

IC Potash formally shifts into the operational phase

IC Potash Corp is now free to start construction at its Ochoa Sulfate of Potash (SOP) Project in New Mexico upon obtaining the required permit from the U.S. Department of the Interior, Bureau of Land Management



(BLM). The BLM has formally authorized IC Potash ('ICP', TSX: ICP | OTCQX: ICPTF), through a Record of Decision (ROD) to begin construction and, ultimately, operation at the Project, including all necessary mining and processing facilities based on the final Environmental Impact Statement (EIS). The ROD represents the completion of the last bureaucratic step needed to formally shift the project to the operational phase. ICP intends to produce a premium quality sulphate of potash (SOP) at its Ochoa facility, which is usually priced anywhere between 30-50% higher than lesser varieties of SOP. The total proven and estimated capacity at Ochoa is 400 million tons.

One of ICP's main environmental compliance advantages comes from its proximity to the Capitan Reef water source, which has contributed to industrial development in New Mexico for many years. The source is located at significant depth and while the local population and business community rely on a water supply from aquifers located at far shallower depths. This, in

essence, ensures a 'resource differentiation', meaning that ICP will have its own exclusive water source, while the local population can rest assured that the planned mine will not interfere with the potable source. The very convenient water supply also accounts for the Ochoa project's low operational cost (OPEX) per ton of production.

Last March, upon filing its NI 43-101 Feasibility Study (FS), CEO Sydney Himmel said that ICP would be ready to start securing the necessary financing to proceed with construction as early as this summer. He noted that the company has been in contact with multinational banks from Europe to Asia to secure the necessary funds. The FS suggested a three year period for construction and commissioning beginning in Q2 2014 and continuing through Q2 2017, leading to 50 years of operation. Production should start in 2017 and reach full capacity in 2018. The projected OPEX rate per ton of production at Ochoa will be about is USD\$ 150/ton, which is about 65% -70% less than the industry average of USD\$ 500-550/ton. Promising pre-feasibility studies have indicated an initial production rate of 510,000 metric tons of SOP and about 247,000 metric tons of potassium manganese sulfate (SOPM) per year. At such costs, ICP's SOP would be the world's cheapest to produce.

Thanks to the partnership with Norway's agribusiness giant Yara International, ICP will be able to link its marketing efforts to those of force to that of the Norwegian company and jointly distribute SOP worldwide. Yara, in turn, has looked to ICP as an opportunity to expand in the North America and in the more specialized and premium SOP sector. It is not surprising that Yara chose ICP as a partner, as the Ochoa facility has the potential to produce a premium SOP at lower costs than usual cost. Moreover, ICP intends to sell its SOPM and SOP as premium specialty products. For the European and South Western Asian markets, which are low in magnesium, where Yara enjoys considerable distribution access. ICP management has described the partnership with Yara as 'transformational'

for the company, given its developed international distribution channels and portfolio of premium fertilizer products.

SOP is more easily adaptable to various soils, even those presenting high salinity levels, and is suitable for a variety of crops such as fruits, tobacco, potatoes and vegetables. In contrast, the more common MOP variety of potash does not tolerate high soil salinity, which reduces its range of applications. SOP is ideal for the European and South Western Asian markets, which are low in magnesium, and where Yara enjoys considerable distribution access. The Ochoa project is indicated as having potential reserves of some 400 million tons of ore and ICP intends to produce high quality SOP while greatly reducing production costs. The average SOP recovery is estimated to be 82%. Capital costs are expected to be in the range of USD\$ 1.018 billion at an average grade of 83.9% (polyhalite content). The price for SOP, which was incorporated in the financial model was USD\$ 636 per ton. This is below the current average price for granular SOP of USD\$ 680/ton for California delivery in the fourth quarter of 2013. For the fourth quarter of 2013, ICP has estimated that SOP prices may increase to well above USD 700/ton the price of soluble SOP was reported to ICP estimates at 740 USD per ton at Florida Delivery.

ICP's main target markets are California, Northern Europe and parts of North Africa, where soil salinity makes SOP especially effective. SOP does not contain chlorides and it typically fetches higher prices than the more common Muriate of potash (MOP); SOP is more easily adaptable to various soils, even those presenting high salinity levels (as in North Africa), and is suitable for a variety of crops such as fruits, tobacco, potatoes and vegetables. In contrast, the more common MOP variety of potash does not tolerate high soil salinity, which reduces its range of applications. SOP is ideal for the

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