IC Potash's low production costs inspires analyst's bullish price target

IC Potash ("ICP", TSX: ICP | OTCQX: ICPTF) announced results of the Phase 3 drill program at its Ochoa Sulphate of Potash ("SOP") Project in New Mexico. The Phase 3 drill program covered 12 exploration core holes during the period from August 4, 2012 to March 24, 2013. The phase 3 results – will be used to optimize development of the pilot plant and the Definitive Feasibility Study (FS), expected to be ready, on schedule, for release in the third quarter. The results of the Phase 3 drill program, involving 12 exploration holes (bringing the total number of exploration holes to 31), has corroborated the viability of the Ochoa Project as a long term and low cost producer of premium SOP from polyhalite mineralization, confirming the grade of the resource, which is low in chlorine and rich in nutrients. ICP expects its Ochoa project, which is proceeding on schedule, to reach commercial production in late 2015.

The Phase 3 completion comes on the heels of ICP having been awarded a "speculative buy" rating from Kiril Mugerman at Industrial Alliance Securities, who expects the Company to be trading at CAD$ 1.40/share or almost three times its current average trading price (about CAD$ 0.50/share). The bullish sentiment is supported by ICP's low production costs (OPEX), which are far lower than most SOP producers. 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. In addition, last year, ICP benefited from a strategic investment and an off-take agreement of about CAD$ 40 million, approximately 20%, from the plant nutrients manufacturer Yara International.

Yara has access to many international markets and distributors. Under the agreement, Yara will buy 30% of all ICP products produced at its Ochoa project in New Mexico for a 15 years long period. Yara noting that it has the financial resources and expertise in international fertilizer markets to contribute towards bringing the Ochoa project into production. Thanks to the partnership with Yara, ICP will be able to link its marketing 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.

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, 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.

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