



Global Potash Markets & PotashCorp

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July 17, 2006



Forward-Looking Statements

This presentation contains forward-looking statements. These statements are based on certain factors and assumptions as set forth in this release including foreign exchange rates, expected growth, results of operations, performance and business prospects and opportunities. While the company considers these factors and assumptions to be reasonable based on information currently available, they may prove to be incorrect. A number of factors could cause actual results to differ materially from those in the forward-looking statements, including, but not limited to: fluctuations in supply and demand in fertilizer, sulfur, transportation and petrochemical markets; changes in competitive pressures, including pricing pressures; risks associated with natural gas and other hedging activities; changes in capital markets; changes in currency and exchange rates; unexpected geological or environmental conditions; and government policy changes. Additional risks and uncertainties can be found in our 2005 annual report to shareholders and in filings with the U.S. Securities and Exchange Commission and Canadian provincial securities commissions. Forward-looking statements are given only as at the date of this presentation and the company disclaims any obligation to update or revise the forward-looking statements, whether as a result of new information, future events or otherwise.



The Potash Market & PotashCorp

- ▶ What is PotashCorp?
- ▶ What Drives the Fertilizer Markets?
- ▶ What is Happening in the Potash Markets?
- ▶ How Long to Bring a Greenfield Plant Into Production?
- ▶ What does a Greenfield Plant Cost?



The Potash Market & PotashCorp

- ▶ What is PotashCorp?



PotashCorp Overview

- ▶ Introduction
- ▶ A Global Company
- ▶ Strengths
- ▶ Strategy
- ▶ Value of Global Potash Investments



PotashCorp Introduction

- ▶ 5,000 employees in five countries (54% in US, 36% in Canada, 8% in Trinidad, and 2% in Brazil, also represented in Jordan)
- ▶ Issued IPO in 1989, and is traded on New York and Toronto Stock Exchanges, with a current market capitalization of approximately \$10 billion
- ▶ Experienced management team, all with many years in the fertilizer industry



PotashCorp - A Global Company

PotashCorp's goal is to be the global, low-cost supplier of potash into all key world markets, enhanced by nitrogen and phosphate businesses focused on leveraging our strengths in lower-cost natural gas and specialty phosphate products.

- Potash
- Phosphate
- ▲ Nitrogen
- ◆ Investments

SQM

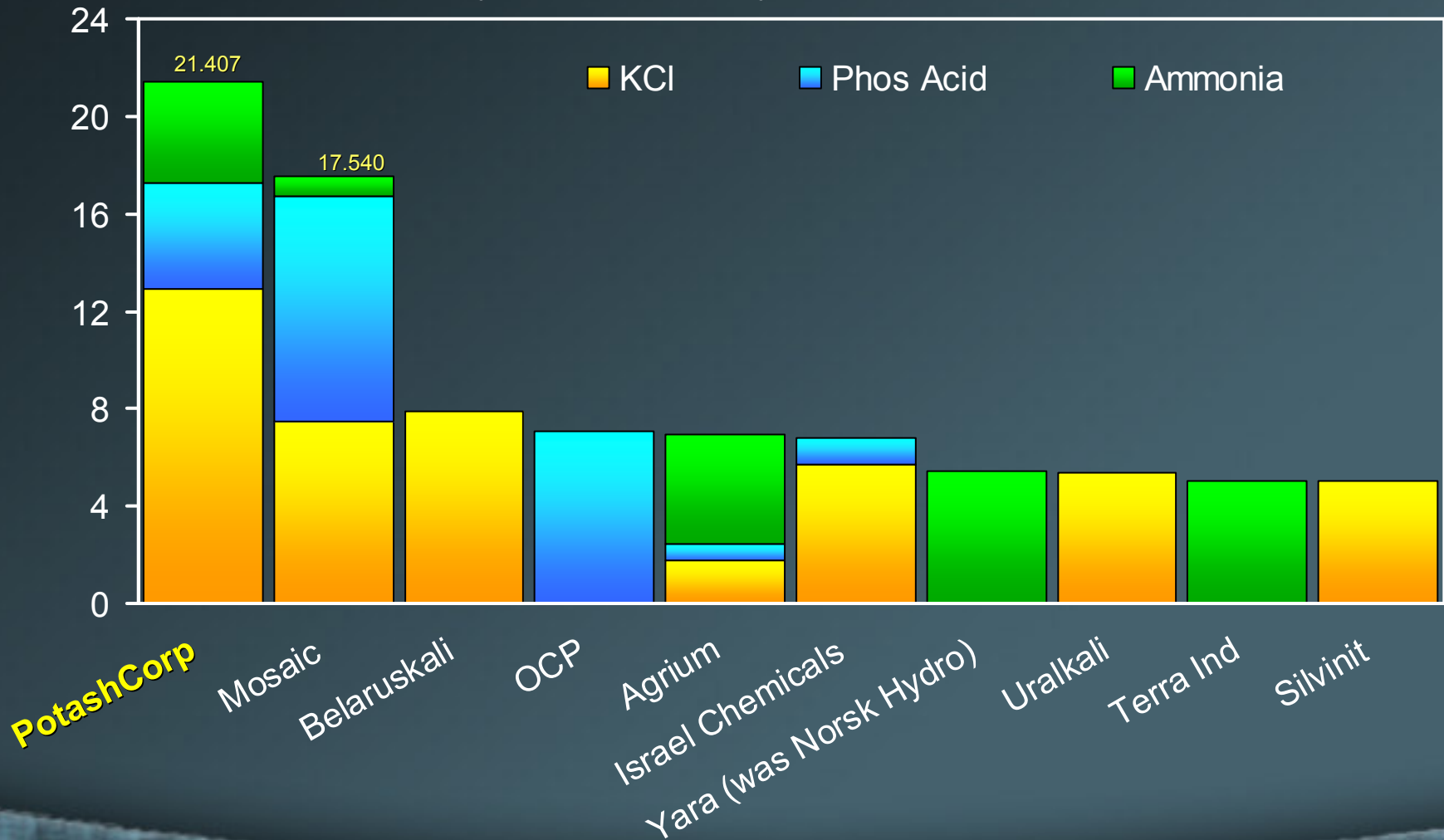
ICL ◆ APC Sinofert ◆



Strengths

World's Largest Fertilizer Company by Capacity

Million Tonnes Primary Product Capacity



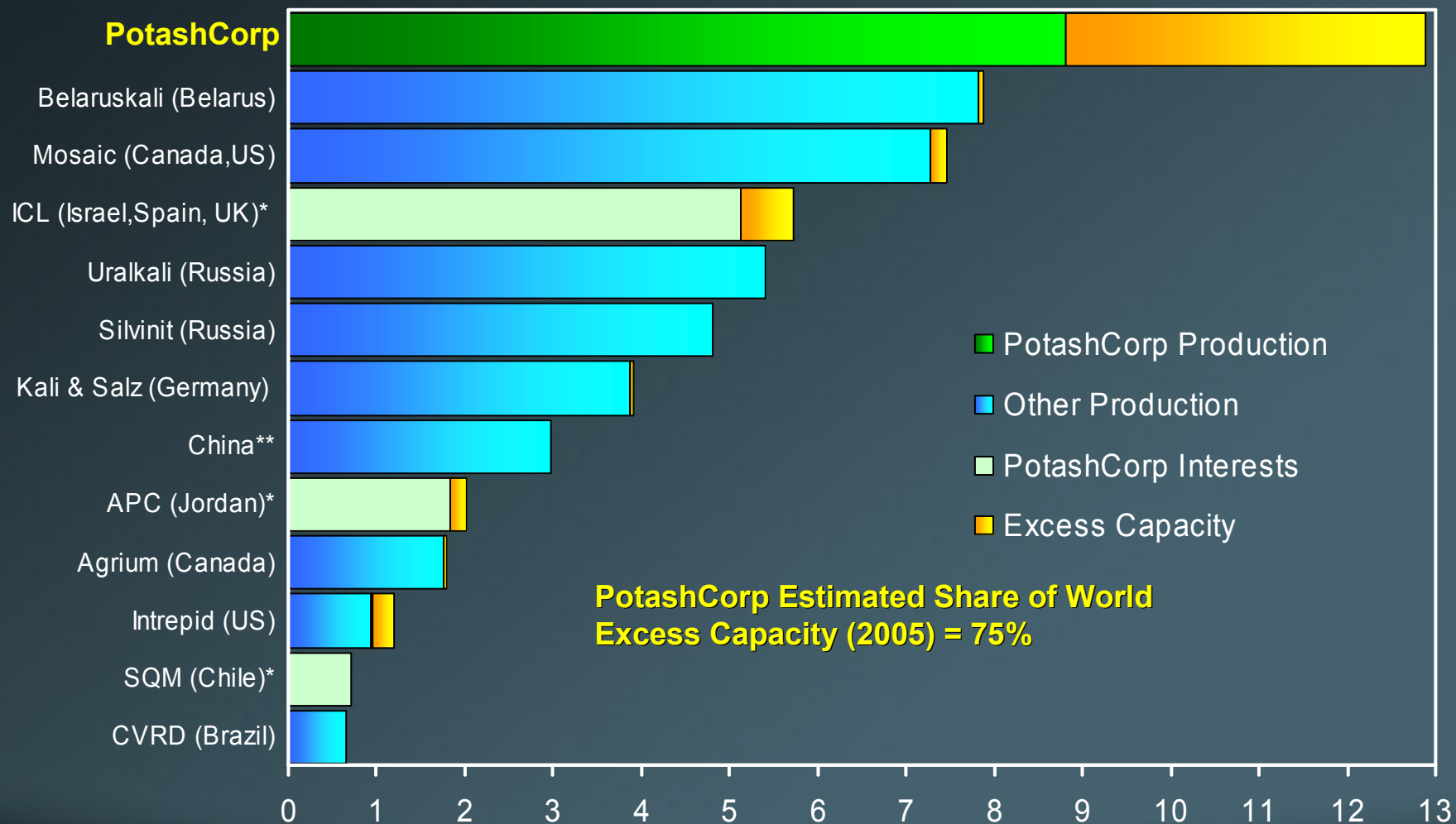
Source: Blue Johnson, Fertecon, PotashCorp



Strengths

75% of World's Excess Capacity

Million Tonnes KCl



PotashCorp Estimated Share of World Excess Capacity (2005) = 75%

* Investments are: 10% of ICL, 28% of APC and 25% of SQM

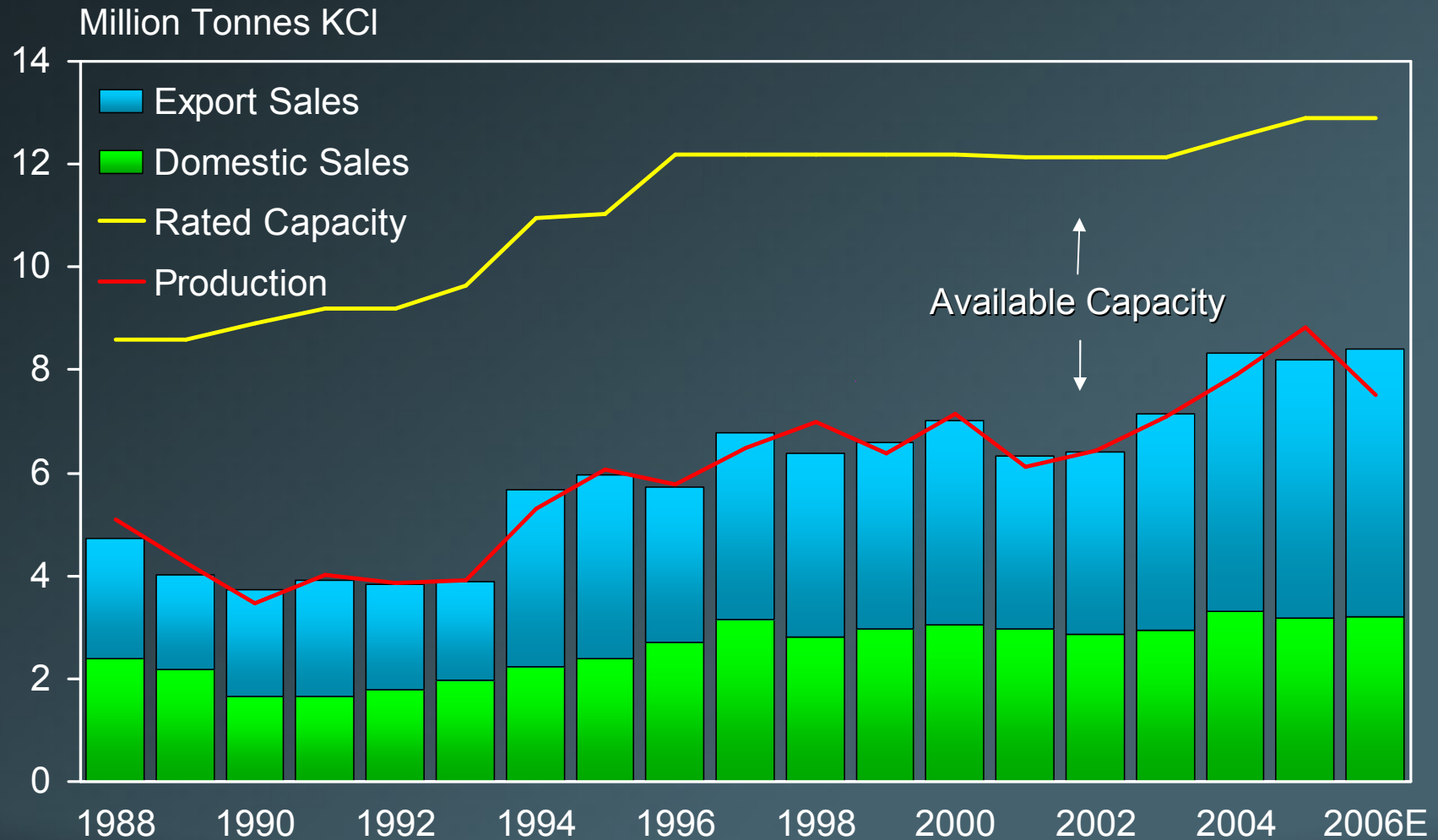
** PotashCorp now owns 20% of Sinofert, which has marketing rights to 40% of QSLIG's 1.5 million tonnes of production.

Source: Fertecon, IFA, PotashCorp



Strategy

Balance Potash Production and Sales



Source: PotashCorp



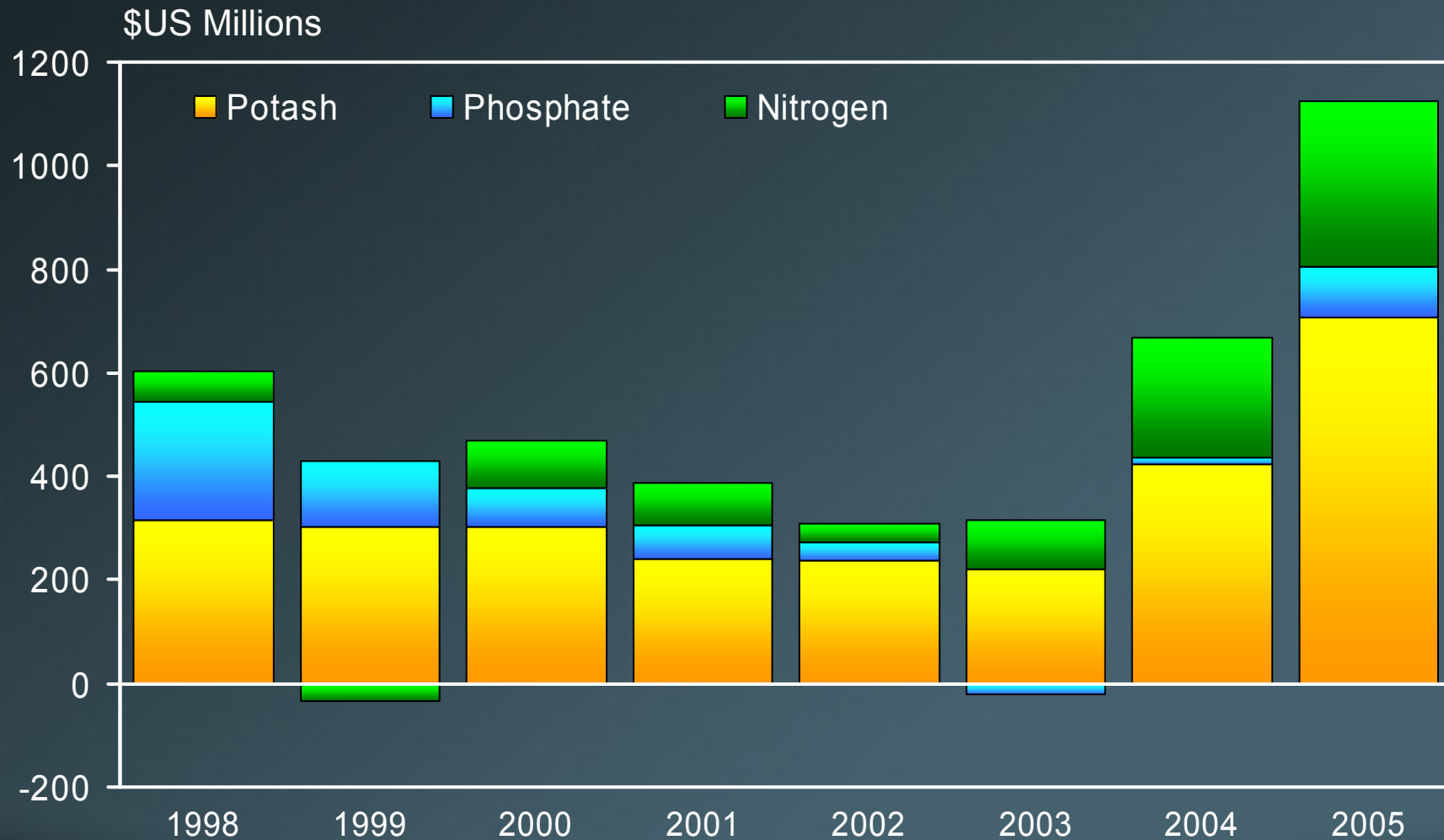
PotashCorp

	2006 Capacity (Million tonnes KCl)	2005 Production (Million tonnes KCl)
Allan Division	1.9	1.4
Cory Division	1.4	0.8
Lanigan Division	3.8	2.0
New Brunswick Division	0.8	0.8
Patience Lake Division	1.0	0.2
Rocanville Division	3.0	2.6
Esterhazy Division	1.0	1.0
Total	12.9	8.8



PotashCorp Gross Margin Contributions

Realizing Earnings Potential of Potash

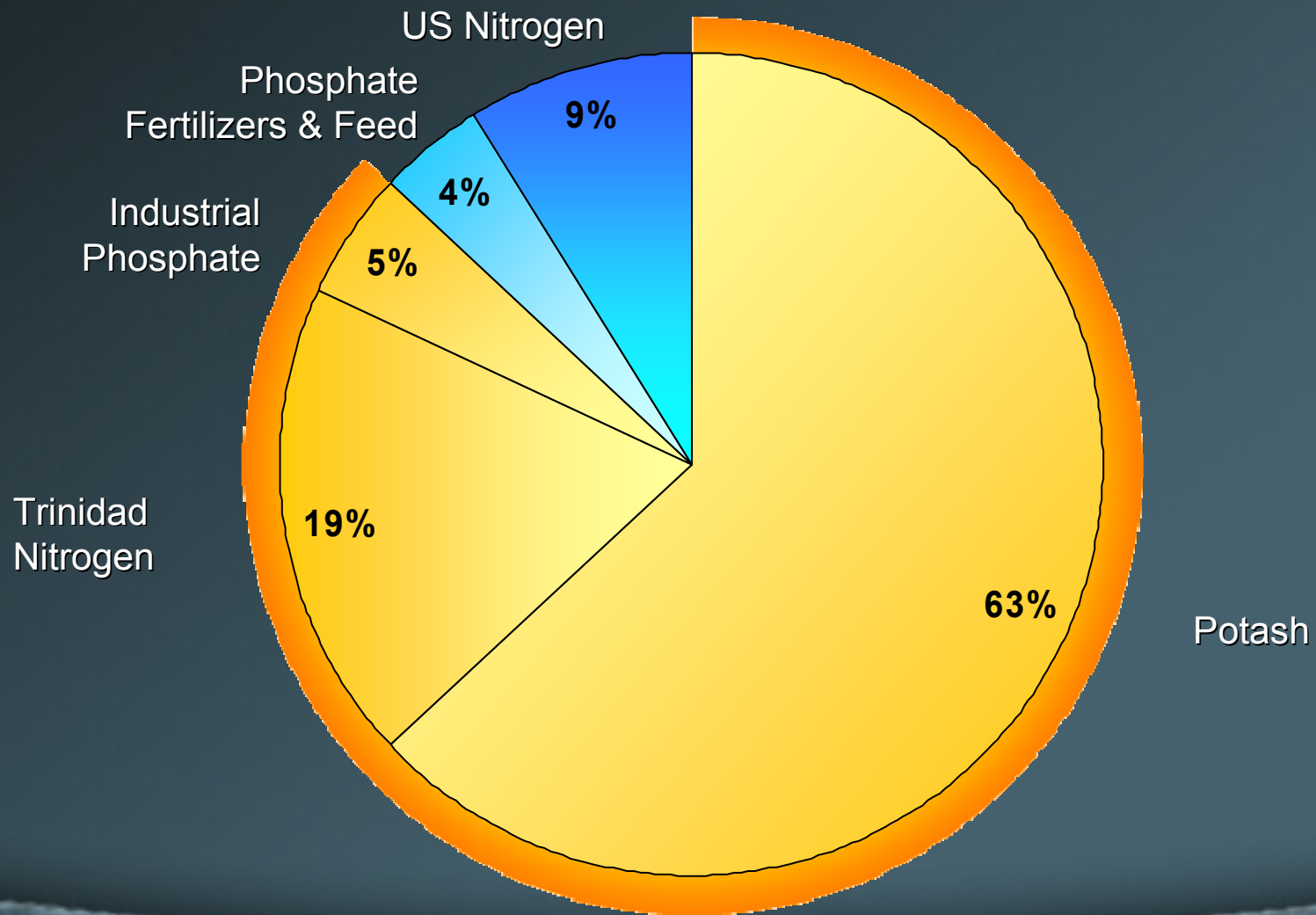


Source: PotashCorp



Gross Margin by Operating Areas

87 Percent from Less-Volatile Sources



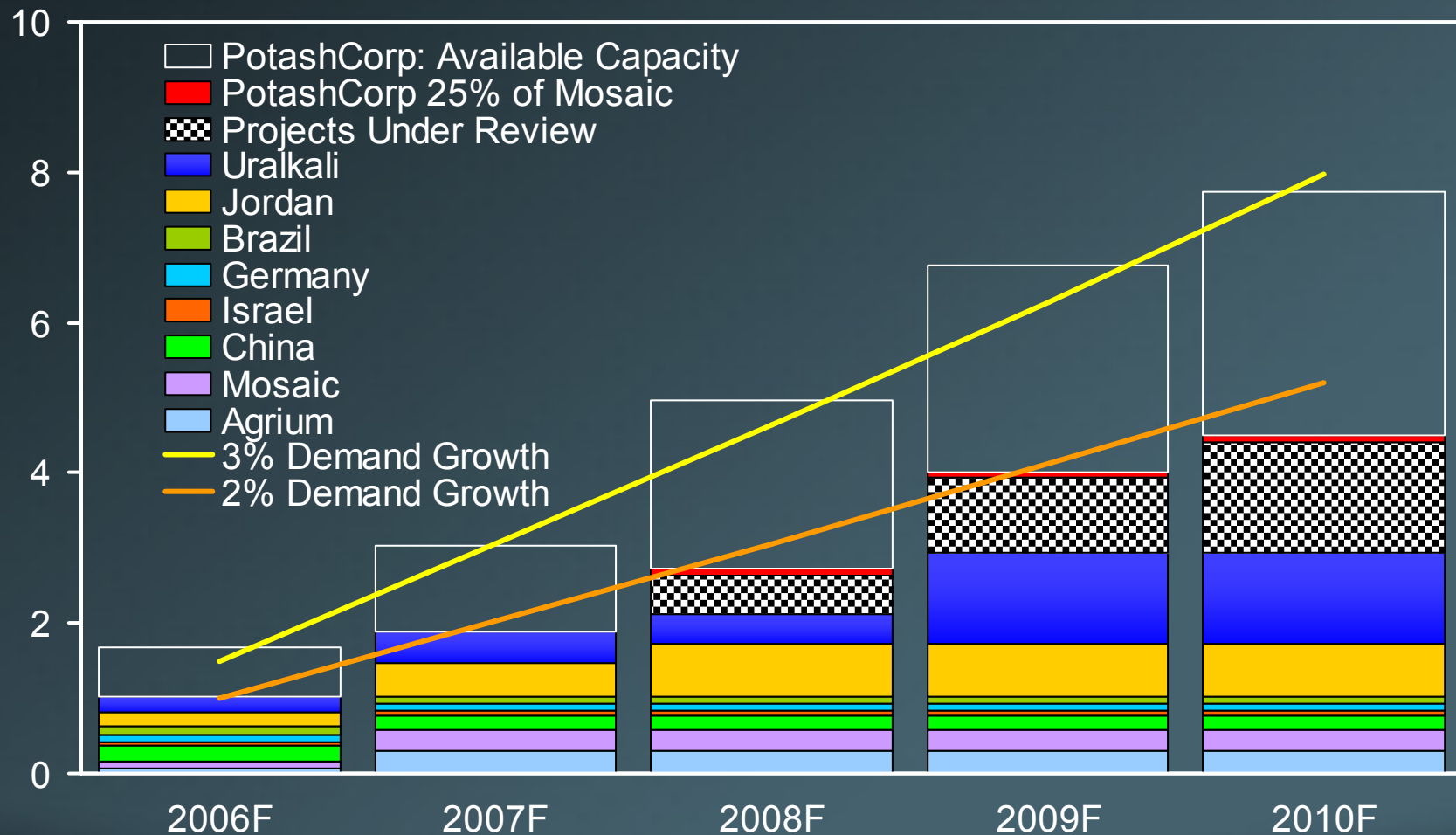
Source: PotashCorp



Potash Demand Growth versus Capacity

If All Capacity Announcements Completed

Cumulative Growth - Million Tonnes KCl



Source: Fertecon, PotashCorp

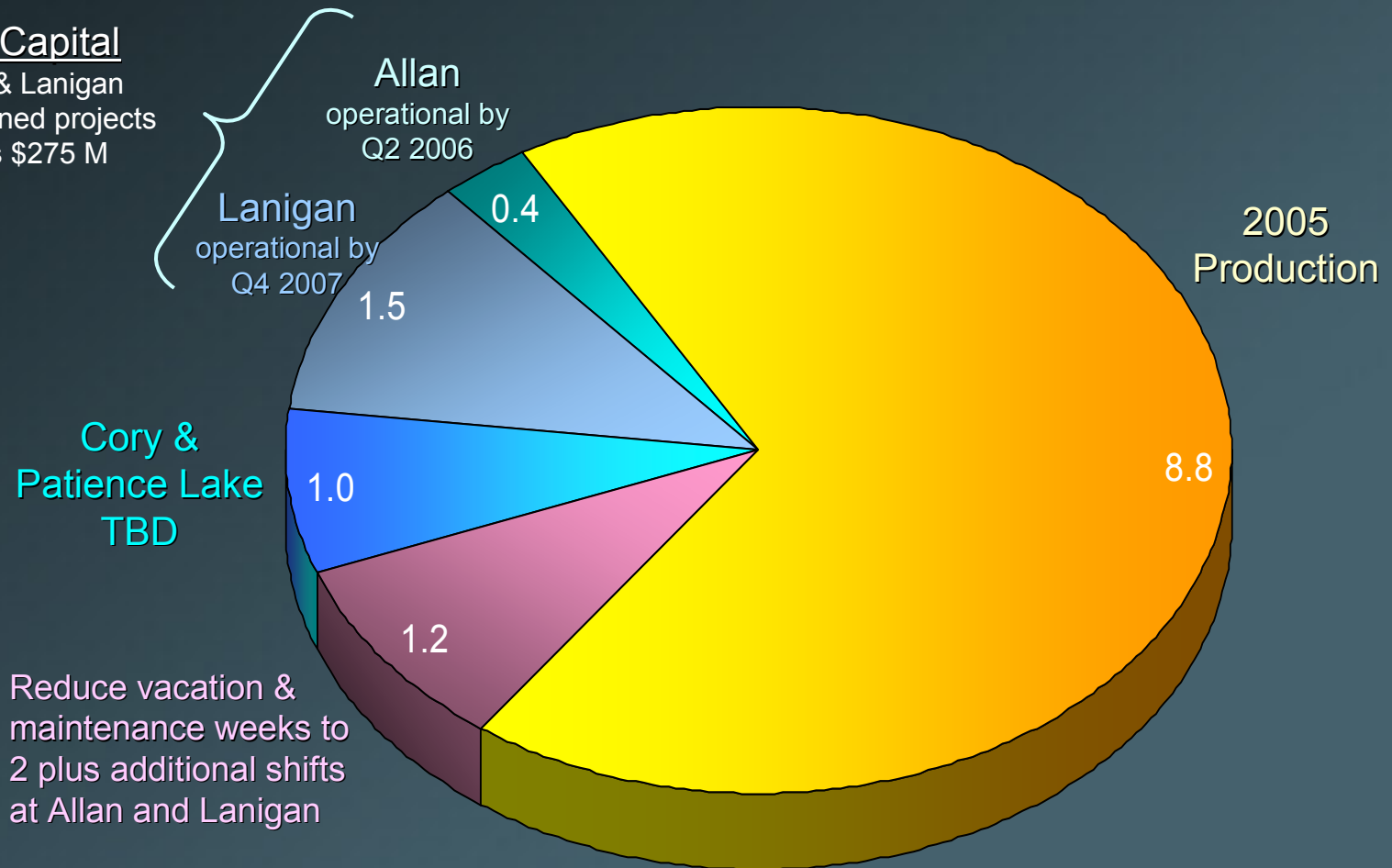


PotashCorp Breakdown of Capacity

Million Tonnes KCl

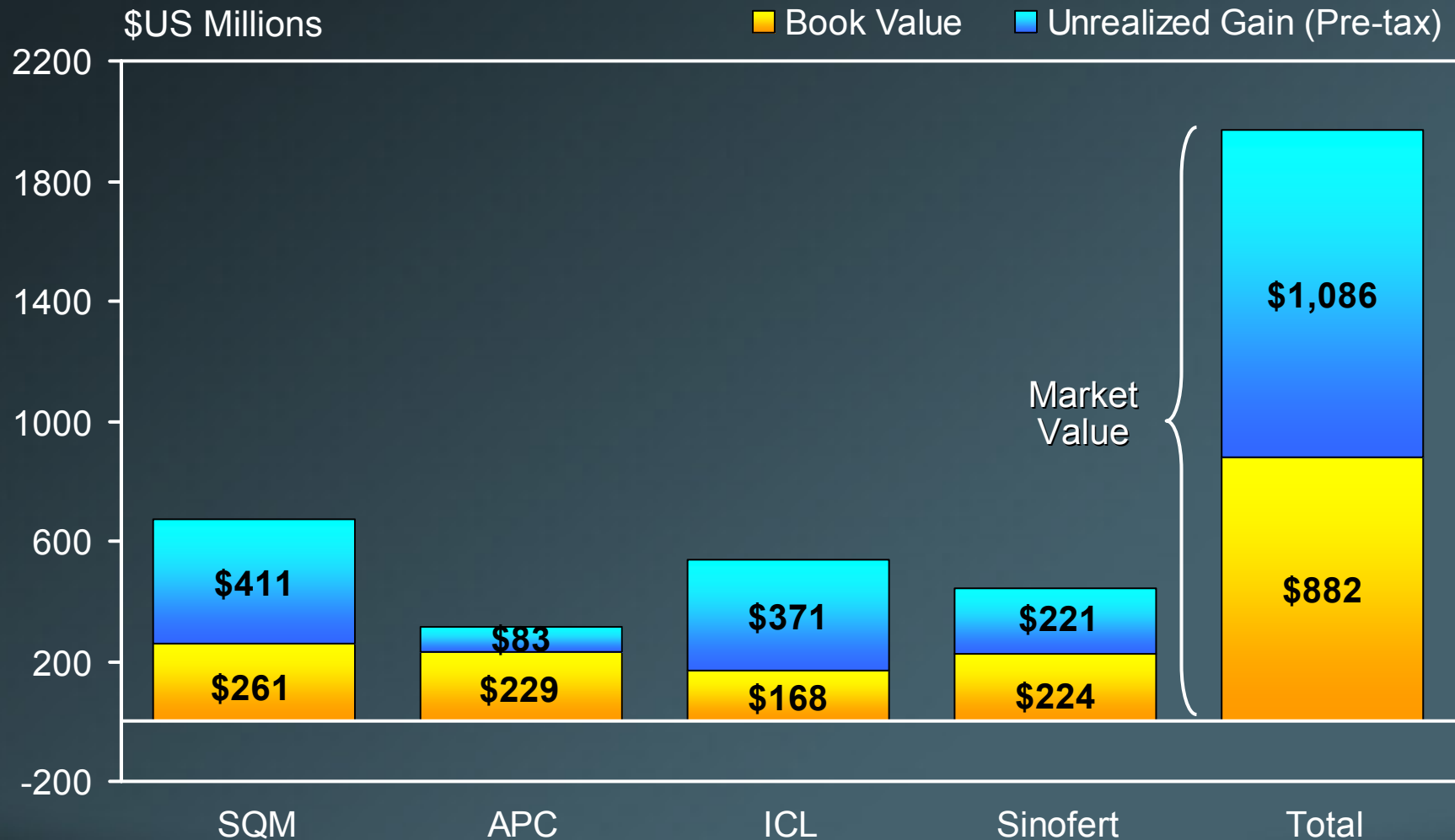
New Capital

- Allan & Lanigan combined projects cost is \$275 M



Incremental Value of Equity Investments

Market Value* vs. Book Value



Source: Bloomberg, Company Releases

*Share prices as at July 3, 2006.



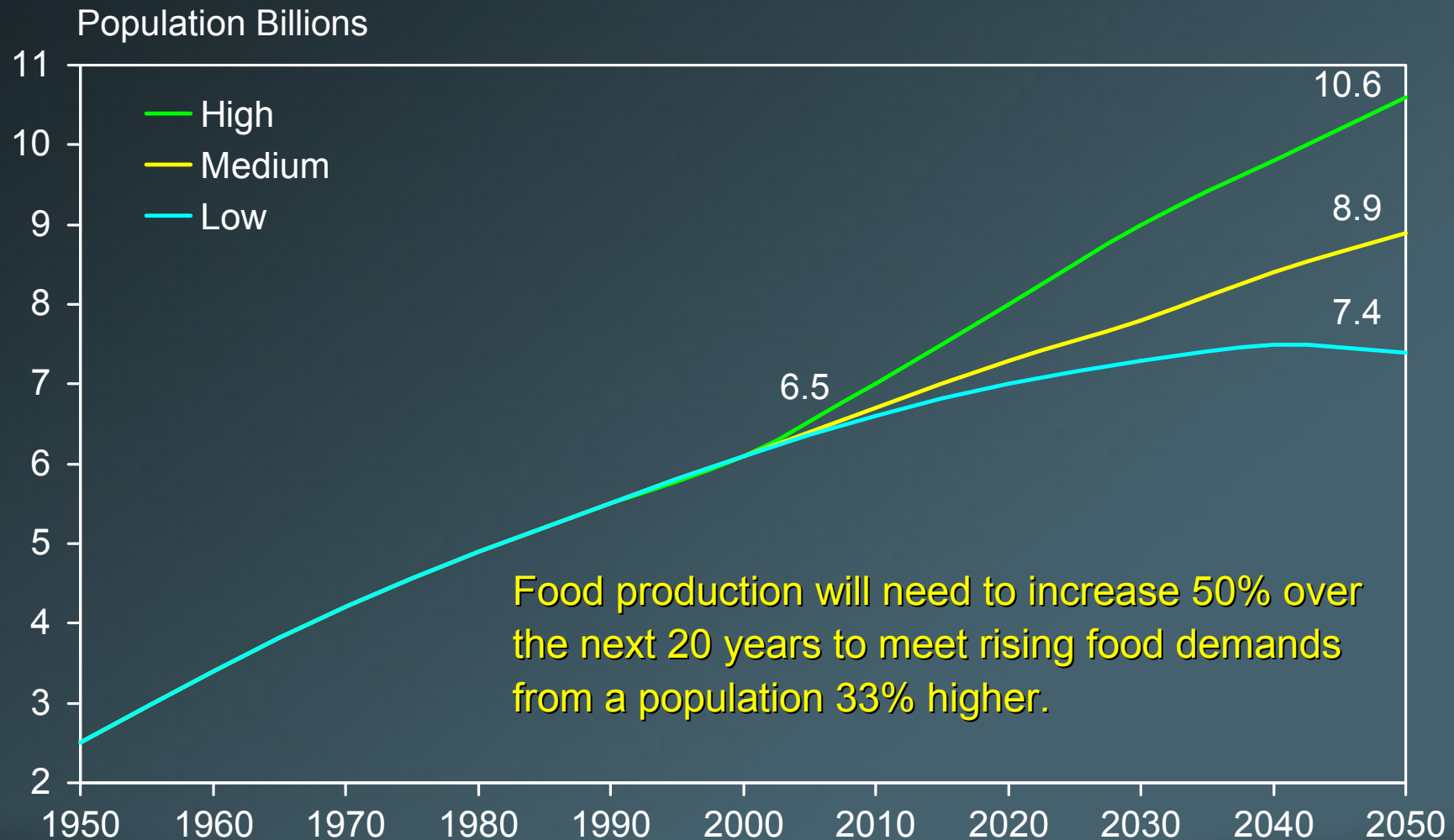
The Potash Market & PotashCorp

- ▶ What is PotashCorp?
- ▶ What Drives the Fertilizer Markets?



United Nations Population Estimates

1950 to 2000 and Projections: 2000 - 2050



Source: 2004 United Nations - World Population to 2300



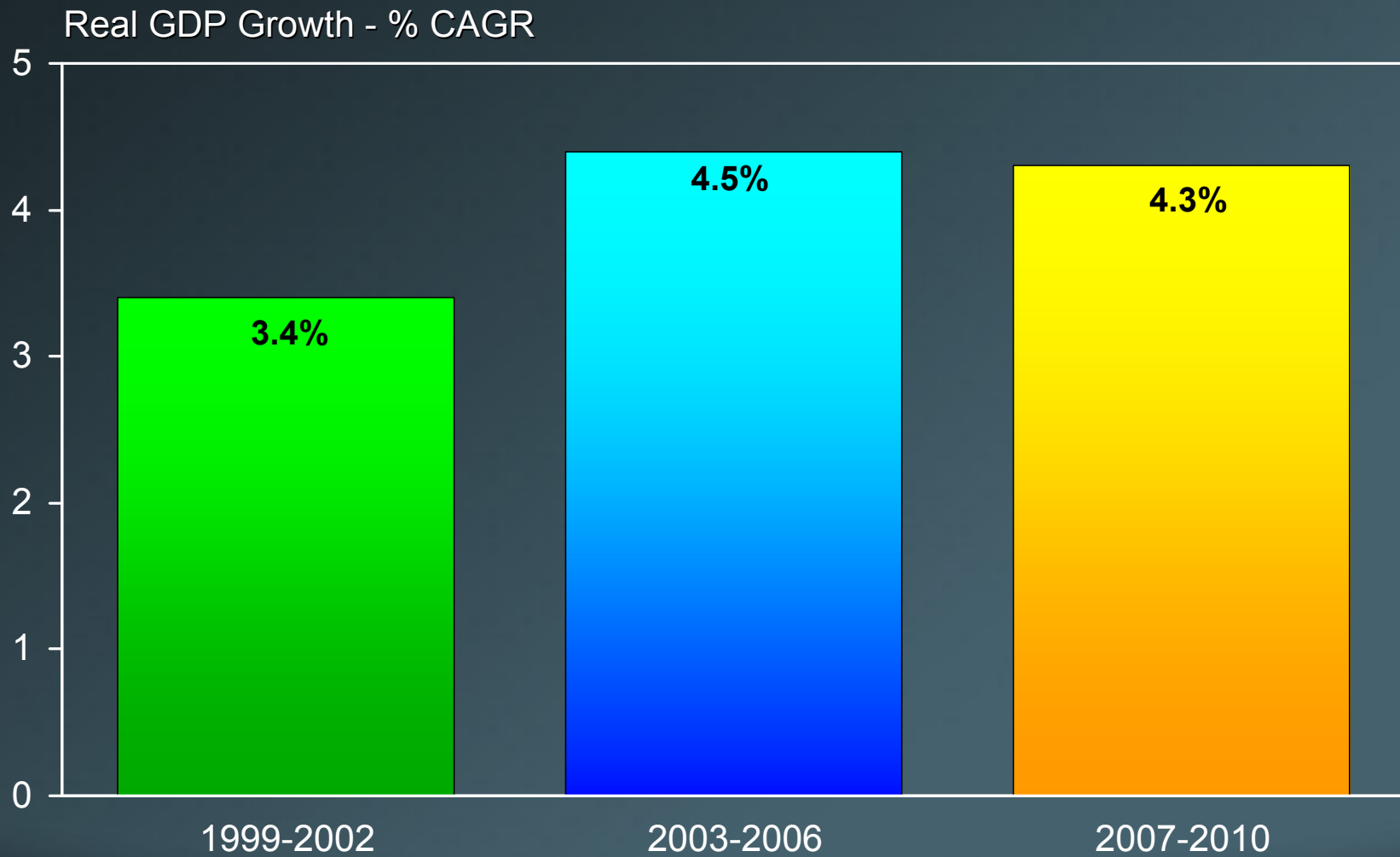
Land Available to Agriculture Is Declining



Source: FAO, UN, PotashCorp



World Economic Growth

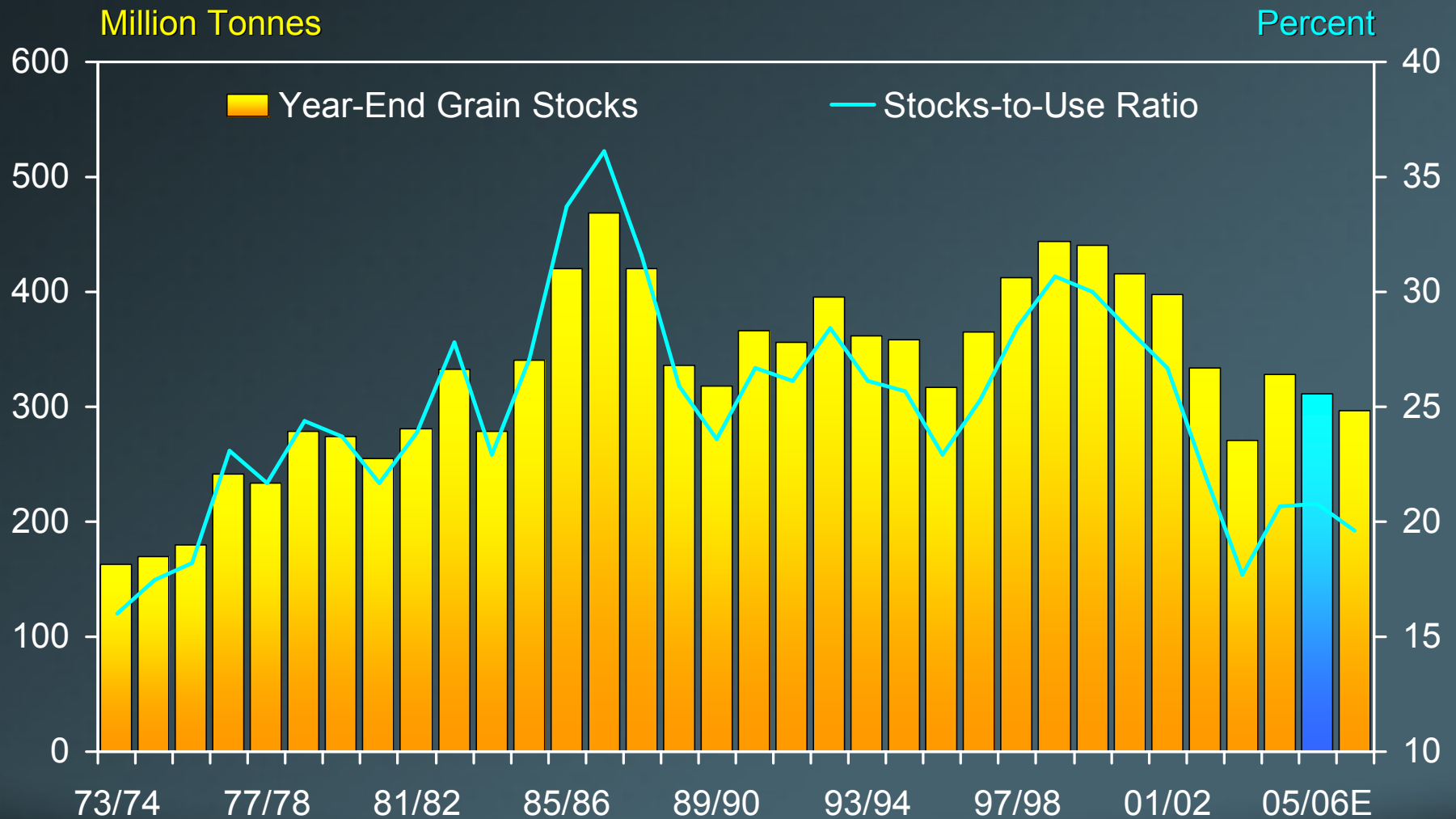


Source: IMF



World Grain Stocks

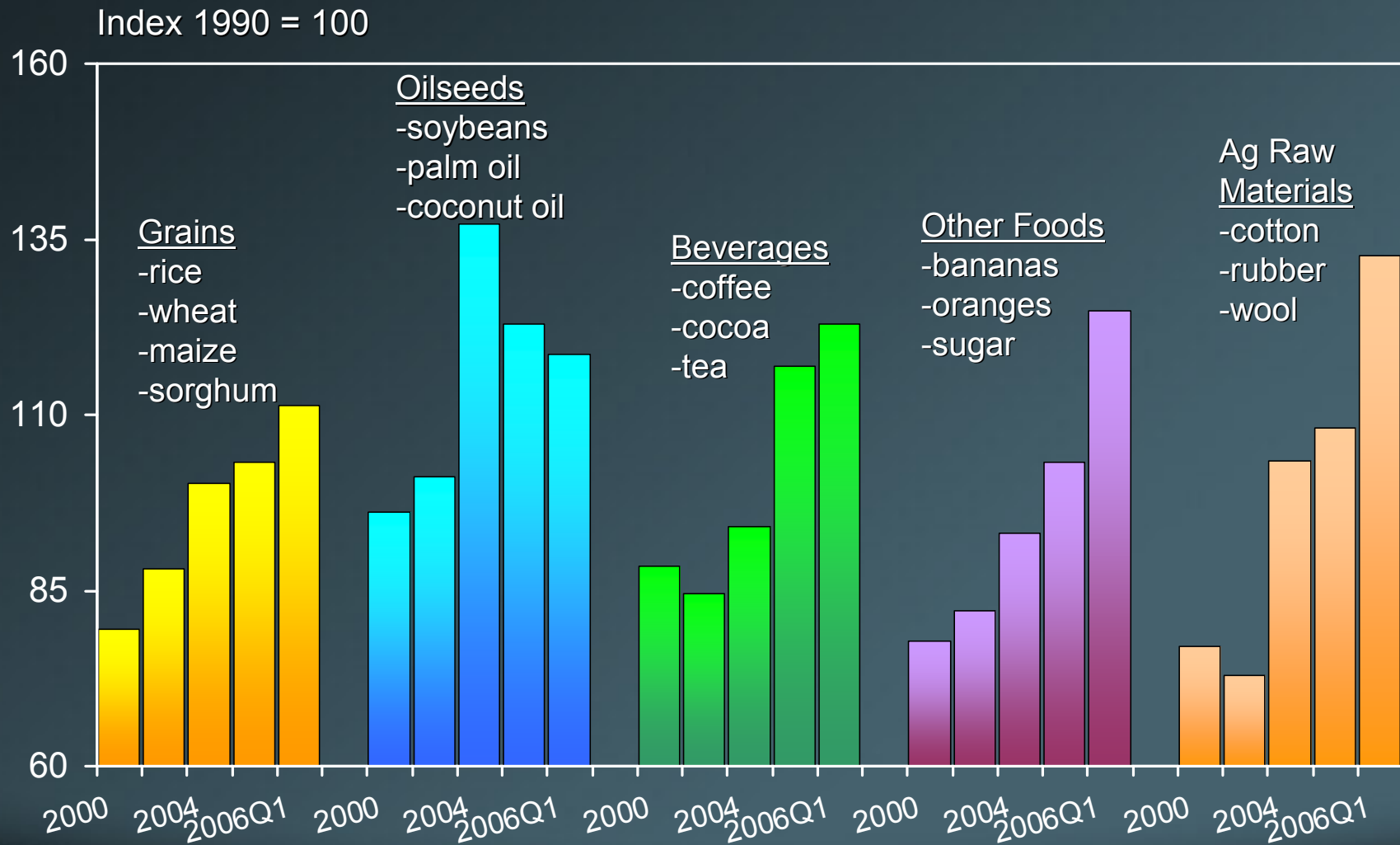
Wheat and Coarse Grains



Source: USDA



Agricultural Commodity Price Indexes



Source: World Bank



The Potash Market & PotashCorp

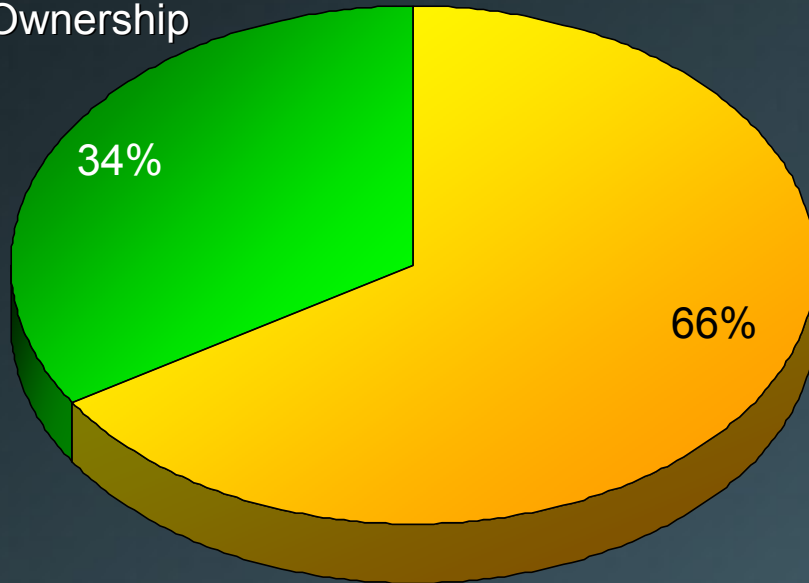
- ▶ What is PotashCorp?
- ▶ What Drives the Fertilizer Markets?
- ▶ What is Happening in the Potash Markets?



Industry Capacity Structure - Ownership Type

1980

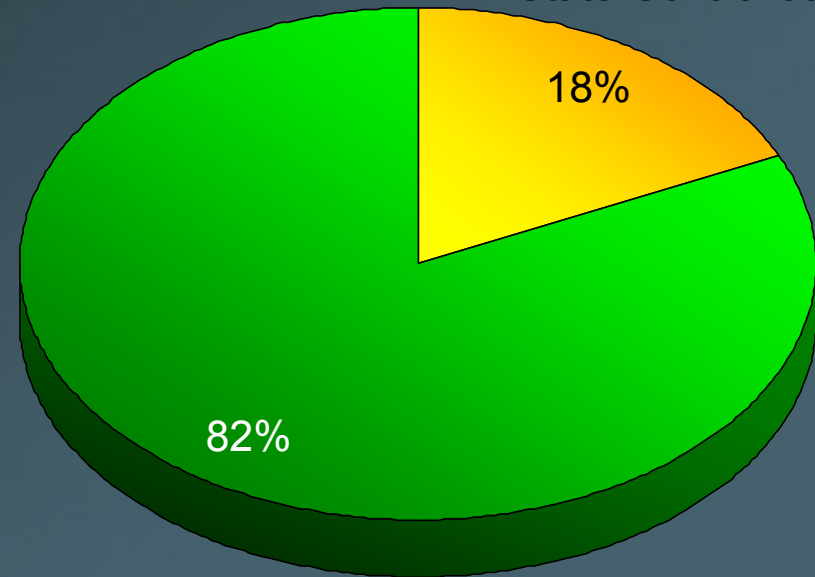
Non-Government
Ownership



Government Ownership

2005

State-Controlled

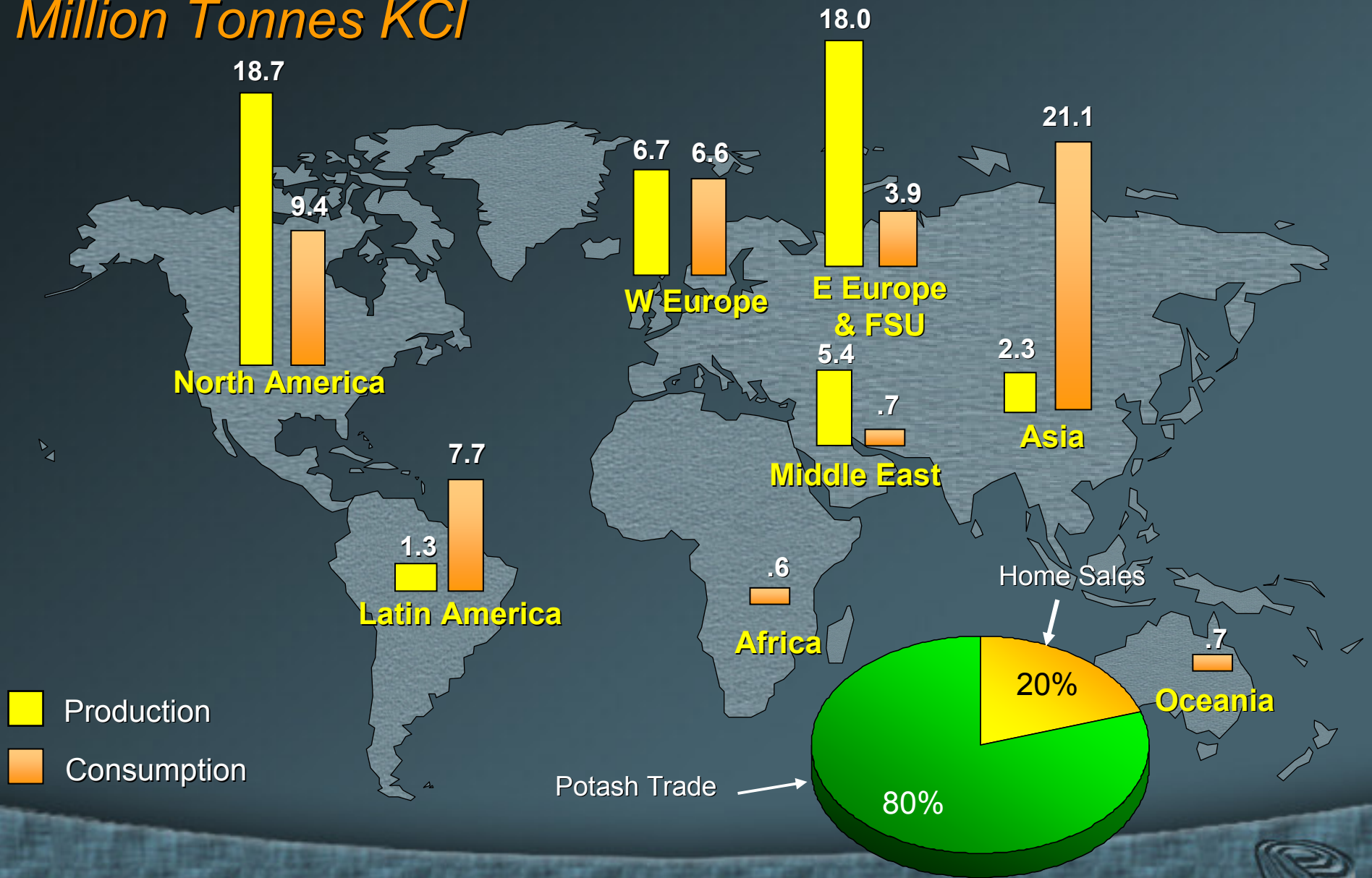


Publicly Traded or
Jointly Held Stock Companies



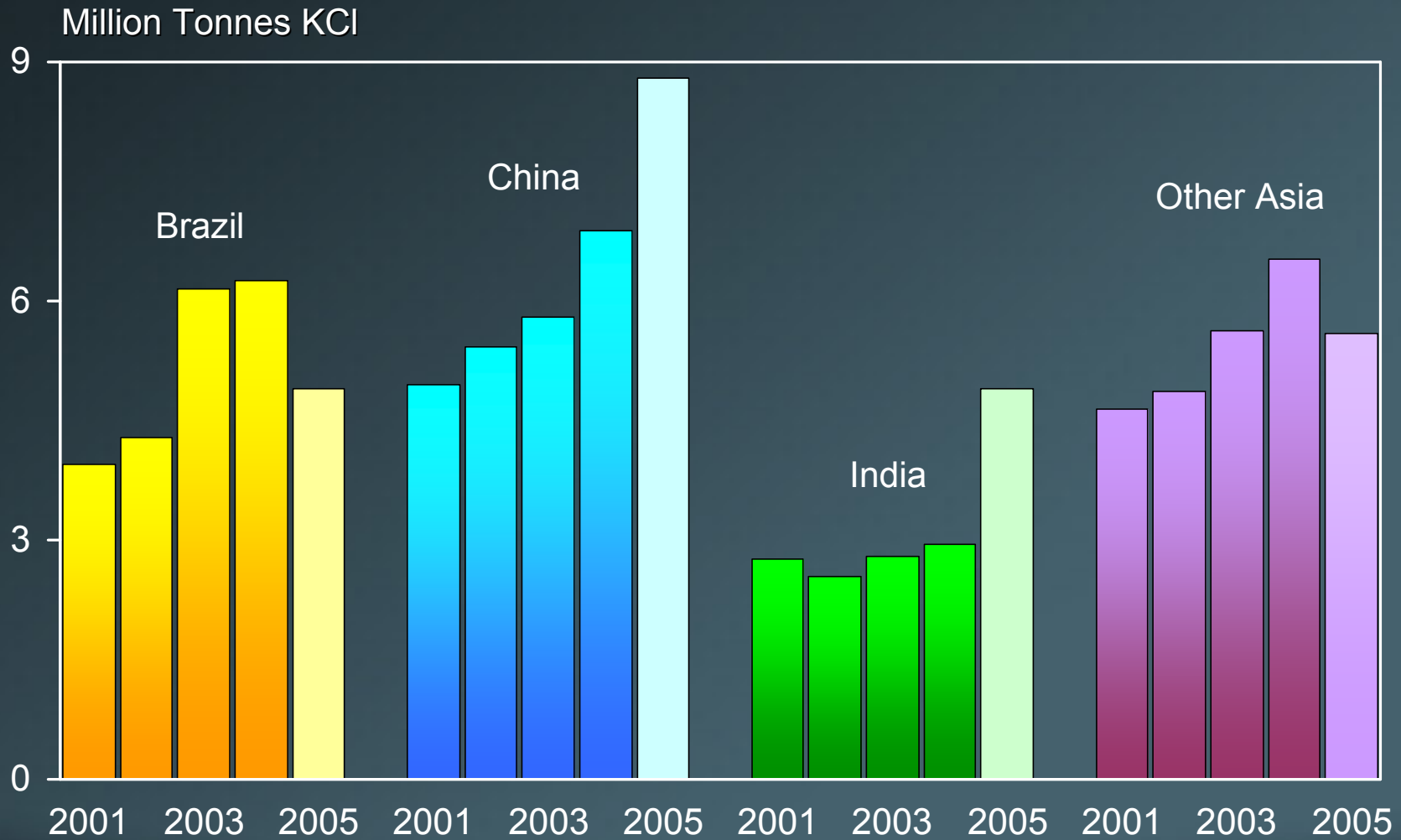
World Potash Production and Consumption

Million Tonnes KCl



Source: Fertecon, PotashCorp

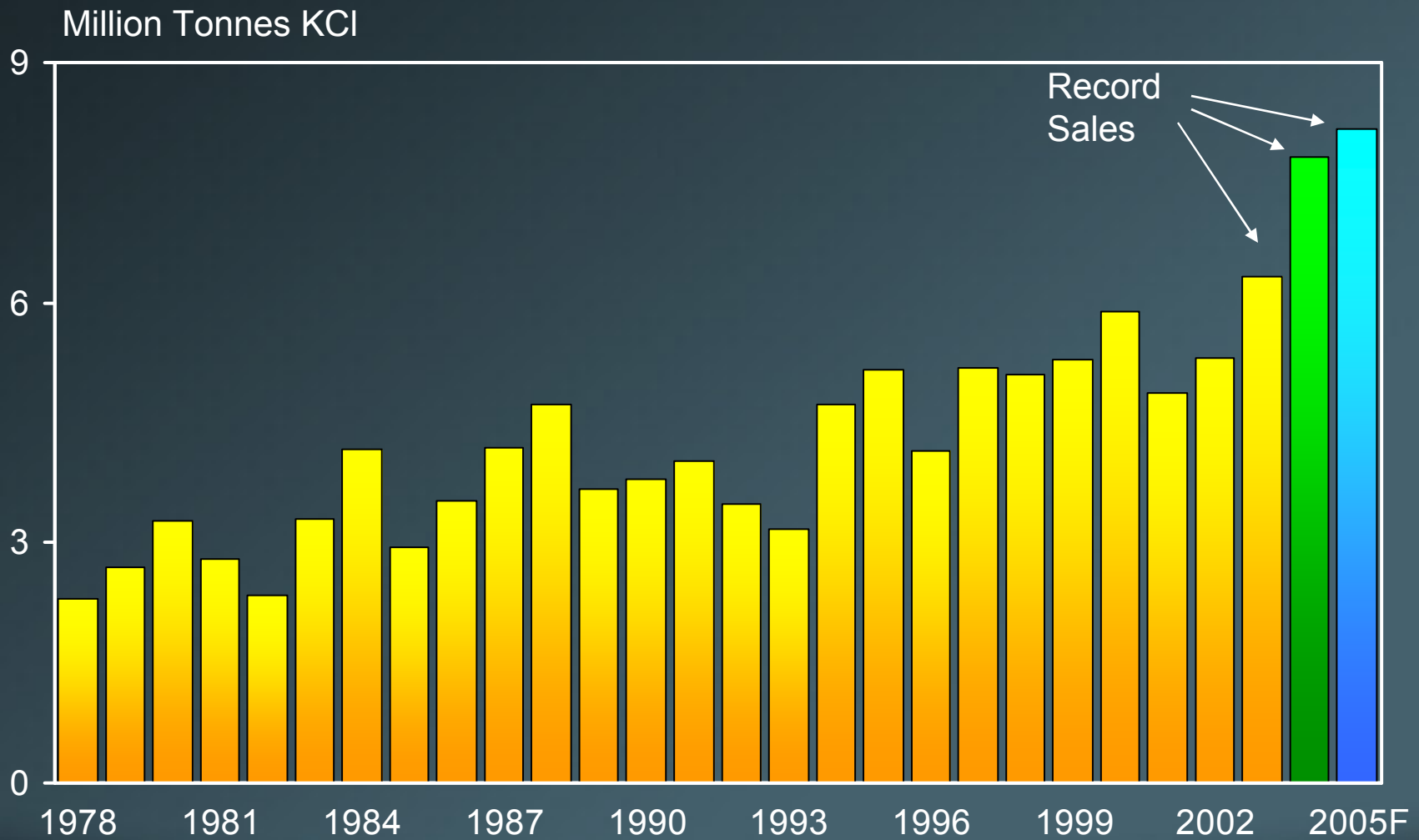
KCI Imports for Selected Offshore Markets



Source: Fertecon, IFA



Canpotex's Sales Volume



Source: Canpotex

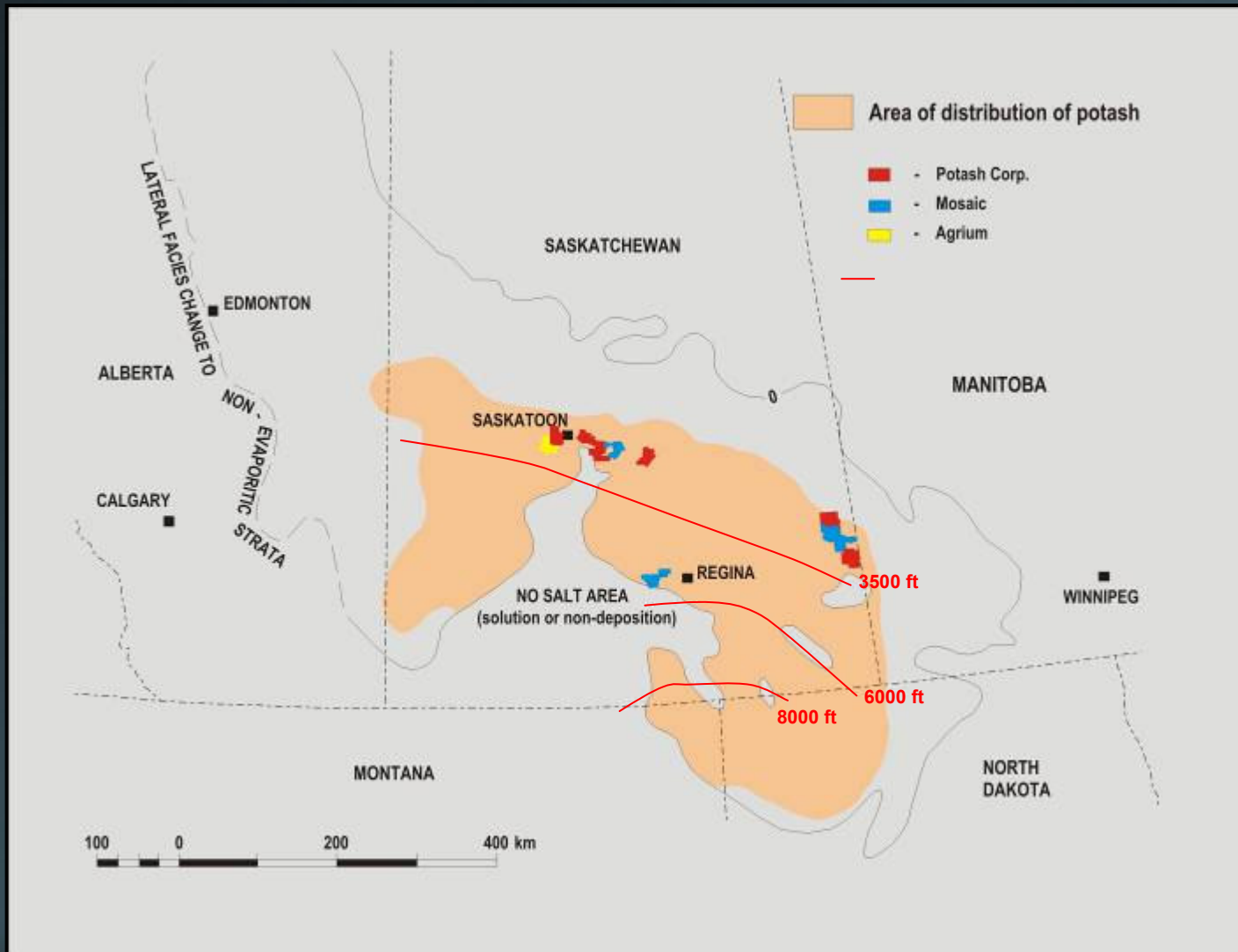


The Potash Market & PotashCorp

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Prairie Evaporite Potash Formation



Source: Saskatchewan Industry & Resources



Greenfield Potash Mine Construction

- ▶ There are 4 major task categories for a greenfield project:
 - Exploration
 - Establish infrastructure
 - Construct underground operation (mine)
 - Construct surface operation (mill)

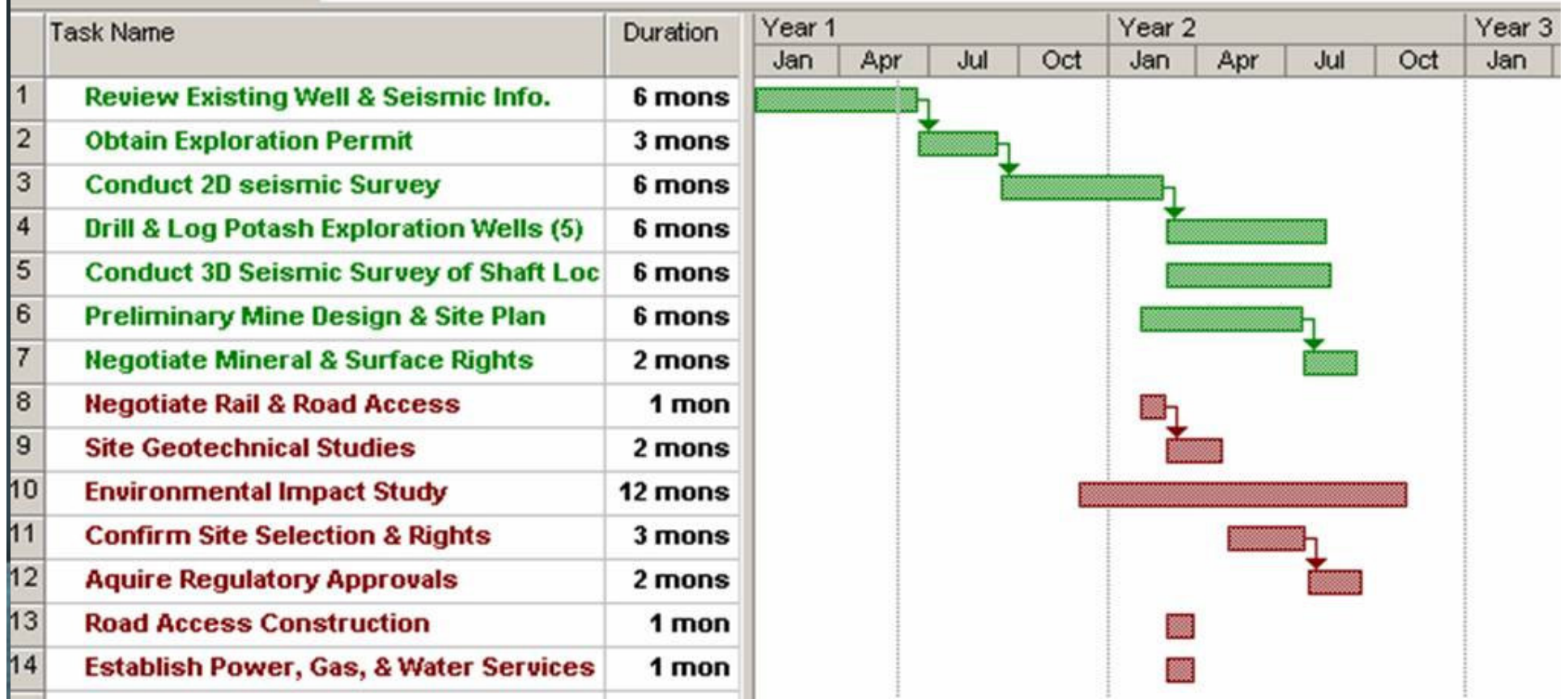
- ▶ Included are at least 46 major tasks, some of which can occur concurrently, while others depend on completion of previous work



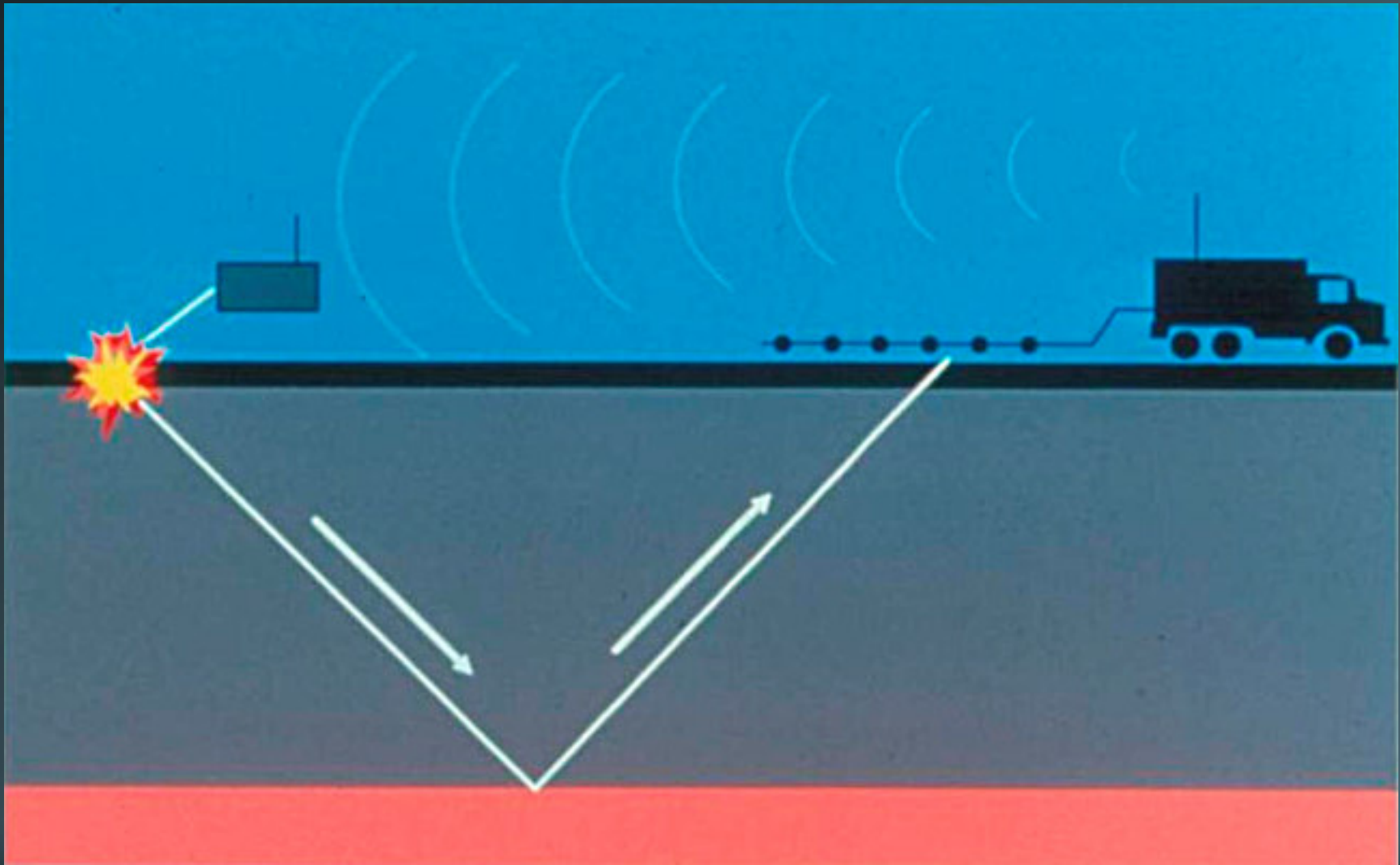
Greenfield Potash Mine Construction

Phase 1 – Exploration &

Phase 2 – Establish Infrastructure

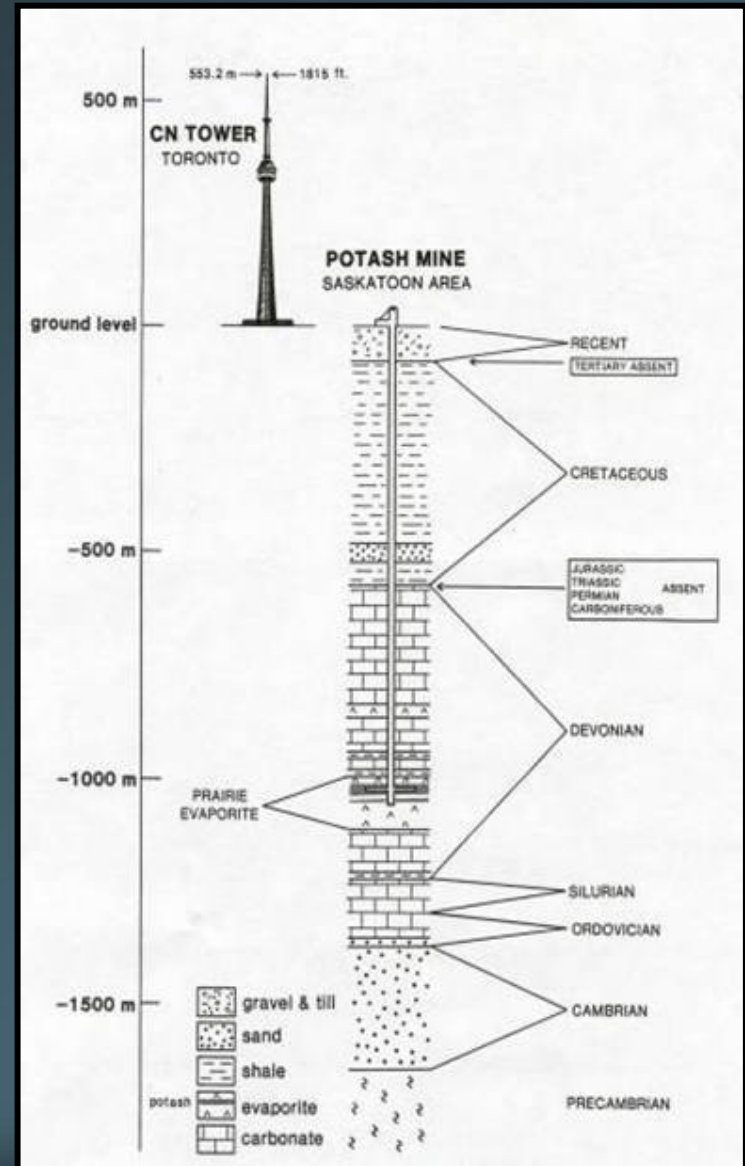


Conduct Seismic Surveys

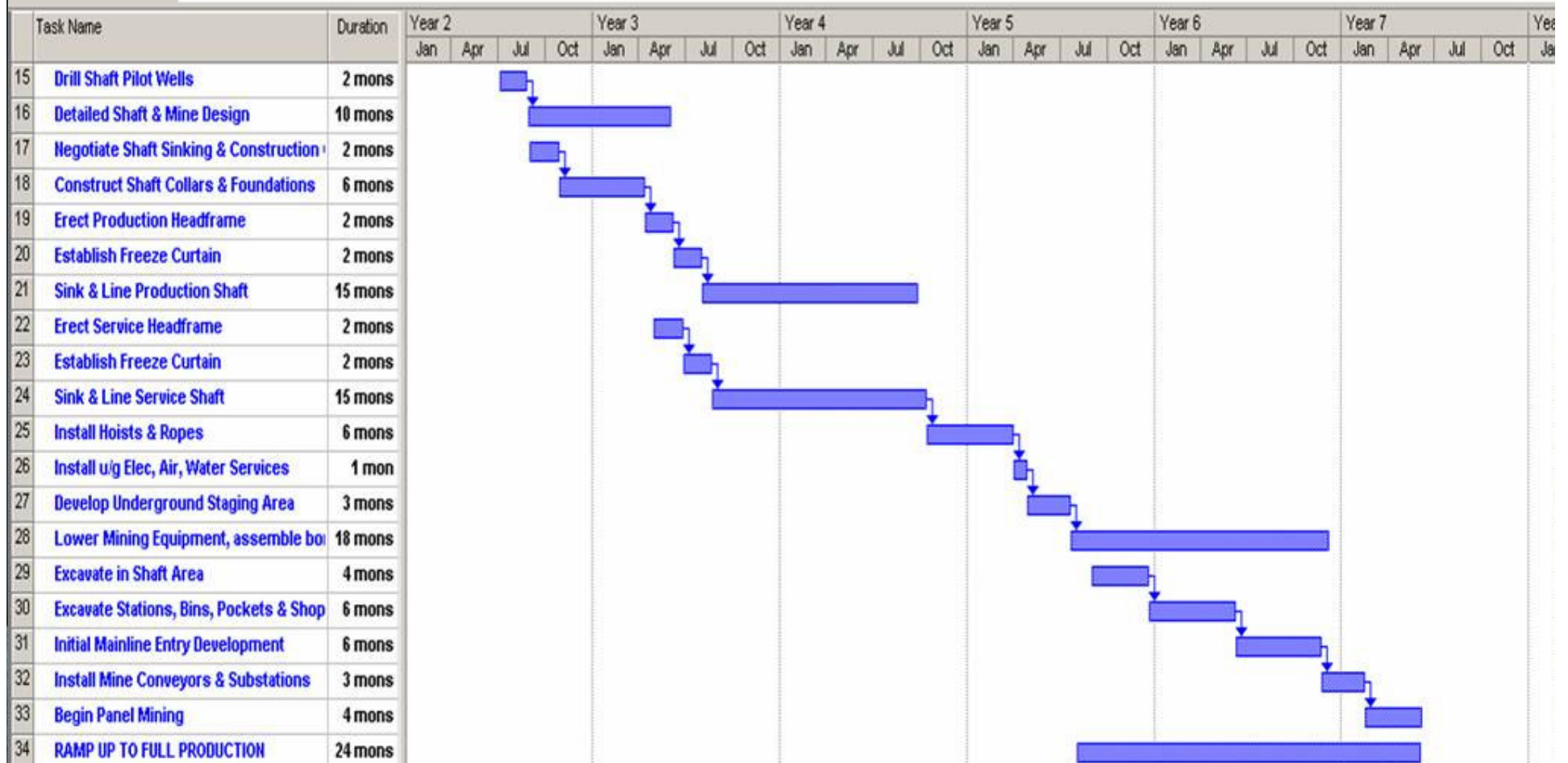


Drill Exploration Wells

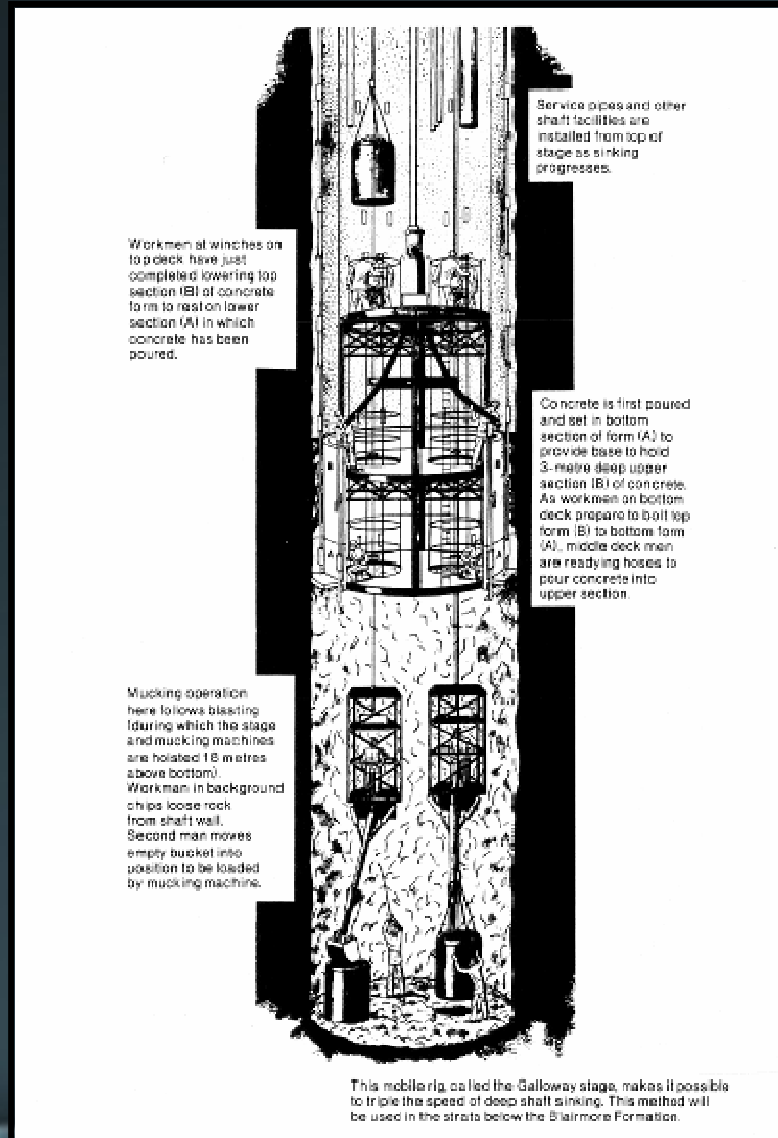
•32 Wells were drilled at Lanigan:
2 shaft, 2 disposal, & 28 exploration
(for a total area coverage ~ 100 mi²)



Greenfield Potash Mine Construction Phase 3 – Shaft Sinking & Mine Development



Shaft sinking system:



Drilling blast holes - picking up rock



Excavate Underground Stations, Bins, Shops



Excavate shaft-bottom, warehouse, shops, ...



Lanigan Near-Shaft Development Mining (must occur before panel development)

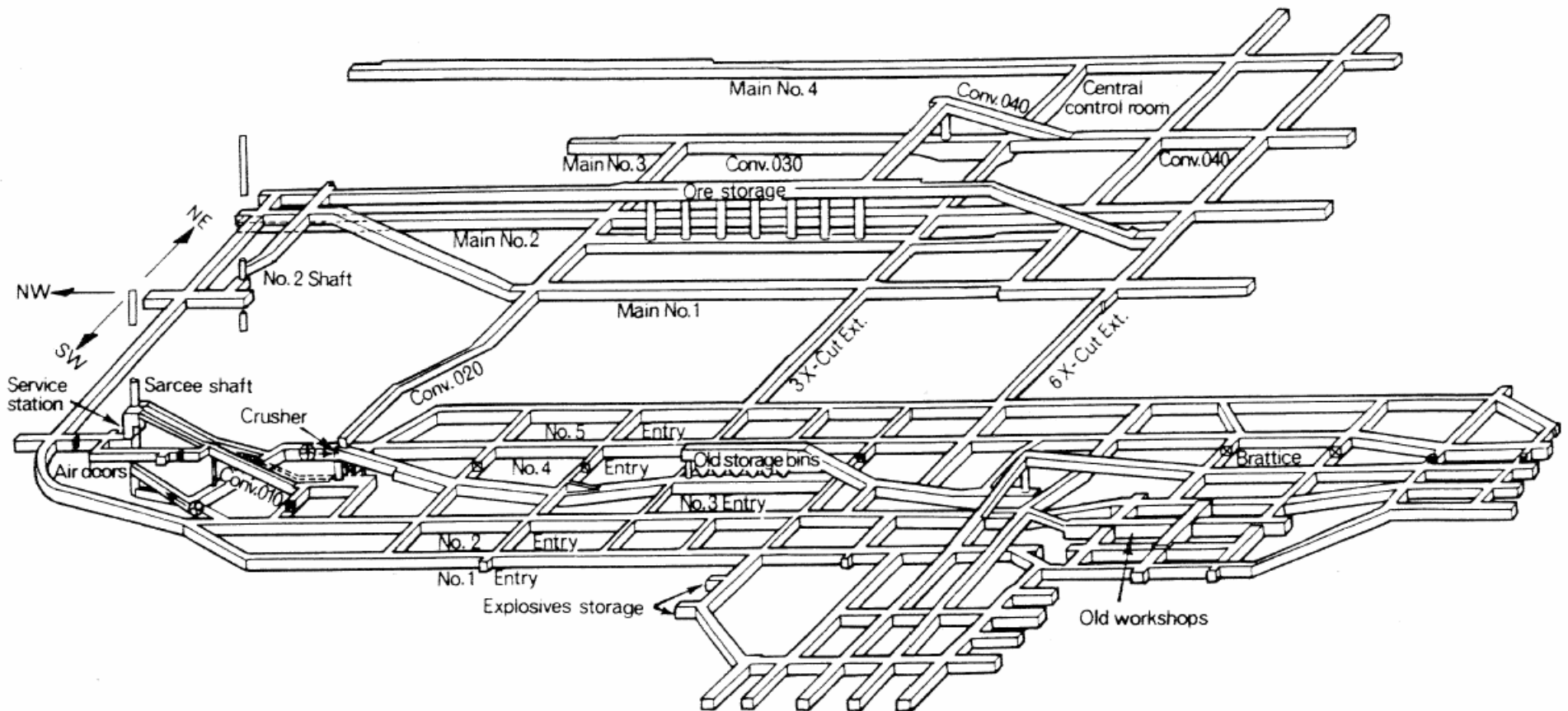


fig. 2: Underground layout in the shafts area of Lanigan Division.

***Lower & Assemble Mining Equipment
(need 6 machines for a 2 mt/yr Mine)***



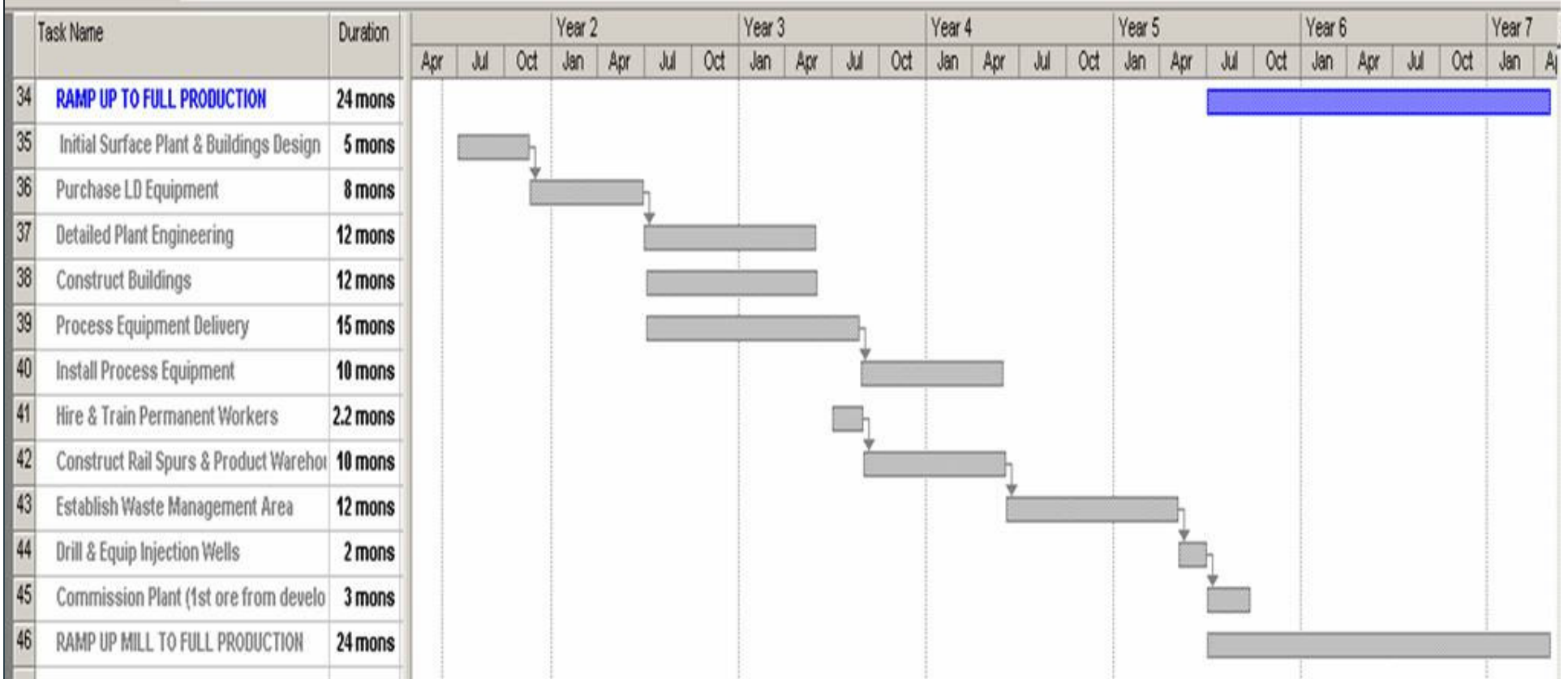
Lower support equipment, excavate areas away from shaft



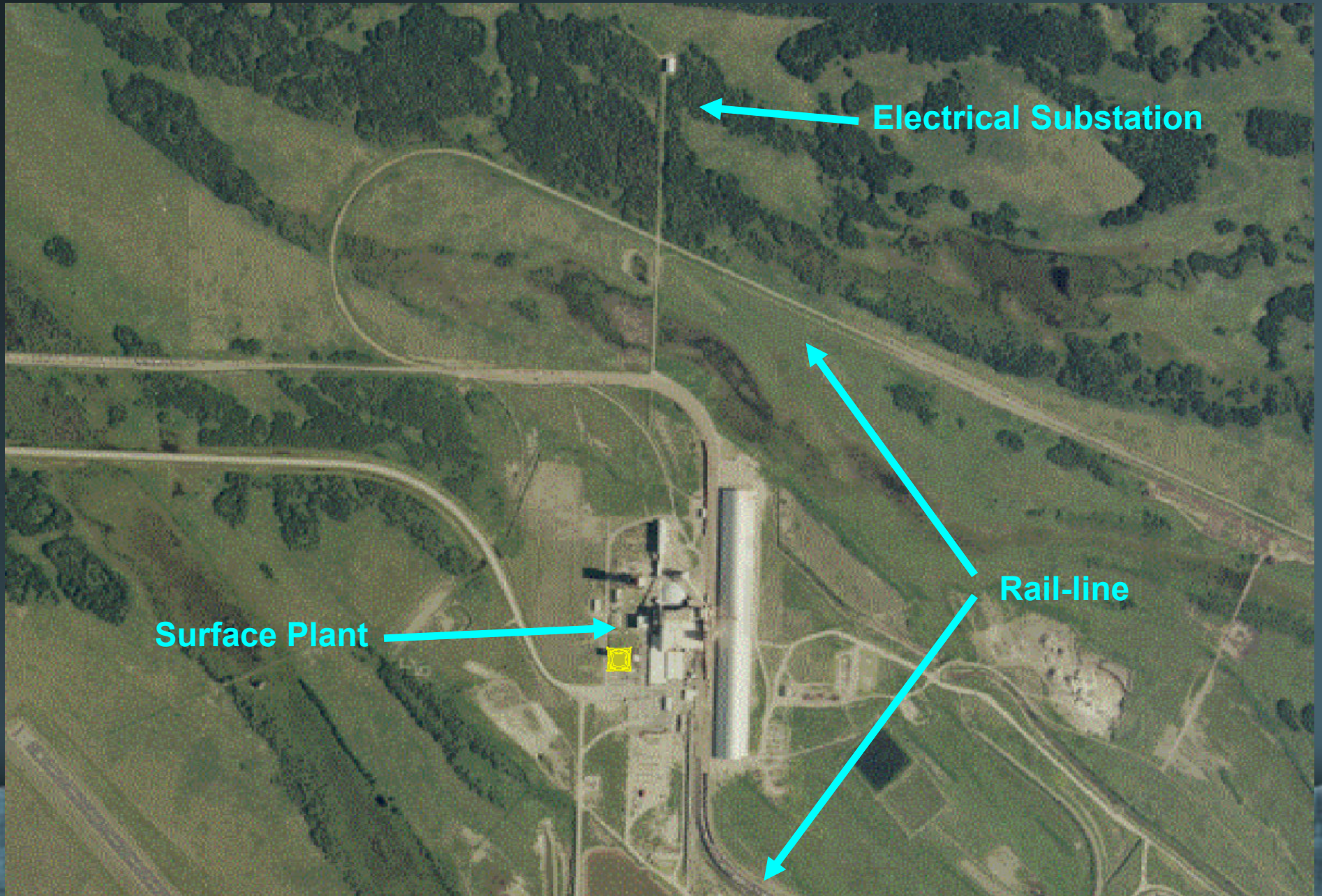
Install Conveyors & Substations



Greenfield Potash Mine Construction Phase 4 – Construct Surface Plant



Rocanville Surface (detail)



Electrical Substation

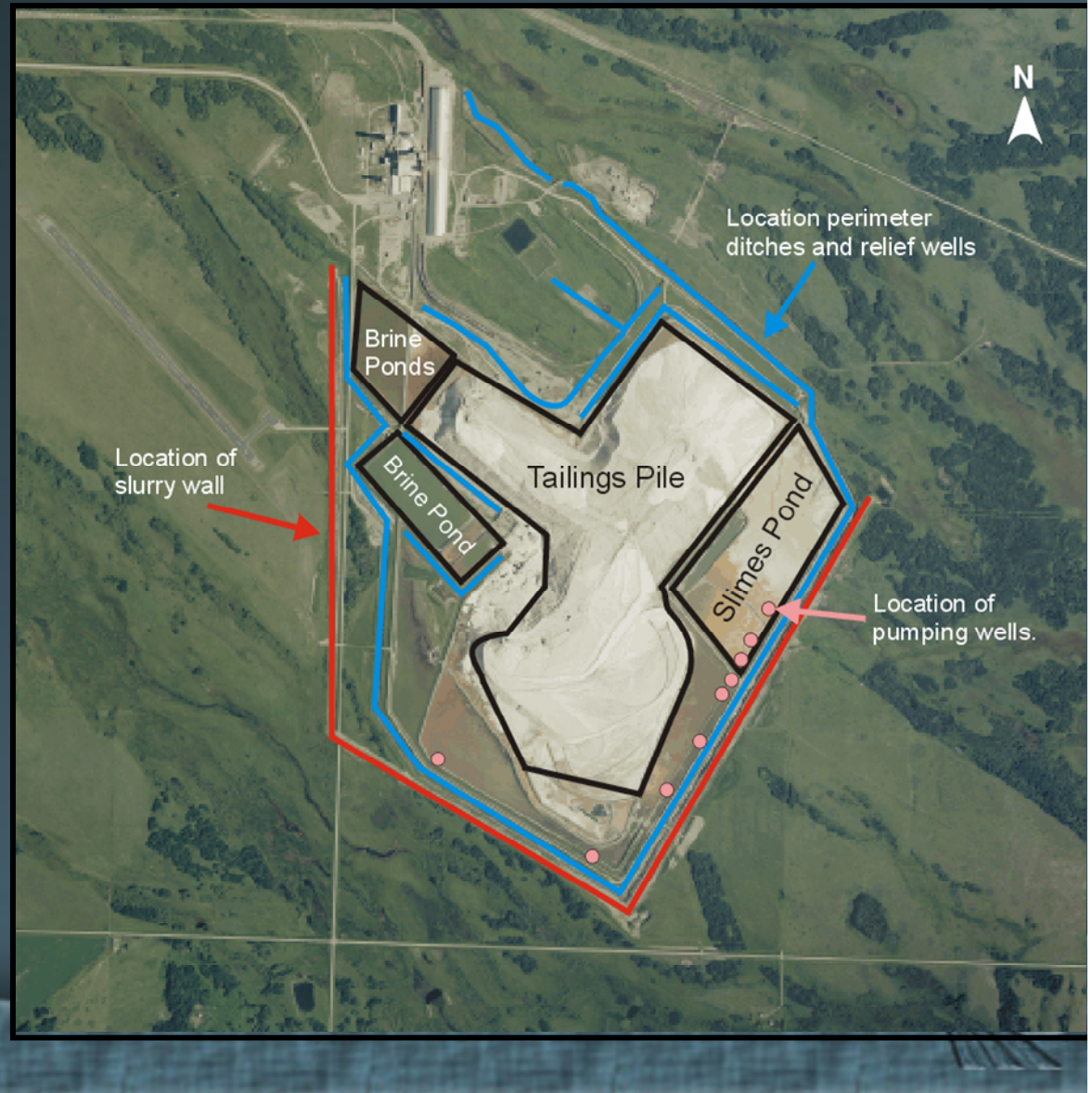
Surface Plant

Rail-line

Rocanville Division, Tailings-Management Area

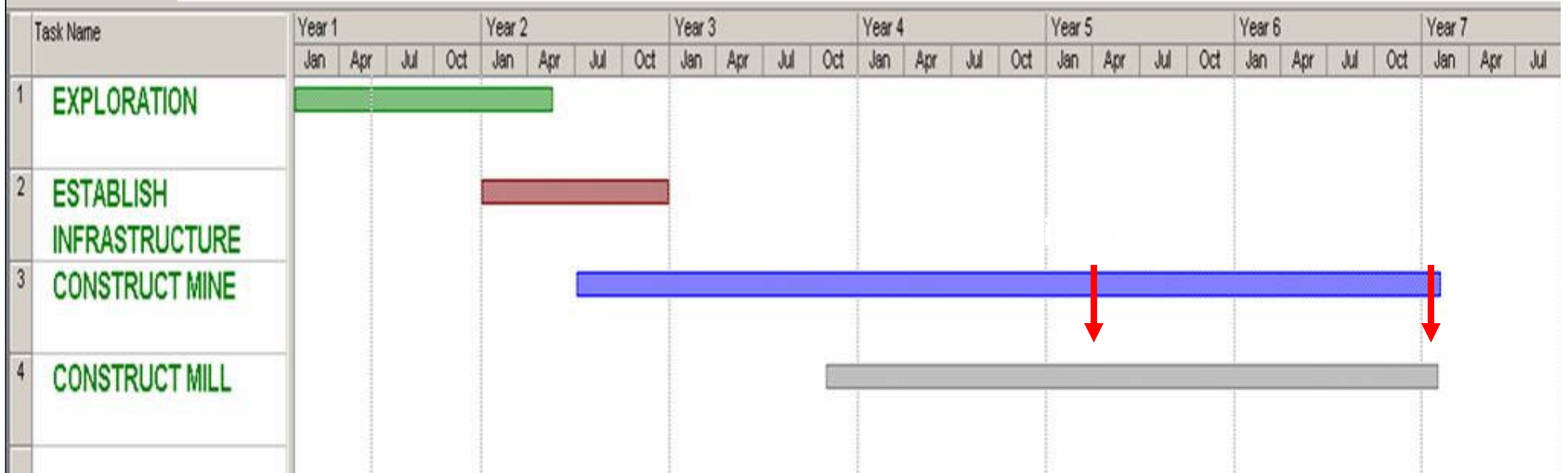
There are approximately 80 groundwater monitoring wells around the TMA

Pumping wells used to lower hydraulic head upgradient of the Slurry Wall



Greenfield Potash Mine Construction

In summary, this is probably as fast as any new Saskatchewan potash mine could be constructed:



Greenfield Potash Mine Construction

- ▶ As a final note: absolute minimum time estimates are given for all tasks that were listed here, and many tasks were “fast-tracked”.
- ▶ For example, both shafts were sunk concurrently, which is achievable, but not desirable from an operating standpoint.



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Greenfield Potash Mine Construction

▶ Capital Cost Estimate (AMEC – May 2006)

- 2 million tonne per year facility consisting of two shafts and surface storage of tailings constructed in Saskatchewan
- Infrastructure development for port facilities, major rail, road, power fuel and communication is excluded.
- Cost of exploration, land and environmental assessment is excluded.
- Cost is 36 percent above the AMEC estimate of early 2005, primarily due to higher steel, concrete, electrical and labor costs

Area	Cost (\$US MM)
Shafts & Hoists	240
Mine	135
Surface Facilities	945
Contingency	235
Owners Costs	<u>45</u>
Total	1,600



The background of the slide is a dark blue topographic map. It features several concentric contour lines that curve across the upper portion of the image, suggesting a valley or a specific terrain profile. A network of roads or paths is overlaid on the map, with a prominent road running diagonally from the bottom left towards the top right. The overall aesthetic is technical and geographical.

***Potential Greenfield
Projects***

Argentina's Proposed Potash Project



- ▶ In 2005, Rio Tinto purchased Potasio Rio Colorado S.A. giving it control of the Rio Colorado potash project.
- ▶ A final feasibility study is to be completed in 2006 for a 1.5 - 2 million tonne per year solution mine at a minimum cost of \$300 - \$400 million
- ▶ Ore is a mixture of carnalite and sylvinite
- ▶ Remote location lacking infrastructure
- ▶ Road is bad and rail link poor
- ▶ Brazil's CVRD assessing the deposit in a similar location



Argentina's Expansion Plan Discussions

- ▶ Greenfield expansion
- ▶ Solution mine situation
- ▶ Drilling wells and establishing caverns similar time frame to shaft sinking
- ▶ Evaporation ponds constructed during well nest establishment
- ▶ Full pond production after 2 - 3 years of evaporation cycle
- ▶ Mill construction time similar everywhere
- ▶ Infrastructure required
 - Power, gas
 - Roads
 - Railroads
 - Port
 - Employee camp



Thailand's Proposed Potash Projects



- ▶ A new JV partner, Sino Thai Potash Co, has acquired 49% of ASEAN project
- ▶ Italian-Thai Development Plc, the country's largest construction firm, has reportedly completed a takeover of APR
- ▶ APR's APPC Udon South Project will be:
 - difficult to mine - fragile roof of salt, carnalite floor below sylvinite ore bed
 - no satisfactory salt waste disposal - major environmental issues
 - inadequate rail car supply and narrow gauge track
 - quality issues with warehousing product in a high humidity climate
 - no port facility



Thailand's Expansion Plan Discussions

- ▶ Underground mine situation
- ▶ Shafts or declines would take less time (shallower)
- ▶ Mine development may take longer – difficult geology
- ▶ Mill construction time similar
- ▶ Require system to get rid of excess brine
- ▶ All salt tailings must go underground – more development and costs
- ▶ Dehumidification of product storage buildings
- ▶ Infrastructure required
 - Power, gas
 - Upgrade railroad
 - Port facility



