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Speech to:
Analysts

New York
NY

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**Global Potash Supply and
Greenfield Overview
Analyst Meeting
May 29, 2007
New York, NY**

Forward-Looking Statements

The following presentations contain forward-looking statements. These statements are based on certain factors and assumptions including 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, including water inflow; and government policy changes. Additional risks and uncertainties can be found in our 2006 Financial Review Annual Report and in filings with the US 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.



Greenfield Conventional Potash Mine Construction

- ▶ What needs to be done to construct a new conventional underground potash mine in Saskatchewan ("greenfield")?
- ▶ How long will this take?

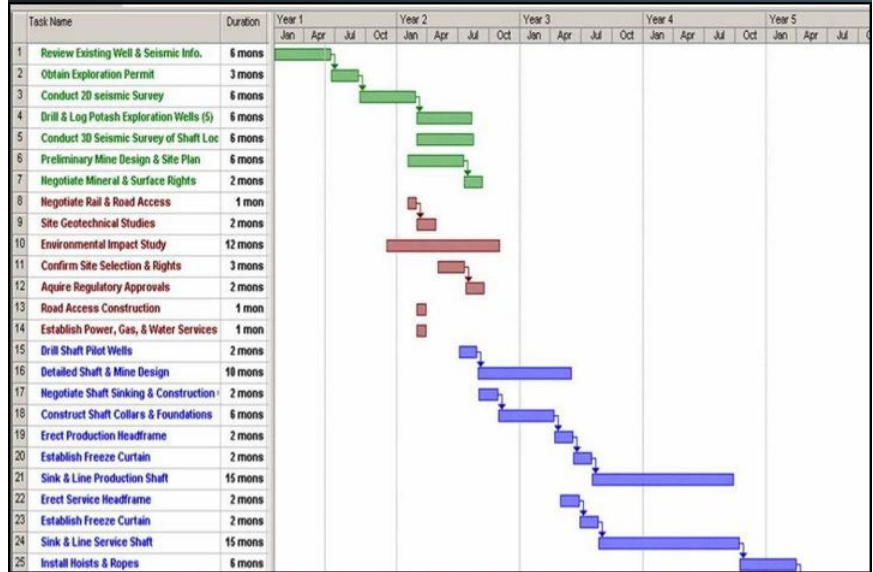


Greenfield Conventional Potash Mine Construction

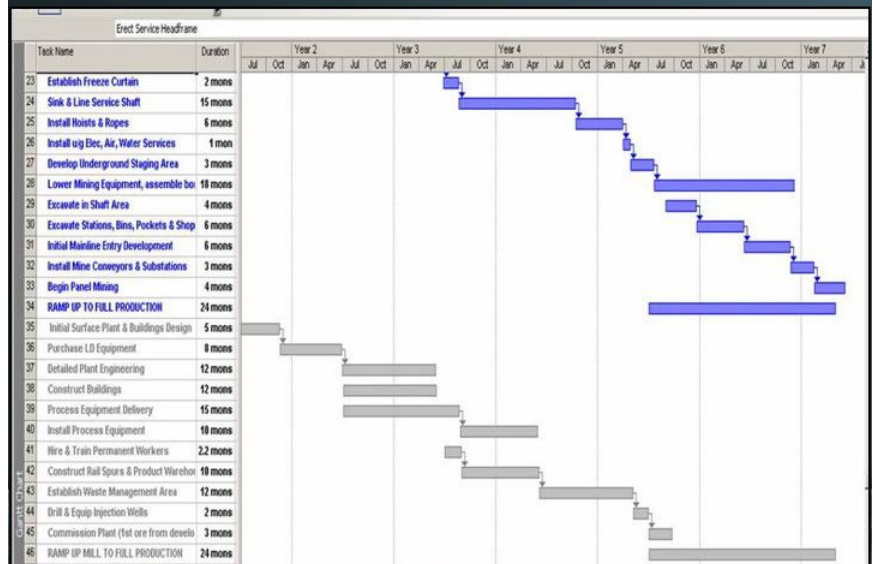
- ▶ There are at least 46 major tasks, and these fall into 4 major categories:
 - Exploration
 - Establishing infrastructure
 - Constructing underground operation (mine)
 - Constructing surface operation (mill)
- ▶ Some of these tasks can occur concurrently, others depend on completion of previous work



Tasks 1 – 25



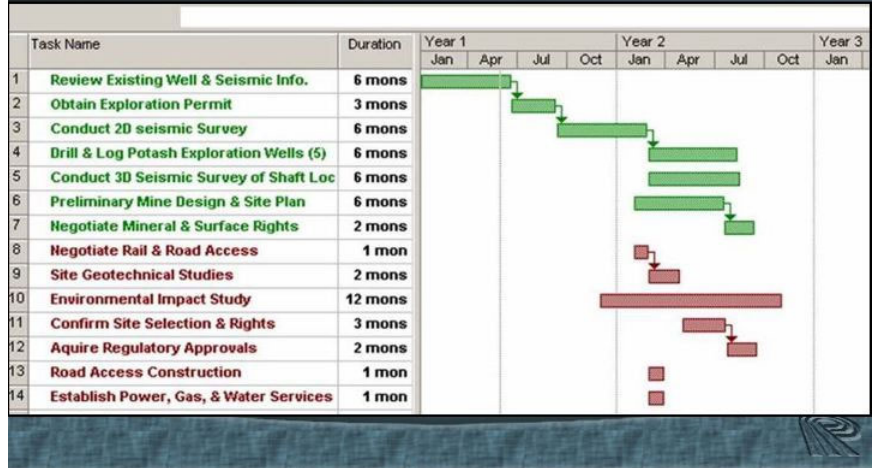
Tasks 23 - 46



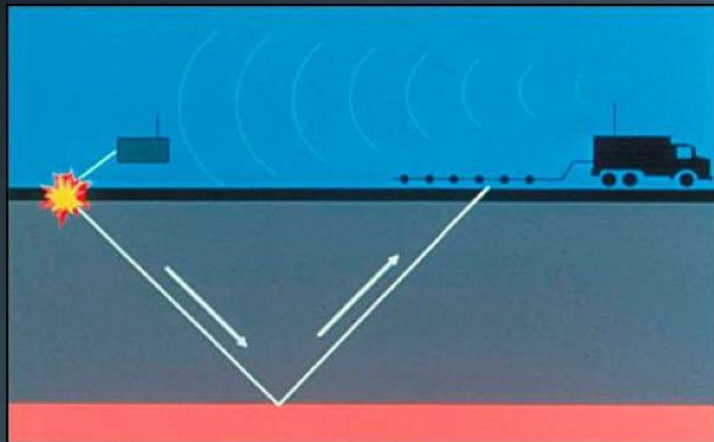
Greenfield Conventional Potash Mine Construction

Phase 1 – Exploration

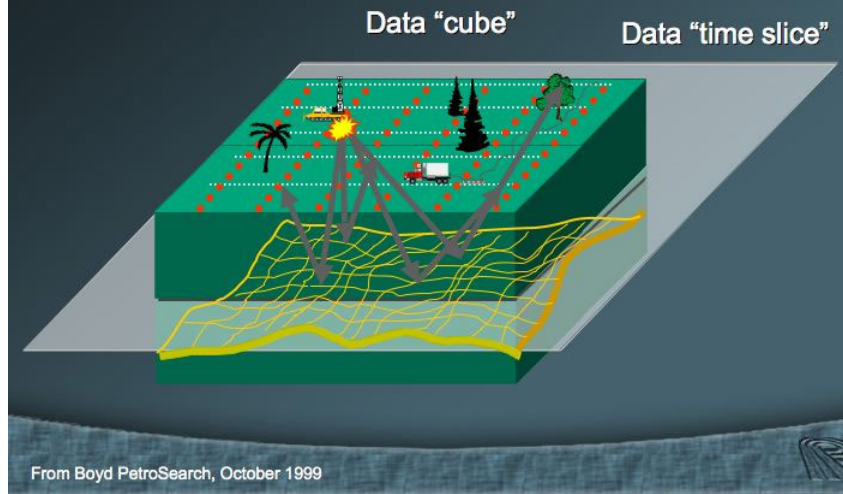
Phase 2 – Establishing Infrastructure



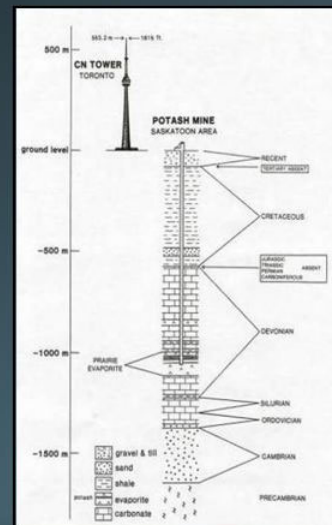
Conduct Seismic Surveys



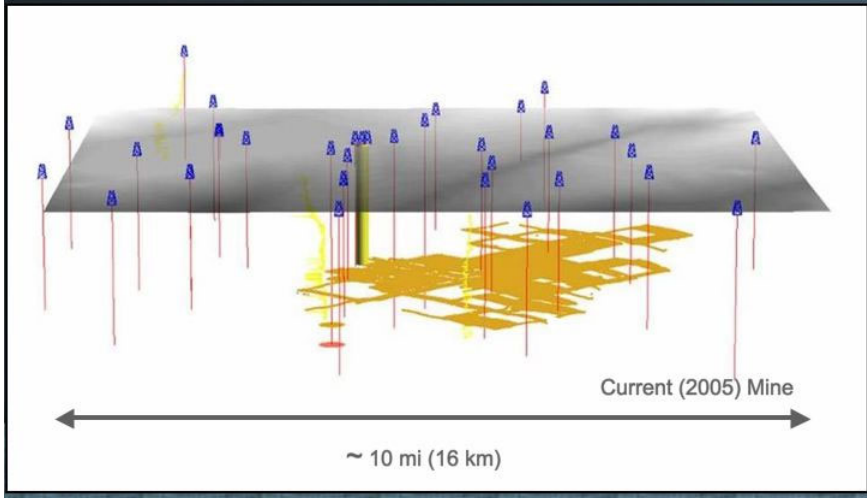
Three Dimensional (3D) Seismic



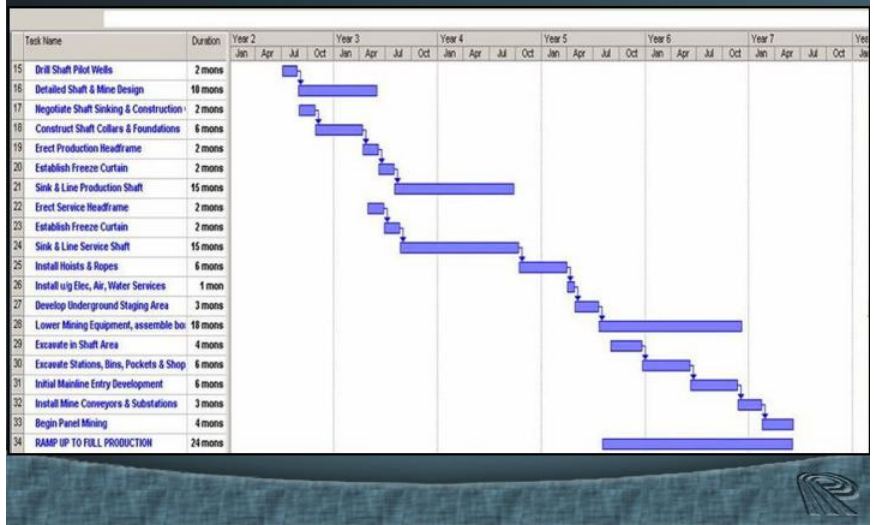
Drill Exploration Wells



32 Wells Were Drilled at Lanigan
2 Shaft, 2 Disposal, and 28 Exploration
(for a total area coverage ~ 100 m²)



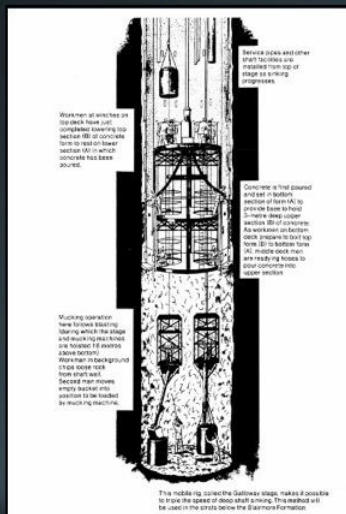
Greenfield Conventional Potash Mine Construction
Phase 3 – Shaft Sinking and Mine Development



Erect Two Permanent Headframes



Shaft Sinking System



Drilling Blast Holes - picking up rock



Installing Steel Shaft Lining - Inspecting Results



*After a Year of Sweat and Toil - a Steel Lined Shaft
from Surface Down to the Potash Beds*



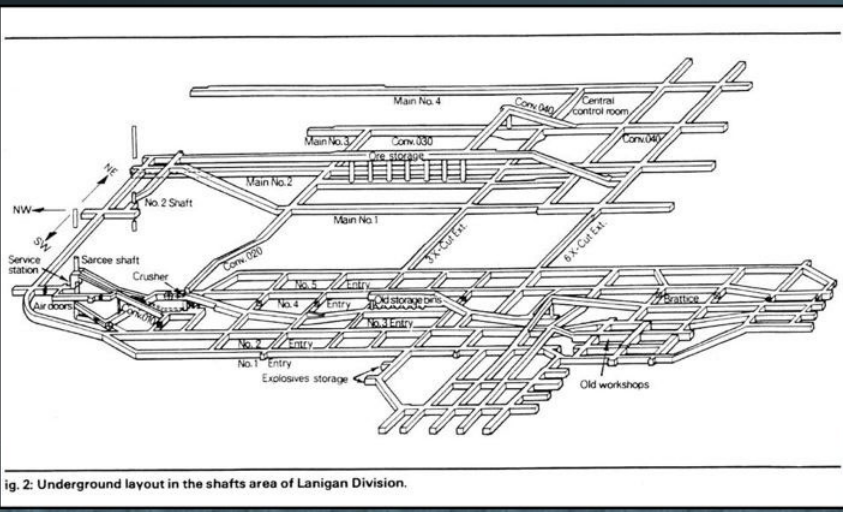
Excavate Underground Stations and Bins



Excavate Shaft-bottom, Warehouse and Shops



Lanigan Near-Shaft Development Mining Occurs Before Potash Panel Development

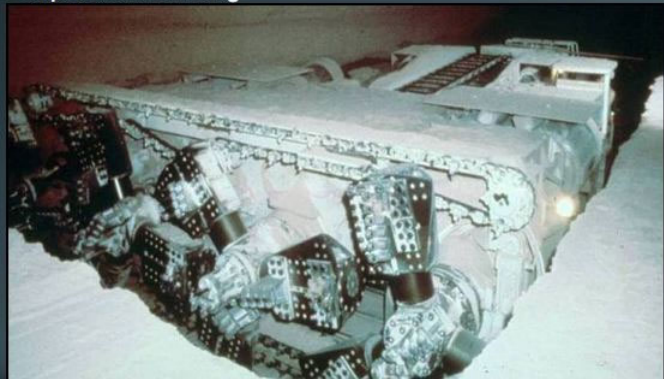


Lower and Assemble Mining Equipment



Requirements for a 2-Million-Tonne Operation Need 6 Production Mining Machines:

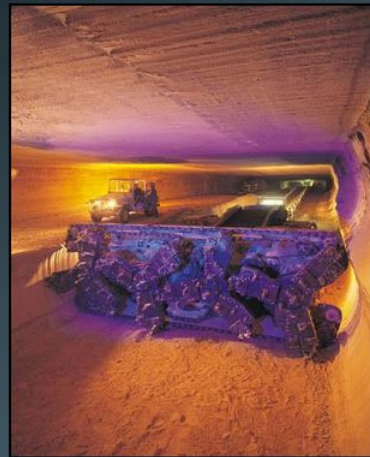
- ▶ 1 on maintenance overhaul
- ▶ 1 or 2 on development mining
- ▶ 3 or 4 on production mining



Lower Support Equipment, Excavate Areas Away from Shaft



Mainline Entry Development



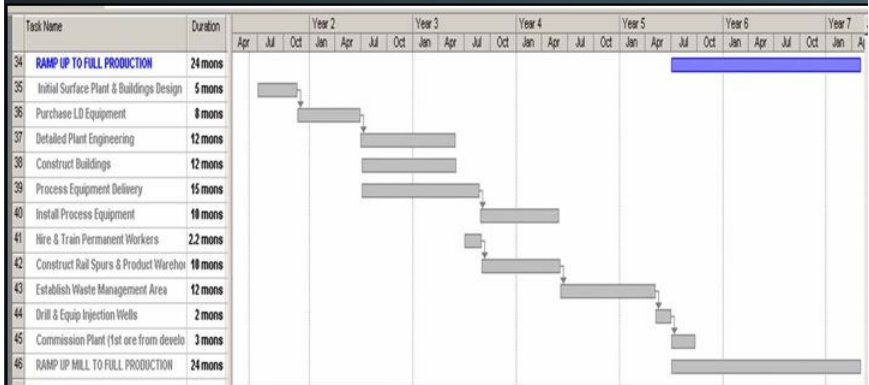
Install Conveyors and Substations



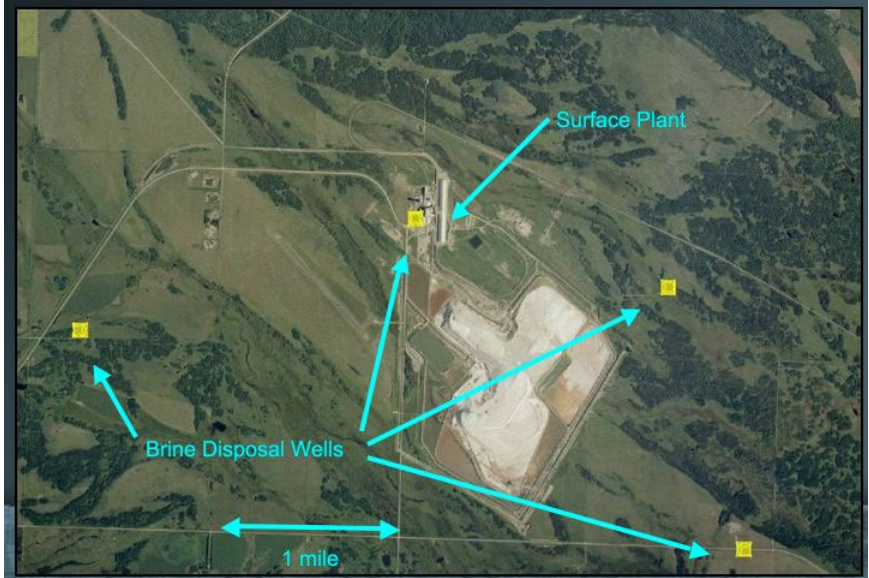
Five Years from Shaft Sinking to Ramp Up

- ▶ Lower and assemble mining machines one at a time
 - Minimum of three months per machine, so $6 \times 3 = 18$ months
- ▶ Send machines to cut
 - #1 and #2: development rooms in shaft area (shops, bins)
 - #3, #4, and perhaps #5: development panels
 - #6 and eventually other machines: production panels (by then #1 will likely be ready for overhaul)
- ▶ At Rocanville:
 - Shaft sinking started in 1968
 - First tonnes hoisted in 1970
 - Full 1.2 MMT/yr capacity reached by 1973
- ▶ It takes about 5 years to ramp up to full production from start of shaft sinking

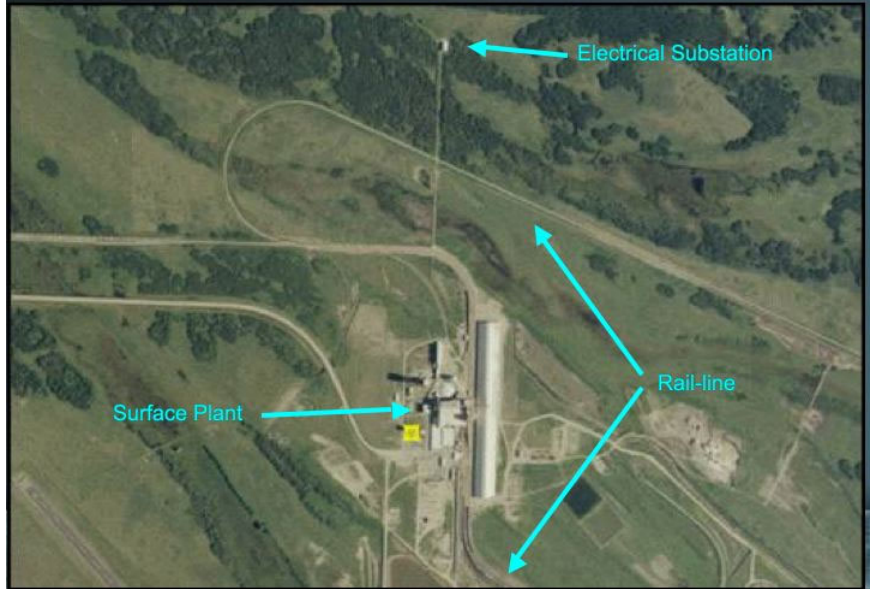
Greenfield Conventional Potash Mine Construction Phase 4 – Constructing Surface Plant



Rocanville Surface Facility



Rocanville Surface Facility



Erect Surface Buildings



Install Process Equipment



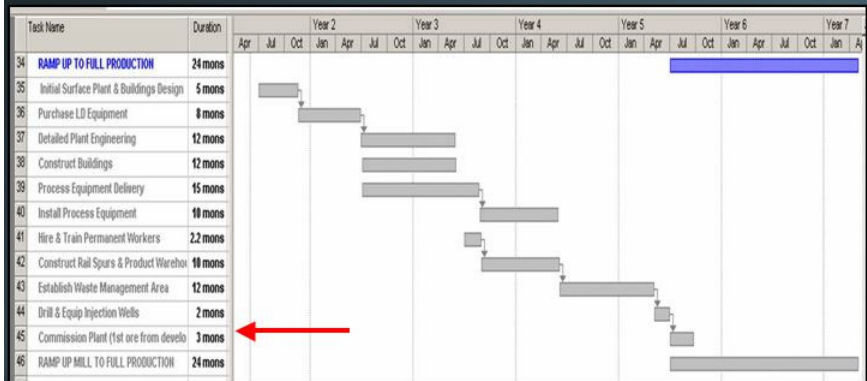
Build Rail Yard



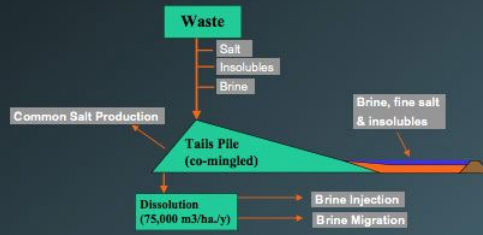
Construct Product Storage and Transportation Infrastructure



Greenfield Conventional Potash Mine Construction Phase 4 – Environmental Construction



Potash Tailings Management Plan



Traditional Co-mingled Potash Mine Waste Deposition



Recent Waste Deposition Trend (PCS Standard)

Rocanville Tailings Management Area

There are approximately 80 groundwater monitoring wells around the tailings management area

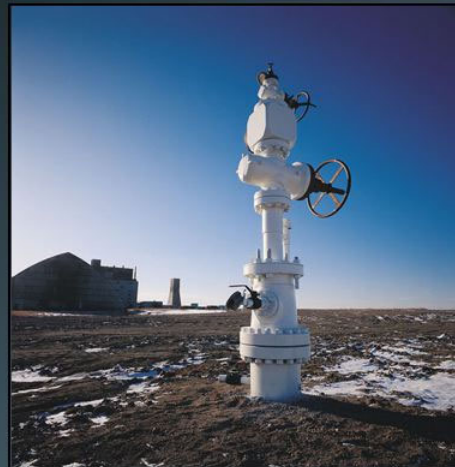
Pumping wells used to lower hydraulic head up gradient of the slurry wall



Construct Ditches, Berms and Pipelines



Drill and Equip Injection Wells



Construct Slurry Wall



Complete and Fully Functioning Surface Facility



Greenfield Conventional Potash Mine Construction

► To sum up, this is what it takes to construct a greenfield conventional potash mine in Saskatchewan:

- 1 – 1 ½ years of exploration
- 6 – 12 months to establish infrastructure
- 5 – 7 years to construct mine to full 2 MMT/yr capacity
- 3 – 3 ½ years to construct mill

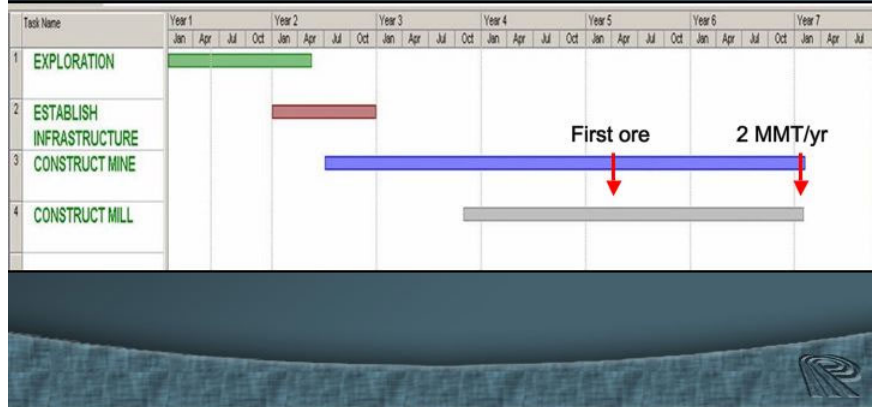
► Assumptions:

- No difficulties with environmental review
- No geological difficulties (shaft sinking is riskiest part)
- No difficulties connecting to existing infrastructure
- No labor difficulties, etc.



Greenfield Conventional Potash Mine Construction

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



Greenfield Conventional Potash Mine Construction

- ▶ In 2007, construction of a greenfield potash mine will take about as long as it did in 1965 (5 – 7 yrs)
- ▶ However, full-capacity in 2007 will be ~2 MMT/yr, while full-capacity in 1965 was 1 MMT/yr or less



Greenfield Conventional Potash Mine Construction

- ▶ An important 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



Greenfield Conventional Potash Mine Construction

► Capital Cost Estimate by AMEC – April 2007

- Includes:
 - 2 million tonne per year facility consisting of two shafts, surface storage and tailing management area constructed in Saskatchewan
 - Land and environmental assessment (excluded in Mar. 2005 estimate)
 - Escalation costs during project (excluded in Mar. 2005 estimate)
- Excludes:
 - Major infrastructure development for port facilities, rail, road, power, natural gas, communication, etc.
 - Capitalized interest
- Although a new grassroots potash facility has not been constructed in Saskatchewan for a number of decades, AMEC's cost estimates are based on knowledge of previous potash expansions and studies, and on costs currently being incurred on Saskatchewan brownfield projects



Greenfield Conventional Potash Mine Construction Capital Cost Estimates, Excluding Infrastructure

Area	May 2006 Cost (\$US MM)	April 2007 Cost (\$US MM)
Mine	135	139
Shafts and Hoists	240	246
Surface Facilities	945	975
Capitalized Mine Development	Not Included	67
Escalation during Project	Not Included	143
Contingency	235	405
Owner's Costs	45	48
Total (\$USD)	1,600	2,023



Greenfield Solution Potash Mine Construction

A High-Level Comparison to Underground Mine

- ▶ For a 2 MMT/yr facility, assuming sufficient infrastructure exists (port facilities, natural gas, water, power, major road and rail, etc):
 - Similar exploration and environmental process, but construction timeline could be up to two years shorter
 - Can choose to ramp up capacity more slowly, which could reduce costs and financial risk versus full underground mine development
 - Similar capital cost for surface facilities (US \$975 M), with different equipment required for crystallization and evaporation.
 - Deep well infrastructure, which covers injection, pumping, piping etc. of brine could cost ~US \$100 M, versus US \$385 million for a conventional mine
 - Capitalized mine development, contingency and owner's costs should be similar
 - Escalation costs could be less due to a shorter project time frame
- ▶ Higher operating costs due to solution mining being far more energy (natural gas) intensive.



Debottlenecking Projects

- ▶ The following are “debottlenecks” in existing conventional underground operations that could potentially add incremental production:
 - Shafts and Hoists
 - Objective is to deliver more ore to surface for processing
 - Increase hoisting speed (loads per hour)
 - Increase skip size (tonnes per load)
 - Larger hoist rope size
 - Reduce physical constraints
 - Underground
 - Add mining machines
 - Increase size and/or speed of conveyor systems
 - Add ore storage capacity
 - Increase power supply

