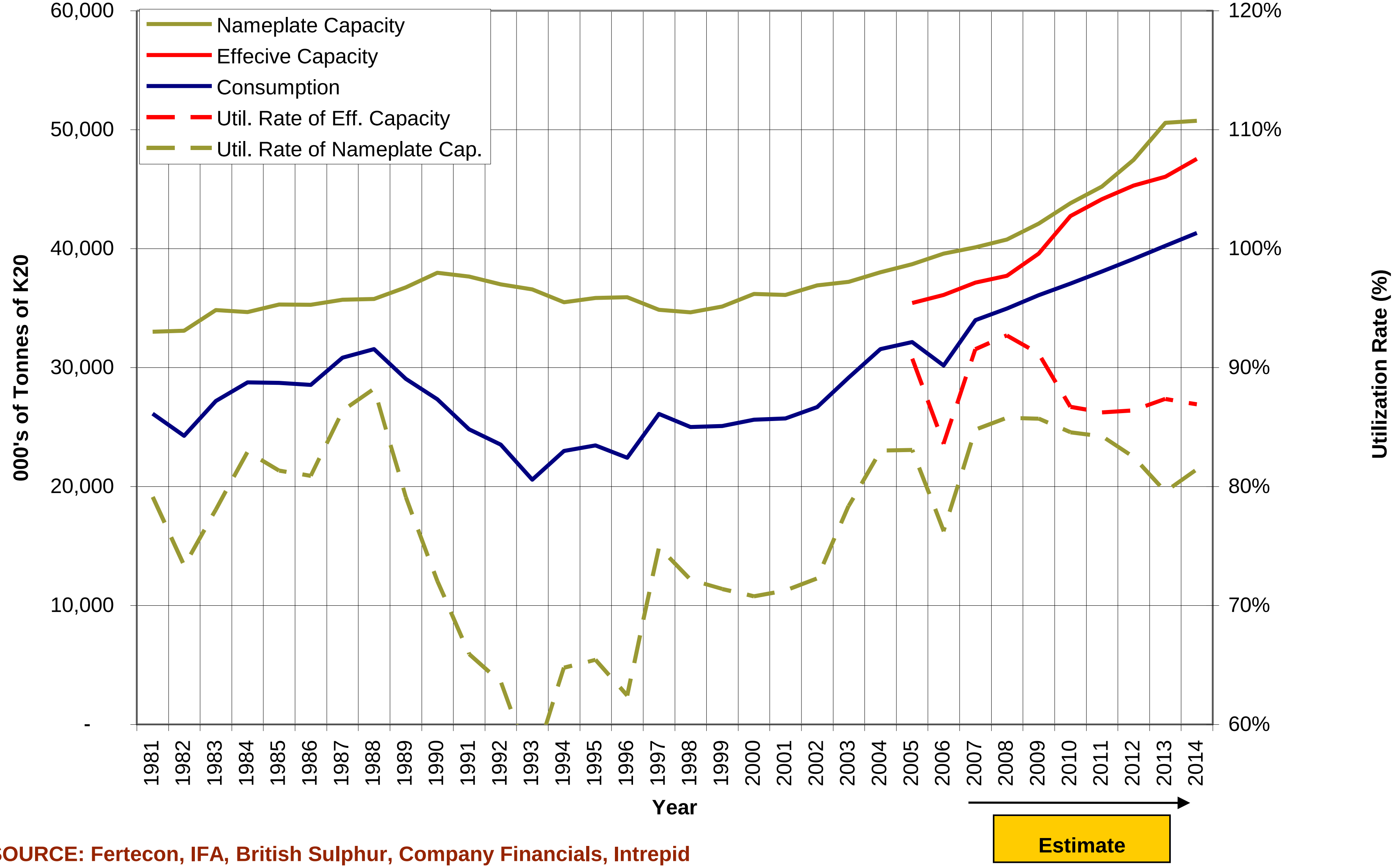
- **Premise: In 2005 & 2007 Produced at Maximum Rates**

- **Establishes Effective Capacity (million K_2O Tonnes)**

Year	Effective Capacity	Nameplate Capacity	Effective Utilization Rates	Nameplate Utilization Rates
2005	35.4M	38.7M	90.7%	83%
2007F	37.1M	40.1M	91.5%	85%
	1.7M	1.4M		
2008F	37.7M	40.8M	92.7%	86%

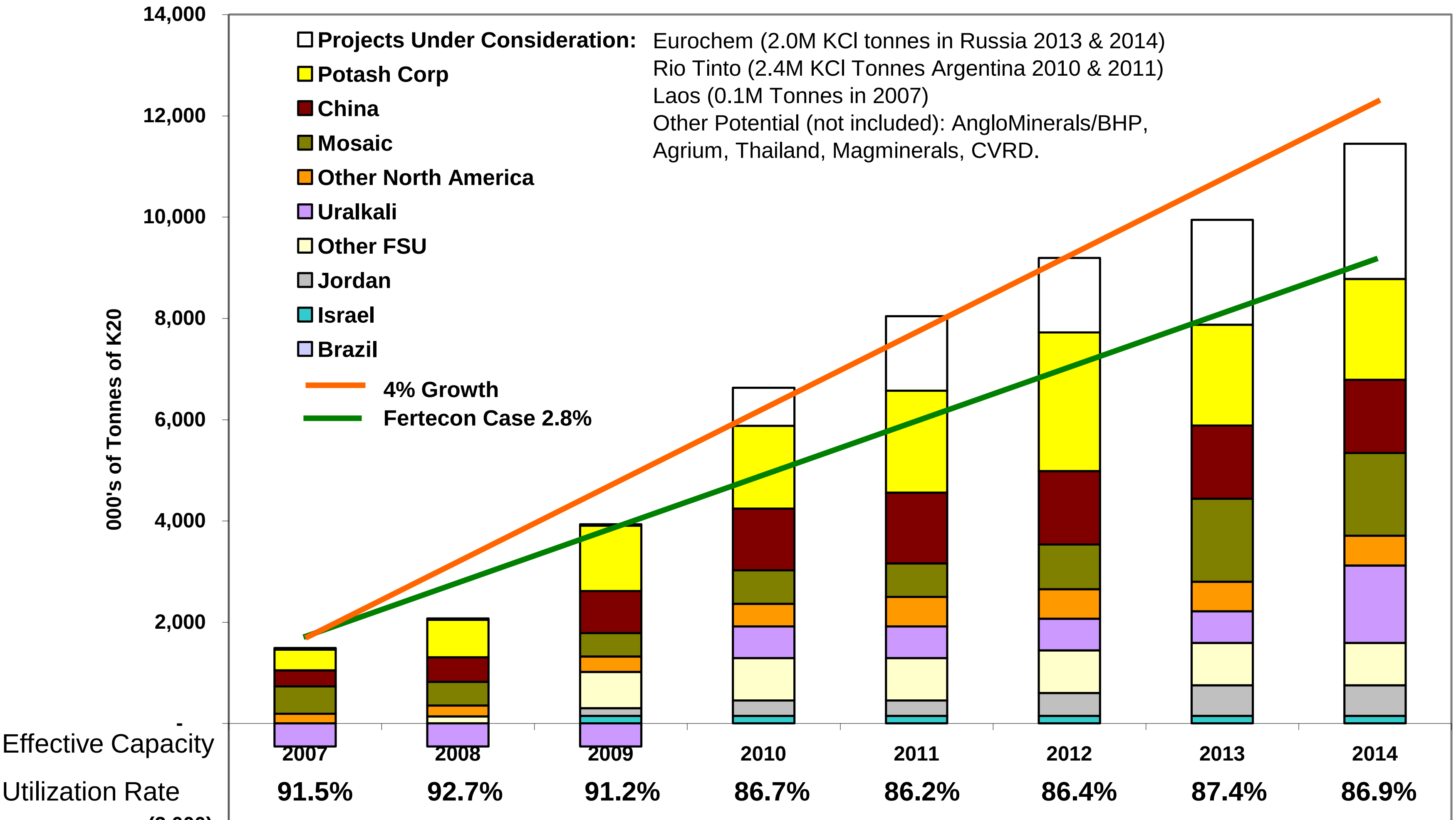
SOURCE: Fertecon, British Sulphur, IFA, Intrepid, Public Financials

Effective Capacity Utilization Expected to Remain High If Demand Grows @ 2.8% Rate



SOURCE: Fertecon, IFA, British Sulphur, Company Financials, Intrepid

Estimated Growth in Consumption Forecast to Match Estimated Increases in Effective Capacity



SOURCE: Fertecon, British Sulphur, IFA, Intrepid, Public Financials

Potash Supply

Potash Effective Capacity: Major Announced Projects in North America

- **PCS**
  - Lannigan: +1.5M – 2nd Half 2008
  - Patience Lake: +0.4M Tonnes – Early 2009
  - Cory: +1.2M Effective Tonnes – 2nd Half 2010
  - New Brunswick: +1.2M Net Tonnes – 2011
- **Mosaic**
  - Colonsay: +0.2M Tonnes – 2010
  - Belle Plains: +0.1M and +0.4M – 2012
- **Agrium**
  - Vanscoy: +0.35M Tonnes – 2011/2012
- **Intrepid**
  - +0.2M Product Tonnes: HB Mine
- **Compass**
  - Ogden: +0.1M Tonnes K2SO4 – 2010

Total North America – 5.6M Tonnes of Potash Products

INTREPID POTASH

Potash Effective Capacity: Major Announced and Potential Projects in World

Potash Supply

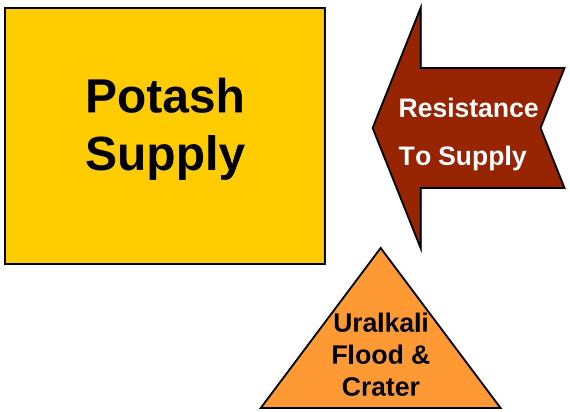
- Uralkali: +1.0M T from ore feed from new mine
- Silvinit and Belarussia: +1.2 T from new shafts
- APC: +1.0M T from pond improvements
- China: +2.5M equivalent Tonnes of KCl by 2014

Potential from Greenfields:

- Rio Tinto Project: +2.4M T Starting 2010
- Eurochem: +2.0M T, 2012-2015?
- Anglo Minerals & BHP Billiton: Exploration
- Agrium: Exploration
- No Thailand: Mining License & Funding
- Magminerals, Congo: 1.2M T – Funding
- CVRD: 2 Potential Greenfields, Carnallite, Exploration

Resistance to Supply

- ➢Limited Commercial Deposits
- ➢Infrastructure Required
- ➢Long Lead Time
- ➢Investment / Return
- ➢Political Concerns



The Subsidence Issue in Russia

Uralkali Flood & Crater

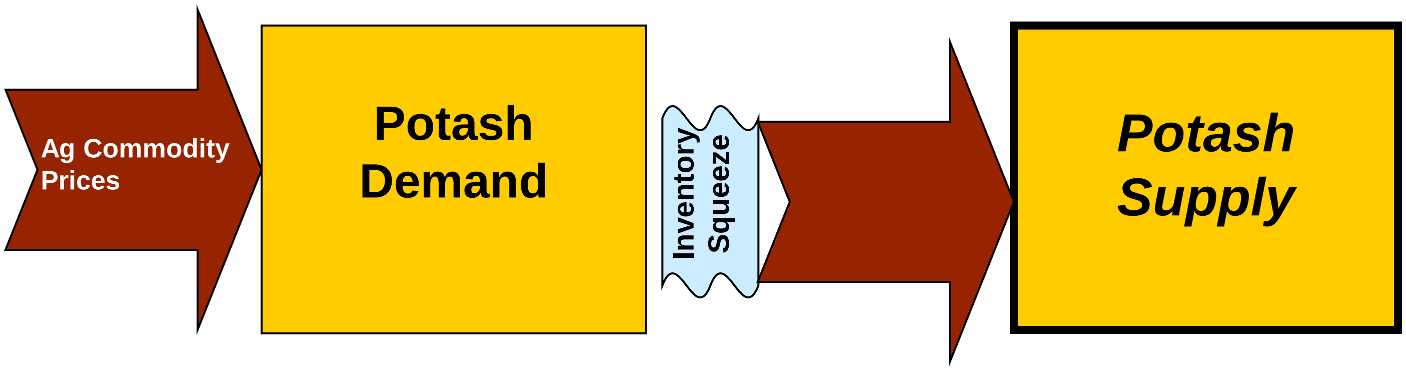
- Potential Interruption of Silvinit?

Supply Shocks Happen

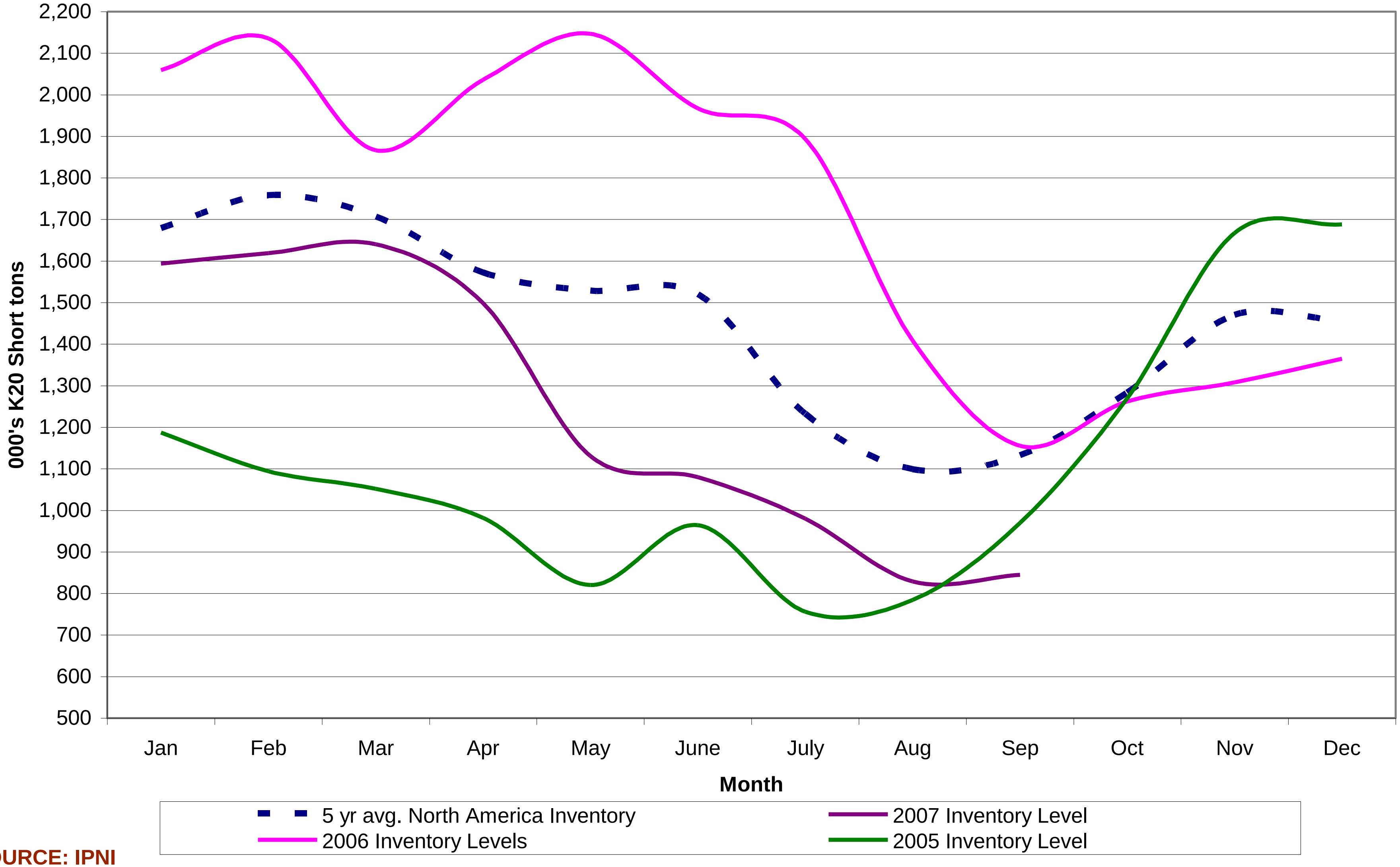
Uralkali
Flood &
Crater

- **Normal Operational Constraints Limit the Potash Industry Effective Operating Factor to Low 90%'s**
- **Flood: Saskatchewan, New Brunswick, Congo, Russia (2)**
- **Depletion: France, East Germany, Michigan, Spain**
  - **Who's Next?**
- **Infrastructure Risk:**
  - **Rail in Russia**
  - **Canadian Rail Strike**

Potash Demand Squeezing Inventories

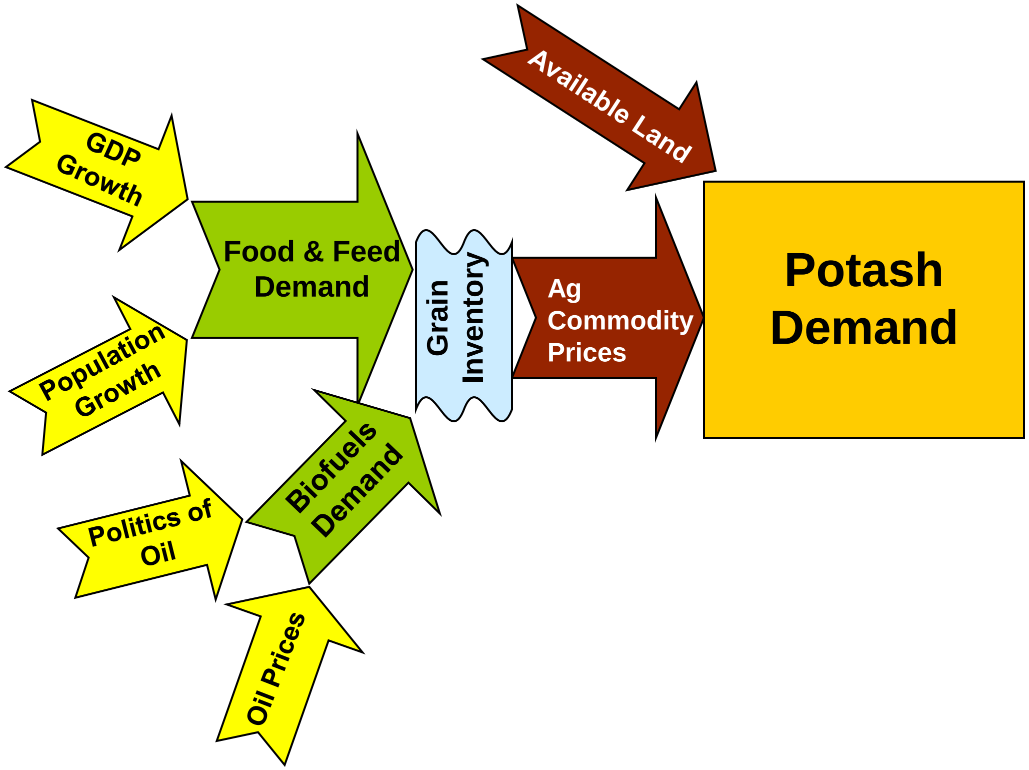


North American Potash Inventories Low Entering 2008



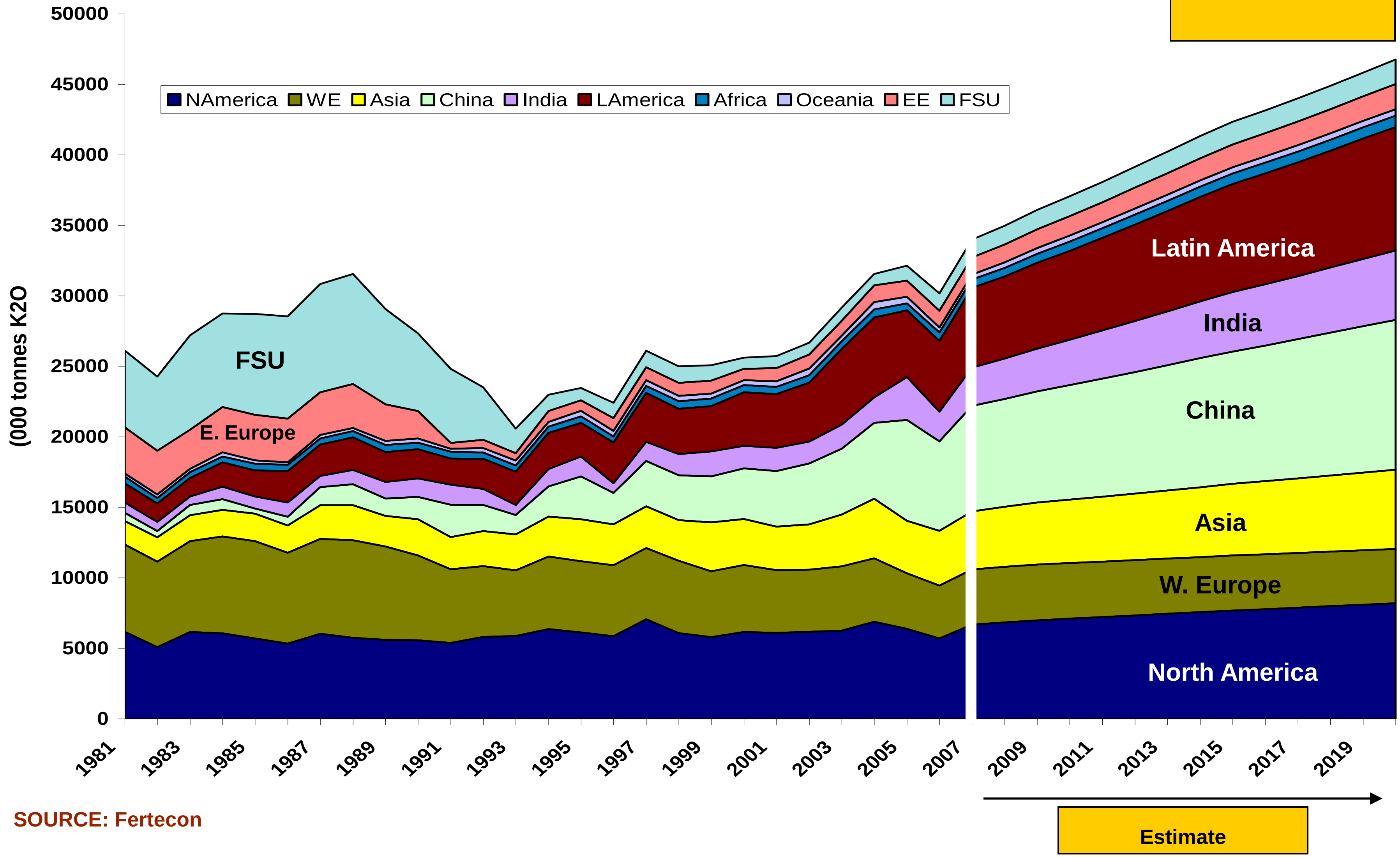
SOURCE: IPNI

Strong Forces Pushing Potash Demand



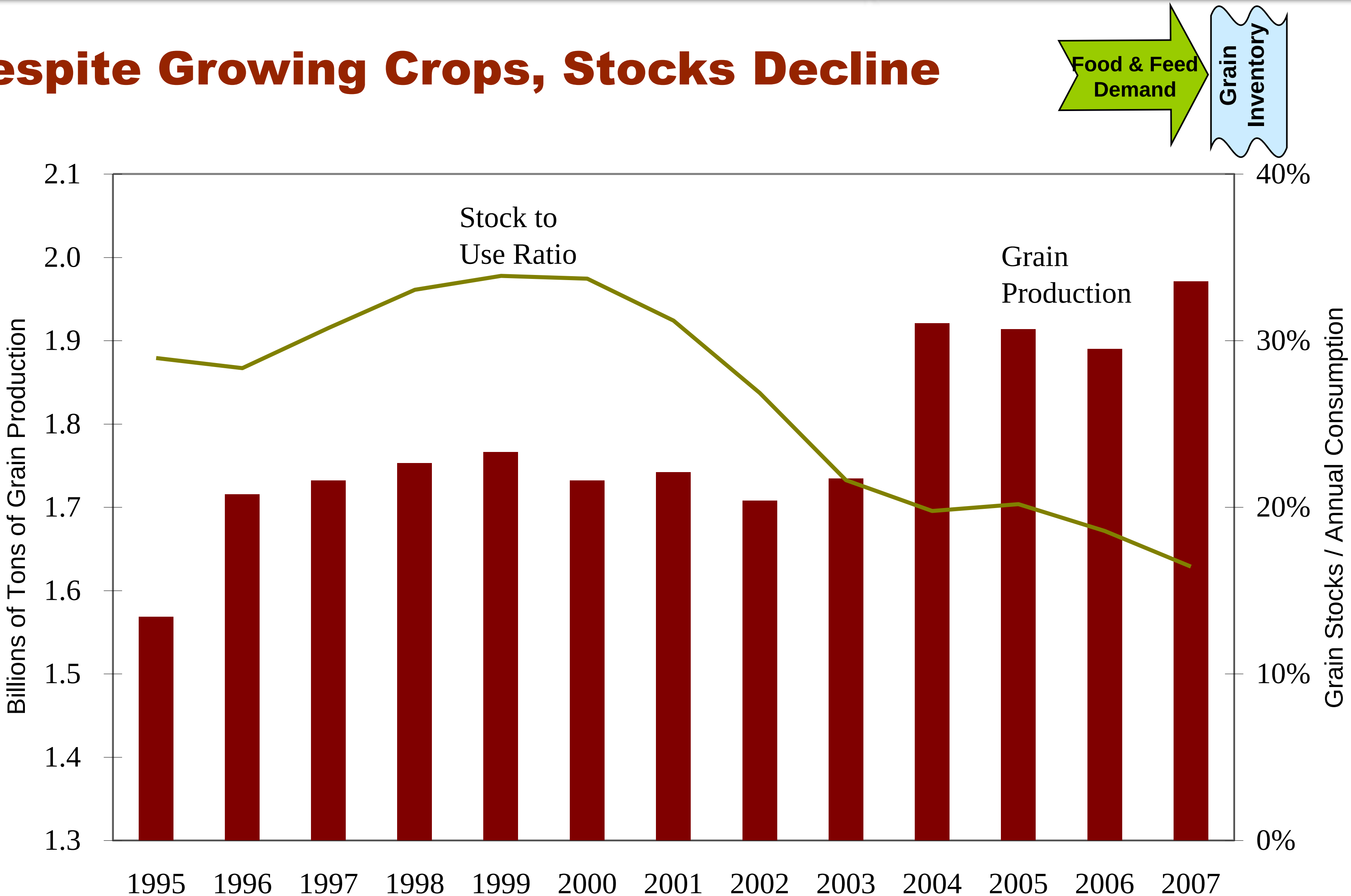
Potash Consumption: Growth in the Forecast

Potash Demand



SOURCE: Fertecon

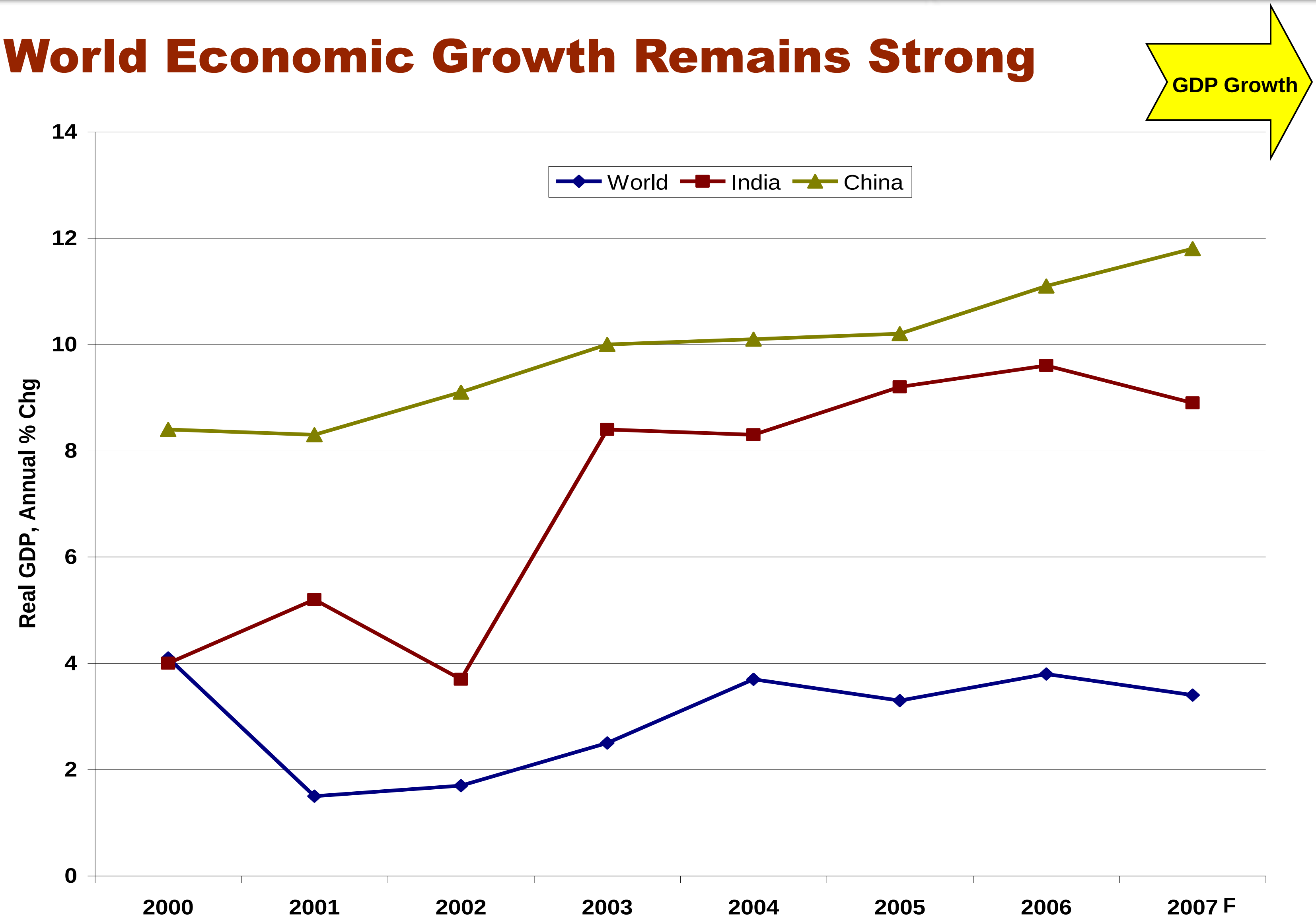
Despite Growing Crops, Stocks Decline



Notes: Grains include corn, milled rice and wheat. Stock to use ratio is calculated as average inventory / consumption for that year.

SOURCE: USDA

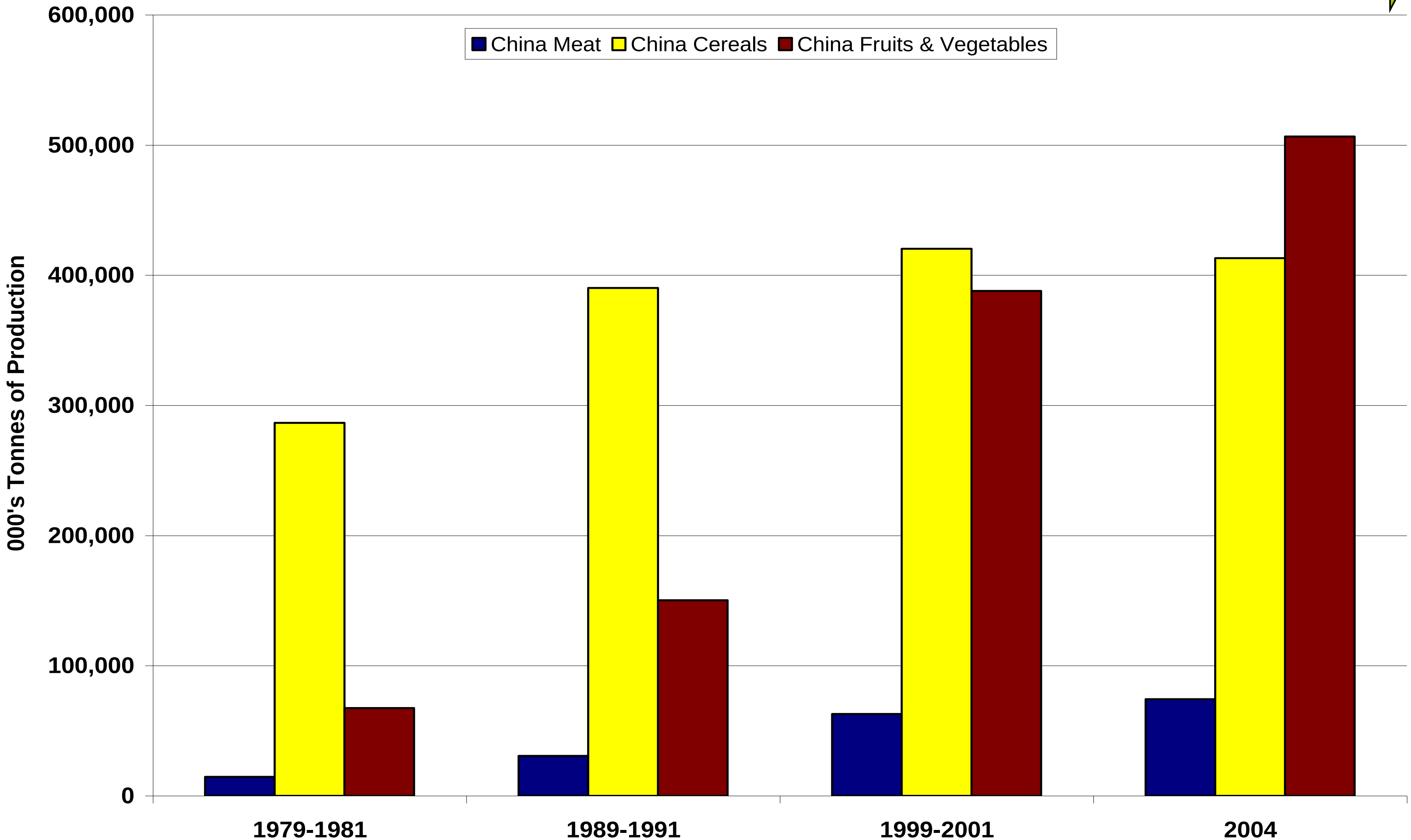
World Economic Growth Remains Strong



SOURCE: USDA

China's Production of Fruit and Vegetables & Meat has Grown Considerably

Food & Feed Demand

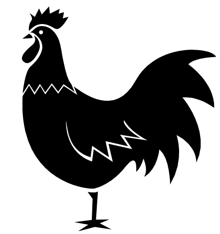


SOURCE: FAO

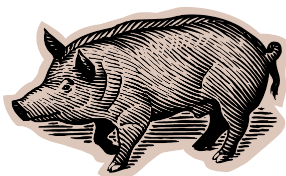
GDP Growth Propels Meat Consumption

GDP Growth

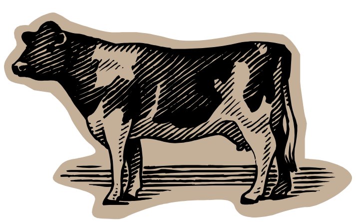
2 Lbs of Corn = 1 Lb of Edible Chicken



6 Lbs of Corn = 1 Lb of Edible Pork



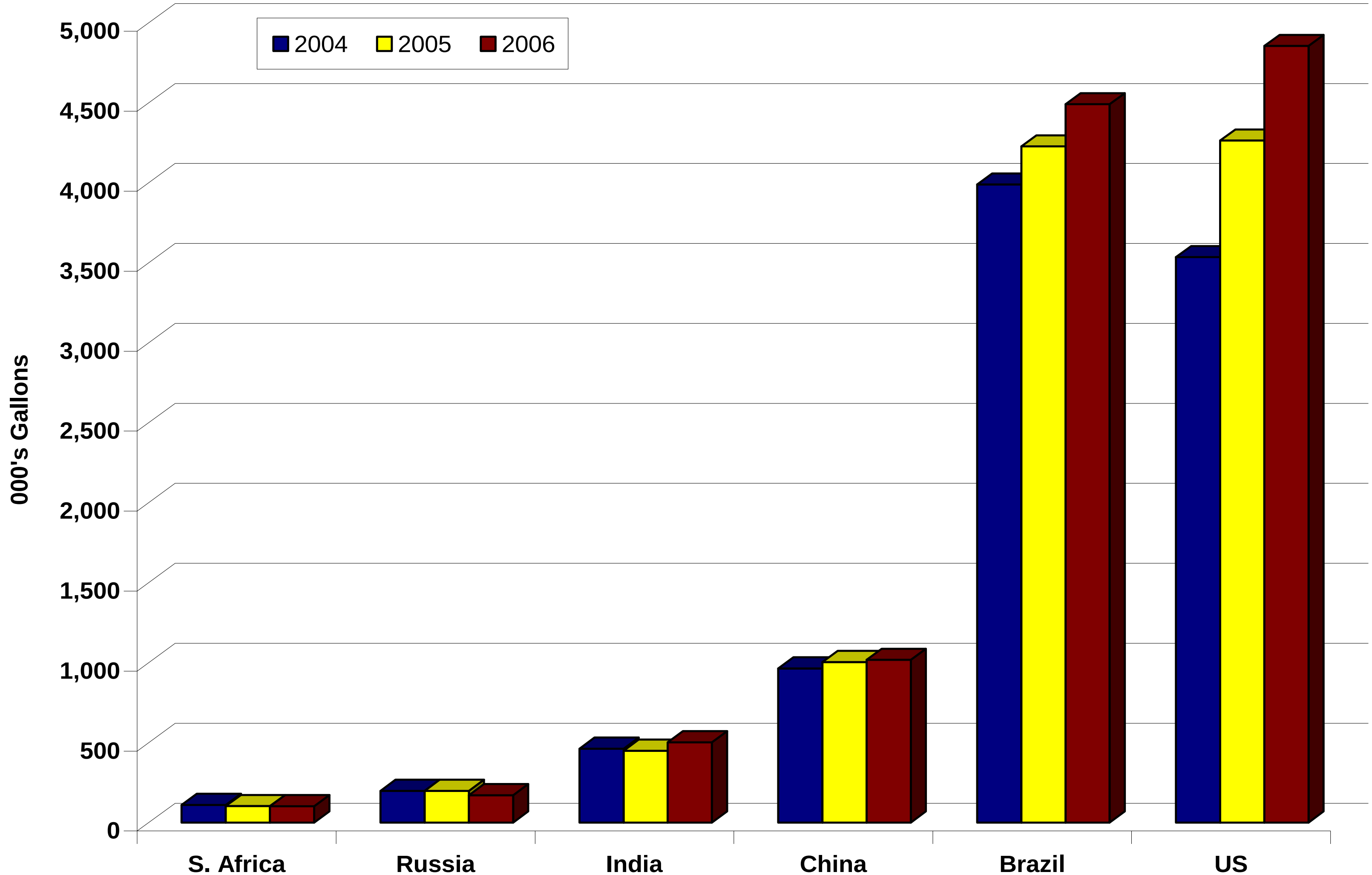
8 Lbs of Corn = 1 Lb of Edible Beef



SOURCE: IPNI, Compilation of Sources

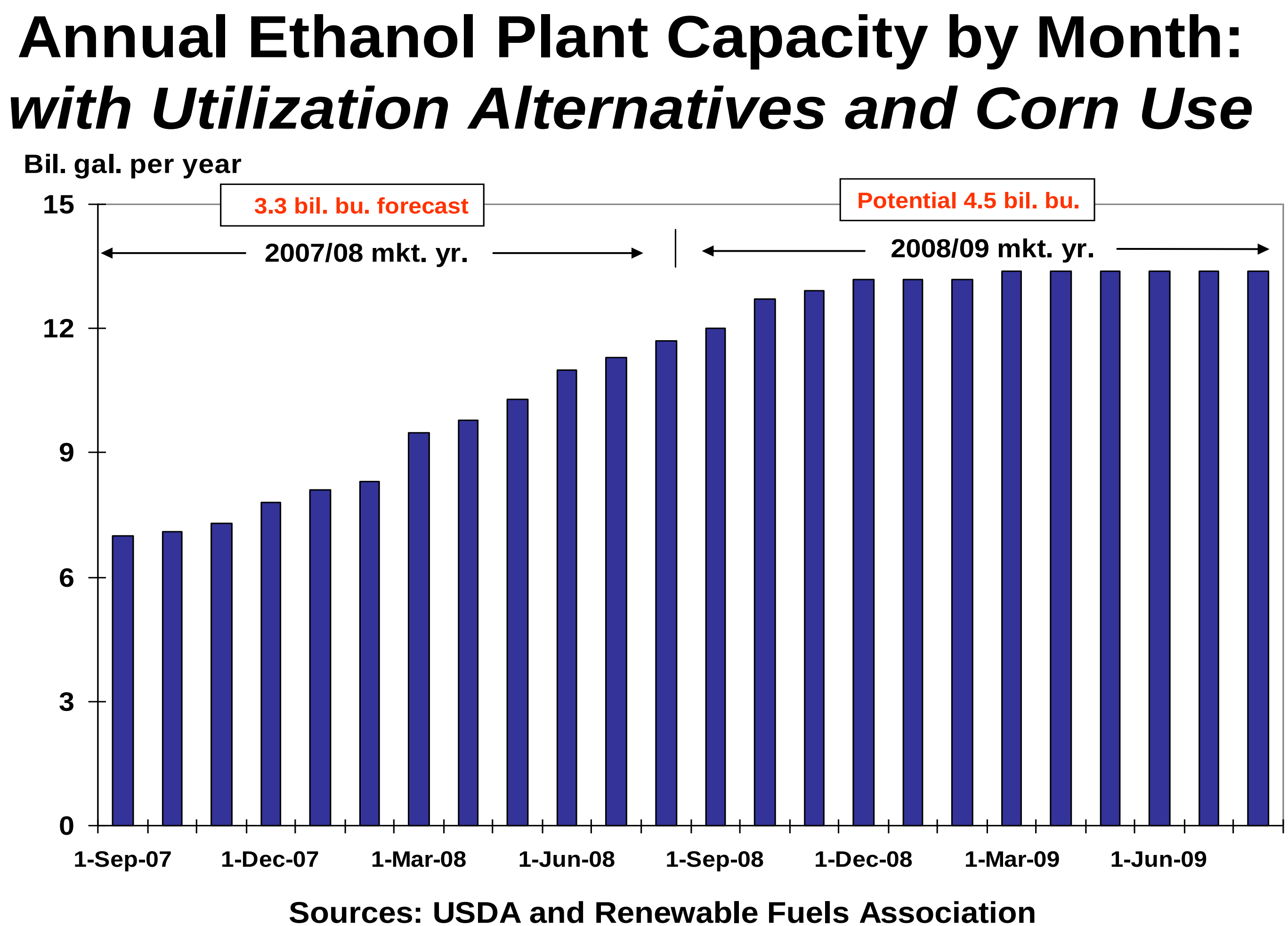
Growing Biofuel Industry: Consumes Corn, Sugarcane, & Palm Oil

Biofuels Demand



SOURCE: Renewable Fuels Association

If We Build them, They will run…



SOURCE: Keith Collins, Chief Economist, USDA; October 18, 2007

INTREPID POTASH

Politics of Oil

Biofuels Demand

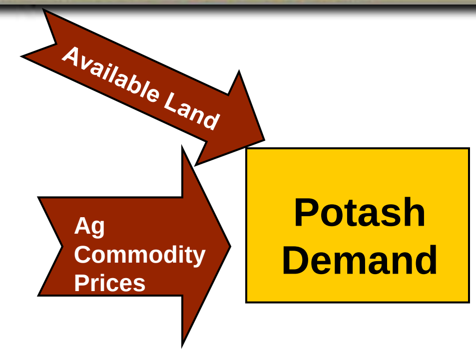
Politics of Oil
Pushes Biofuels Demand

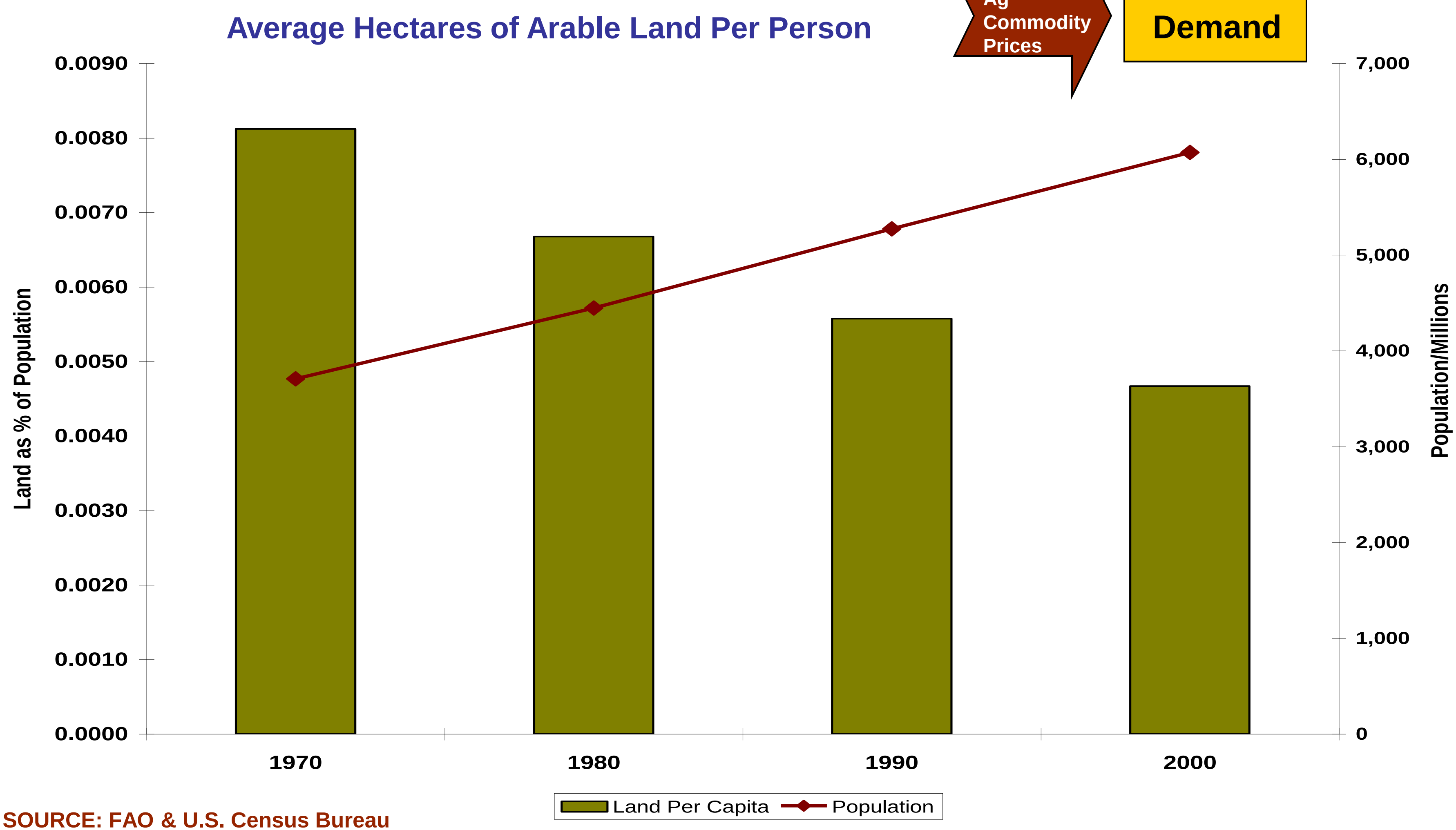
- **Interesting Sources of Oil**
  - –Iran
  - –Venezuela
  - –Nigeria
  - –Iraq

- **Political Survival Helped by Biofuels Support**
  - –Hillary Clinton & John McCain

- **Legislation Creates Mandatory Consumption**
  - –Energy Act of 2005 establishes a national renewable fuels standard of 7.5 billion gallons of biofuels by 2012
  - –25 x 25: 25% of energy from renewable sources by 2025, including 65 billion to 85 billion of biofuels

Decreasing Land Per Capita Requires More Fertilizer

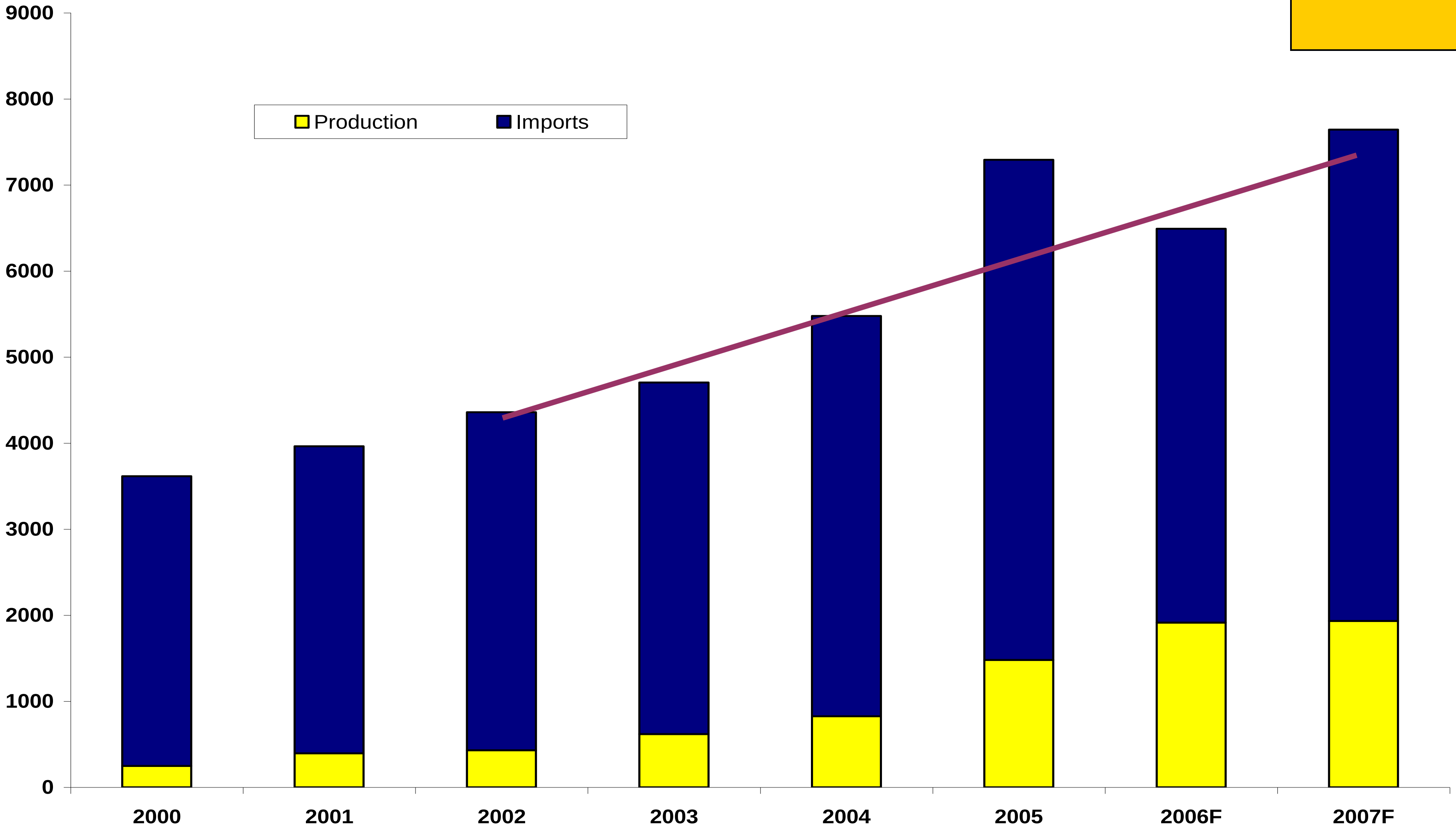




SOURCE: FAO & U.S. Census Bureau

Chinese Consumption at Record Levels
What will happen next year?

Potash Demand

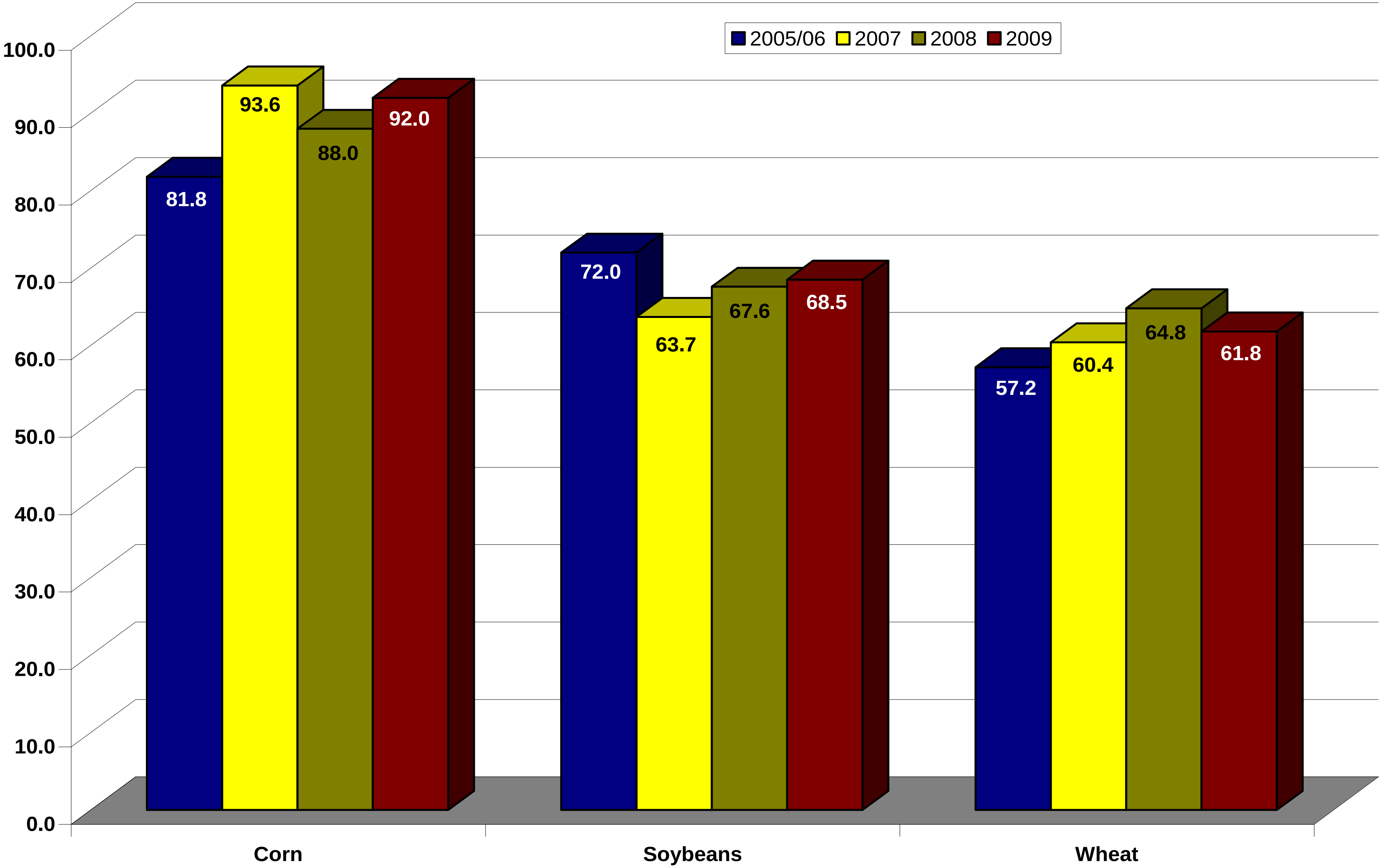


SOURCE: Fertecon

U.S. Outlook

- Acreage Forecast
- U.S. Dollar
- Agricultural Prices

Acreage Forecast: Relatively Less Corn, but Many Acres



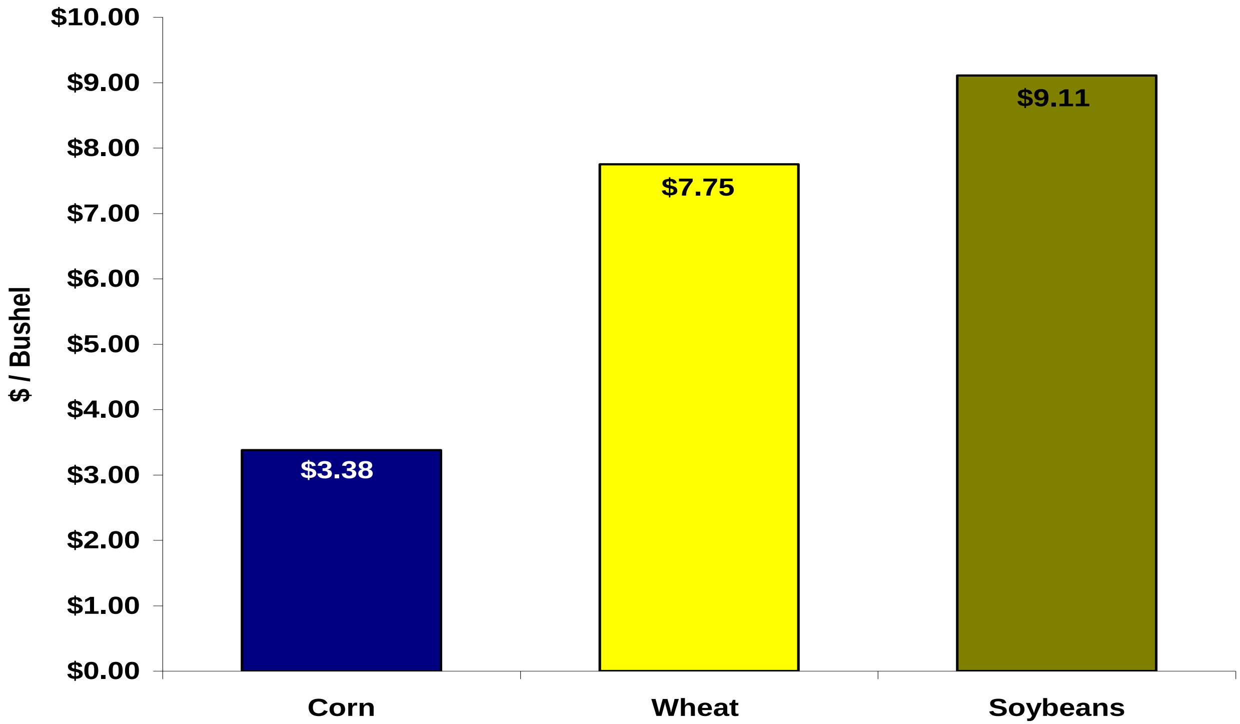
SOURCE: Fertecon (2005/06) & Doane (2007 – 09)

A Weak U.S. Dollar Impacts Potash and Agriculture

- **Weak Dollar = If prices remain the same, decreases net revenues for companies shipping potash to the U.S. (80% of supply)**
- **Weak Dollar = More Export of U.S. Grains**
- **Weak Dollar = Higher oil prices, which increases support for biofuels**

Spot Agricultural Prices

- Corn, Wheat, Soy – prices as of Oct. 31st



- **With Current Corn Price, Rack Ethanol $/Gallon Must Be $1.57 to Break Even. Current Average Rack Ethanol Price is $1.75 Per Gallon**

SOURCE: DTN Ethanol Center

Summary: Strong Outlook for 2007/2008

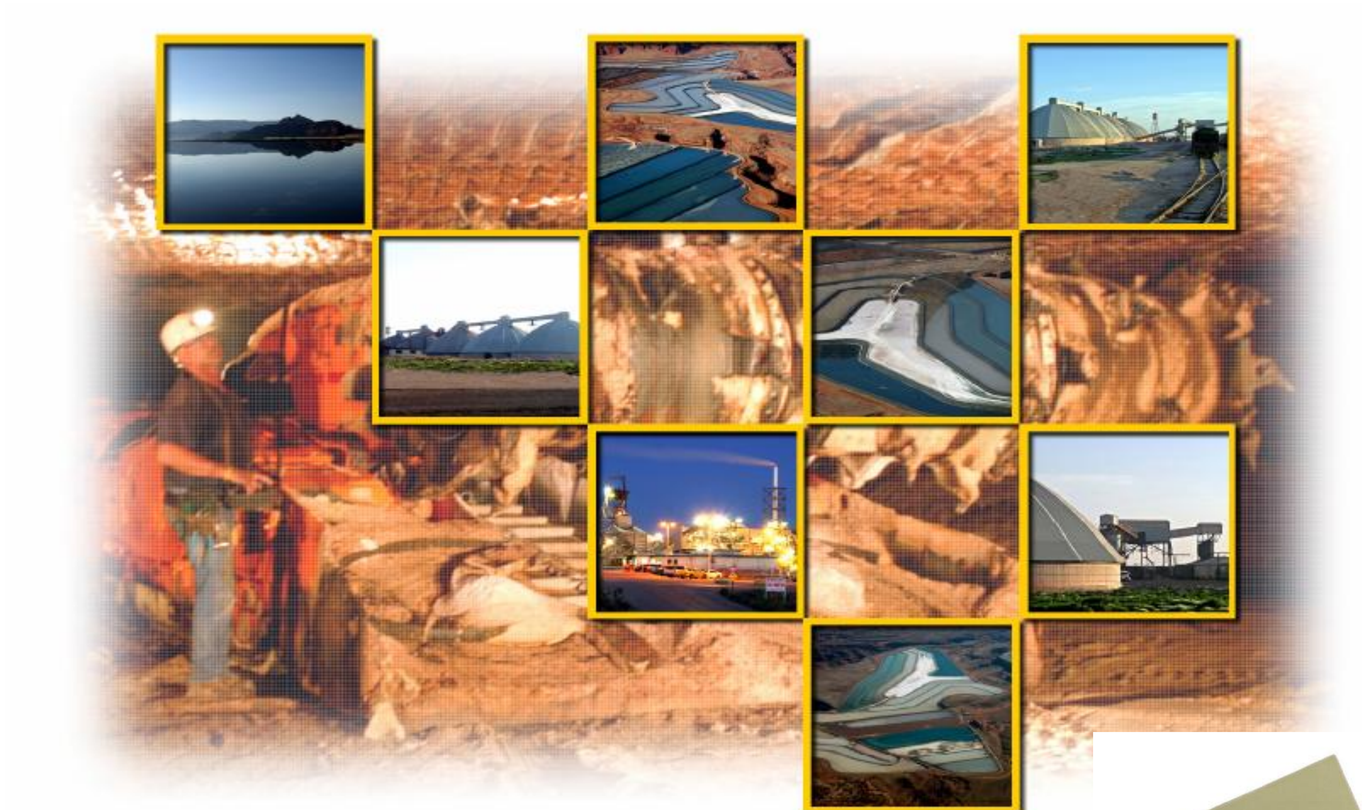
- **Supply – Effective Capacity growth not likely to keep pace with demand growth**
  - **Subsidence in Russia: Will we get a short supply shock?**

- **Demand – Macro trends continue, especially in China, India, and Brazil**

- **Inventories – Supplier inventories are drawn down providing little cushion against surges in demand**

- **U.S. – Large acreage, a weak dollar, and high agricultural prices promote U.S. Agriculture trends**

QUESTIONS?
THANK YOU



INTREPID POTASH