IC Potash gets a 10 million dollar boost toward production

IC Potash Corp. (“ICP’, TSX: ICP | OTCQX: ICPTF) announced that Cartesian Capital Group, LLC (“Cartesian”) has acquired 500,000 Class A preferred shares, at a price of USD$ 20/share or USD$ 10,000,000 in ICP’s wholly owned subsidiary, Intercontinental Potash Corp. (“ICPUSA”), which owns ICP’s Ochoa Sulphate of Potash (SOP) in Lea County, New Mexico. Cartesian’s c investment gives it a right to a potential 33% participation in future equity financings of ICPUSA and it is by all means ‘strategic’. Cartesian is a private equity and venture capital company that prefers and to invest through acquisition, targeting high growth companies, emerging markets and those companies wanting to expand internationally aiming to generate superior risk adjusted returns. The investment in ICP fully reflects this strategy as Cartesian has recognized the need for sustainable fertilizers and improved agricultural practices to help address rising food demand around the world. Cartesian, highly attuned to investment risk, has also shown great confidence that ICP has all the characteristics needed to fulfill the latter’s goal to become a leading low-cost producer of potassium sulphate (K2SO4), which accounts for annual demand of some 5.5 million tons per year.

Potassium sulfate is a chloride-free fertilizer, which is trading at a significant premium over the more common muriate of potash or MOP (potassium chloride). SOP is priced at a premium and better suited than MOP in the cultivation of fruit and vegetables, tobacco and potatoes, horticulture and it can also be used to treat sandy and dry soils, delivering higher crop yields, which have improved flavor and longer shelf life. Moreover, the permits granted by the Federal Bureau of Land Management, allowing for mining on federal land, make for a much smaller risk profile because the BLM has already reviewed any risks of ICP having a significant impact on the environment. The process is extensive and includes consultation with various agencies, at all government levels, and, more importantly, with the public itself. In the specific ICP case, the BLM has worked on the PRL process for over two years, taking into consideration the proposed mine's impact on water, air, cultural and other resources. In a sense, the BLM has already analyzed and approved the project for potential investors, reducing the environmental, social and legal risks they would otherwise have incurred. The thorough BLM approval process has actually gone a long way toward de-risking the Ochoa Project in general.

ICP has already secured federal and State permits with the State of New Mexico for potash underground exploration over a 40,000 acre property. ICP is well positioned to lead – and rising – as one of top, and one of the lowest cost, SOP manufacturers in the world. ICP is also the only new SOP potash being developed in the world now and is marked by the lowest capital and operational costs (OPEX) as well. 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. ICP's SOP will be the world's cheapest to produce. The Feasibility Study predicts an economically viable mining operation and processing plant, capable of producing 714,400 tons of SOP per year over a period of at least 50 years.Some of the promising highlights from the Feasibility Study include: a three year period for construction and commissioning beginning in Q2 2014 and continuing through Q2 2017, leading to 50 years of operation. SOP production will commence in 2017 (at first 48% of annual capacity and then full capacity expected in 2018). Room-and-pillar mining and dual split super section mining methods will be used to extract ore at a rate of 3.7 million tons/year.The average SOP recovery is estimated to be 82% with capital costs are expected to be in the range of USD$ 1.018 billion. The price for SOP, which was incorporated in the financial model was USD$ 636 per ton.

ICP has faced few obstacles along the way to production, reducing its environmental and financial risk profile and while Cartesian has become an important partner, ICP has been in contact with multinational banks from Europe to Asia to secure the necessary funds to reach the final production phase. ICP has a very close financial partner, Mitsubishi UFJ Financial Group ("MUFG"), which has a wide range of project finance experience, useful in helping ICP build relationships with strategic investors, international banks, export credit agencies and project equity as well as other strategic and SOP financial investors and off-takers. ICP has advanced its project through more technical partnerships as well.

In 2012, ICP secured (in 2012) an offtake agreement with Yara International, one of the world's largest distributors of mineral fertilizers, which greatly facilitates the financing process. Yara has access to many international markets and distributors and it will buy 30% of all products produced at Ochoa New Mexico for a 15 years long period. 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 European and South Western Asian markets, which are low in magnesium, and where its partner Yara enjoys considerable distribution access.