

PRE-FEASIBILITY STUDY INDICATES STRONG ECONOMICS

\$1.4 BILLION NPV

27% AFTER-TAX IRR

In 2013, a team of internationally-respected engineering and consulting firms completed work on a Pre-Feasibility Study (“PFS”) for the Company’s potash project in the Holbrook Basin of Eastern Arizona. The study was performed by Tetra Tech Inc. (“Tetra Tech”), a leading provider of consulting, engineering, construction management and technical services worldwide.

Highlights Include:⁽¹⁾

- **1.42 million tons per year operation⁽²⁾**
- **\$825 million estimated capital cost**
- **\$1.4 billion NPV at an 8% discount rate⁽³⁾**
- **27% after-tax IRR⁽³⁾**
- **Initial mine life of 26 years**
- **Life of mine operating costs of \$115 per ton**
- **Peak production of 1.55 million tons⁽⁴⁾**
- **33 million tons of total MOP production over initial 26 year mine life**
- **Approximately 1.3 million tons per annum of production over life of mine**

Note: The initial mine life of 26 years in the Pre-Feasibility Study does not include the additional 12,000+ contiguous acres of mineral rights that have been added to the mineral lease since the PFS was completed.

(1) The Pre-Feasibility Study contained two cases, a “Base Case” which economically evaluated only Measured and Indicated Resources and a “Development Case” which included the anticipated conversion of Inferred Resources into Measured and Indicated Resources from the 17 hole, 2013 infill drilling program. The results above are based on the Development Case which contemplates a mining schedule that contains 57.7% Measured and Indicated Resources and 42.3% Inferred Resources being mined over an initial 26 year mine life. The geologic model needs updated for the results of the 17 hole infill drilling program and the mine plan needs to be updated not only for the new geologic model, but also for the additional 12,000+ acres of land that have been added to the mineral lease.

(2) Nameplate operation based on average production from years 6 through 10.

(3) Based on prices of \$430 per tonne FOB Vancouver for standard product, \$450 per tonne FOB Vancouver for granular product and \$480 per ton delivered U.S. Midwest for granular product. Assumes 100% equity.

(4) Year 7

The Pre-Feasibility Study highlights the Holbrook Project’s potential to become a high quality, long-life, conventional potash mine with robust economics. Most of the engineering and test work supporting the Pre-Feasibility Study was initially done to a definitive feasibility study level for a larger, 2.2 million ton per annum project.

The Pre-Feasibility Study was completed by a team of world-class engineering and specialized consulting firms with the following roles:

- **Tetra Tech Inc.** – processing plant and site engineering, mining, permitting, cost estimating and project economics
- **North Rim Exploration** – geology and resource estimation
- **John T. Boyd Company** – owner’s engineers, mining
- **Novopro Projects Inc.** - owner’s engineers, processing and surface facilities
- **Brownstein Hyatt Farber Schreck** - permitting, land and offsite infrastructure
- **Saskatchewan Research Council (SRC)** – metallurgical testwork
- **Huffman Laboratories** – assaying and ore characterization work
- **Advanced Terra Testing, Inc.** – rock mechanic testwork
- **RESPEC** - rock mechanic testwork and mine design review

PFS Summary Details

Resource Estimation

Potash in the Holbrook Basin lies in two primary seams within the Supai Formation, the KR-1 and KR-2 seams. The KR-1 seam lies above the KR-2 seam and is unevenly distributed throughout the basin. The KR-2 seam is the primary target for delineation and development. In August 2012, North Rim produced an NI 43-101 compliant technical report which estimated the Holbrook Project Resource in accordance with CIM standards and using a 40%-ft (grade x thickness) cutoff estimated the following:

KR-2 Resource Summary

	Sylvinitic Tons (millions)	Average KCl Grade (%)	Average Carnallite (%)	Average Insoluble (%)	Total KCl Tons (millions)
Measured	36.8	15.48	2.62	3.24	5.7
Indicated	286.0	15.45	2.42	3.15	44.2
Inferred	311.3	16.98	1.99	2.67	52.8
Total	634.1				102.7

KR-1 Resource Summary

Inferred	225.4	17.24	3.79	16.57	38.8
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Mining

Mine access will be via shaft. The shaft locations were sited to maximize the flexibility for underground development and to minimize the time from seam access to full production, thereby accelerating revenues and cash flow. As part of the 2013 infill drilling program, two core holes were drilled from the surface to below the base of the seams, one at each shaft location, in order to provide detailed information on ground conditions to be encountered to the potential shaft sinking firms.

The mine orientation is based on the results of rock mechanic analysis and is intended to enhance operational efficiency, underground stability and employee safety. The mine design incorporates room and pillar mining techniques utilizing continuous miners. Planned extraction ratios, based on the results of current rock mechanic analysis, vary within the mine plan, ranging from 40% to 48% depending on ore thickness and pillar sizes. Approximately 247 million tons of ore is projected to be mined over the initial 26-year mine life.

The Holbrook Project mineral resources within the Development Case mine plan (including dilution) are entirely from the KR-2 seam and are as follows:

KR-2 Mined Resource Summary

	Sylvinite Tons (millions)	
Measured	13.7	5.6%
Indicated	128.9	52.1%
Inferred	104.7	42.3%
Total	247.3	100.0%

Once fully operational, the mining production rate is expected to be approximately 9.5 million tons of ore per annum. This will be achieved by running eight continuous miner units on a DuPont rotating shift schedule to provide 24/7 coverage.

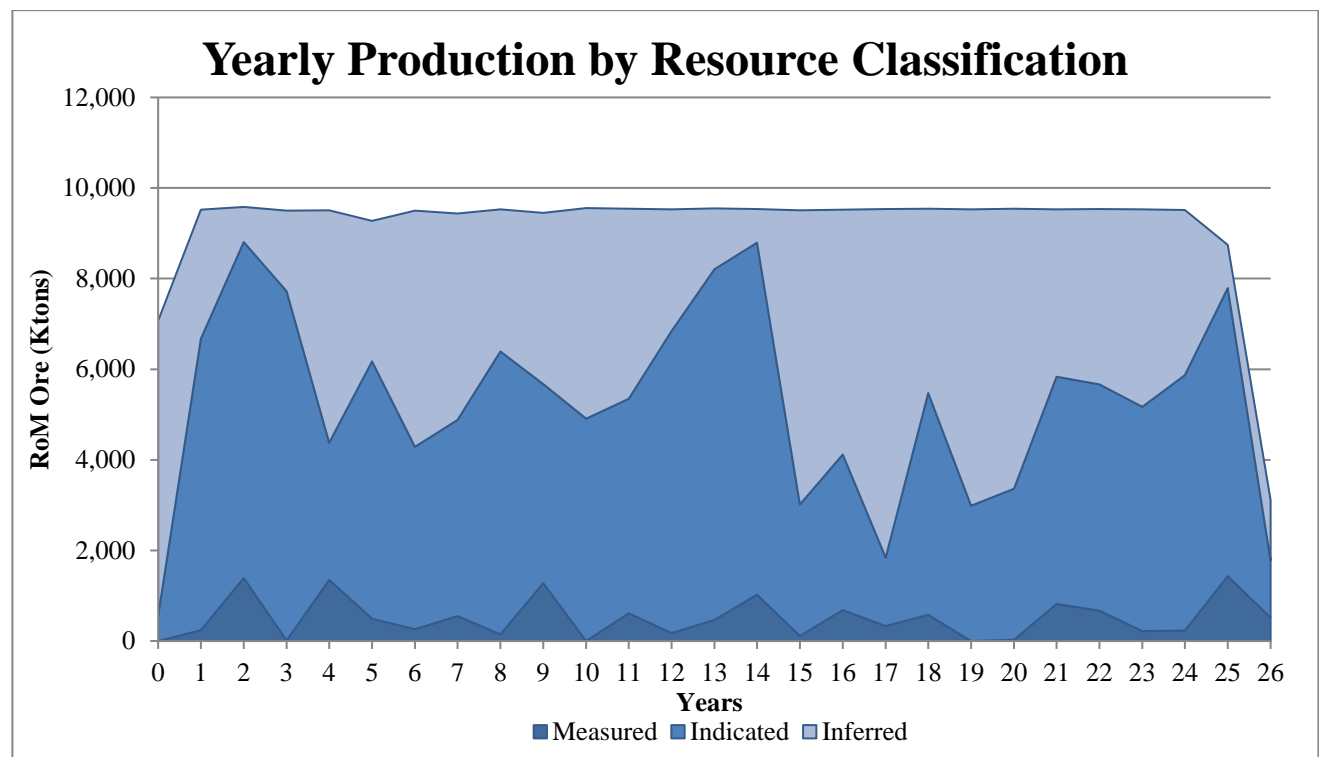
The following table summarizes the initial life-of-mine production schedule:

	Years										
	0	1	2	3	4	5	Averages				
	6-10	11-15	16-20	21-25							
RoM Ore (Ktons)	7,068	9,519	9,583	9,502	9,509	9,274	9,495	9,532	9,548	9,372	3,116
Diluted Moisture %	0.2%	0.2%	0.3%	0.2%	0.2%	0.3%	0.2%	0.8%	1.2%	1.0%	1.1%
Diluted KCl %	13.7%	14.5%	14.9%	17.9%	16.8%	14.8%	16.9%	15.6%	15.2%	15.1%	15.2%
Mill Recovery %	82.6%	82.6%	82.6%	82.6%	82.6%	82.6%	82.6%	83.6%	85.0%	85.0%	85.0%
Prod. (MOP Ktons)	835	1,174	1,204	1,466	1,381	1,180	1,418	1,211	1,229	1,220	417

Note: Finished Product is 95.4% KCl

The mining plan focuses on extracting higher head grades in the earlier years of operation. Average production of 1.42 million tons per annum of MOP is achieved between years 6 through 10, with peak production of 1.55 million tons in year 7. Average production of approximately 1.3 million tons per annum is achieved over the initial 26 year life of mine.

The Development Case production schedule contains 57.7% Measured and Indicated resources and 42.3% inferred resources. The following graph illustrates the breakdown of measured, indicated and inferred resources in the Development Case production schedule:



The 17-hole infill drilling program completed in the fall of 2013 was designed to maximize the potential conversion of inferred resources to measured and indicated resources for subsequent inclusion in base case reserve estimates.

Processing

The processing plant was designed to process 29,000 wet short tons per day or approximately 9.5 million wet short tons per year after taking into account regularly scheduled maintenance shifts, unplanned downtime and an annual two week shut down.

Unit processes were selected based on the results of metallurgical testing performed at Saskatchewan Research Council (SRC) facilities. The test results showed that the potash is easily liberated from the salt matrices and recoverable using standard industry techniques.

The flotation test work data indicated 82.6%-88.0% recovery and 92 percent product grade were achieved in rougher flotation. Test work also showed that a 95.4% product grade can be achieved with additional cleaning columns. For the PFS, an 82.6% mill recovery was estimated for years 0 thru 13, increasing to 85.0% thereafter due to secondary recovery from evaporation ponds that will be constructed beginning in year 11.

The potash ore, containing 15.5% Sylvite (KCl) or 9.79% potassium oxide, will be processed to produce a marketable potash product grade of 95.4% KCl (60.3% K₂O). The compaction circuit was designed with sufficient capacity for the plant to produce a 100% granular product.

Capital Expenditures

Start-up capital expenditures were estimated at \$825 million over a 2½ year construction schedule; this estimate included \$48 million for EPCM services, \$53 million of owner's costs and an \$83 million contingency:

	(\$ in millions)
Mine	\$190.7
Processing Plant	159.1
Surface Conveyance and Storage	79.4
TSF and Evaporation Pond	34.0
Onsite and Offsite Infrastructure	108.5
Project Indirects	118.2
Owner's Costs	52.6
Contingency	82.8
Total	\$825.3

Operating Costs

Direct operating costs for the Development Case average \$114.54 per ton (approximately \$115 per ton) over the life of mine. Costs associated with mining comprise 56% of operating costs, processing 35%, surface support facilities 2% and G&A 7%. The per ton break-down of operating cost by area is as follows:

	\$ / ROM ton	\$ / ton MOP
Mining	\$8.60	\$64.34
Processing	\$5.36	\$40.11
Surface	\$0.28	\$2.09
G&A	\$1.07	\$8.00
Total	\$15.31	\$114.54

Within mining, mine labor accounts for 33% of operating expenses, followed by equipment O&M 27%, roof support 17%, hoisting and ventilation power 13% and conveyance 10%. The following table provides a breakdown of mining costs:

	\$ / ROM ton	\$ / ton MOP
Mining Labor	\$2.81	\$20.98
Equipment O&M	\$2.35	\$17.56
Roof Support	\$1.42	\$10.64
Hoisting/Ventilation	\$1.14	\$8.55
Conveyors	\$0.88	\$6.61
Total Mining	\$8.60	\$64.34

Within processing, reagents represent the largest cost accounting for approximately 40% of processing operating expenses, followed by power 24%, propane 15%, O&M 14%, labor 6%, and tailings 1%. The following table provides a breakdown of major processing costs:

	\$ / ROM ton	\$ / ton MOP
Reagents	\$2.15	\$16.06
Power	\$1.30	\$9.73
Propane	\$0.81	\$6.10
O&M	\$0.75	\$5.59
Labor	\$0.29	\$2.20
Tailings	\$0.06	\$0.43
Total Processing	\$5.36	\$40.11

Marketing and Transportation

The economics for the PFS were analyzed assuming a \$47 per ton average freight rate with all product sold into the U.S. Midwest. A McKinsey study that was commissioned also concluded that the Holbrook Project would have a strong cost position in Brazil, SE Asia (Malaysia and Indonesia), Mexico and potentially India and China given its advantageous location and logistics.

Development Path Forward

- Complete new Resource estimate with the additional data from the 17-hole infill drilling program and the additional 12,000+ contiguous acres not previously held - \$50k to \$100k
- Complete remaining rock mechanic and metallurgical test work required for the Definitive Feasibility Study with core samples obtained from the infill drilling program - \$300k to \$500k
- Revise and optimize mine plan based on the new resource estimate and additional landholdings - \$100k to \$150k
- Complete Definitive Feasibility Study \$4mm - \$6mm

The project has been carefully designed, sited and developed to only require state permitting and is effectively shovel ready having already received its Mineral Lease and an Air Permit from the State of Arizona.