Mosaic is one of the leading potash producers in the world. The company operates six potash mines in North America including four large mines in Saskatchewan and two smaller scale mines in the United States. Annual capacity stands at 23.5 million tonnes of product or 5.4 million tonnes of nutrient (K2O). Mosaic mined approximately 4.5 million tonnes of product or 5.4 million tonnes of nutrient in 2004. Mosaic operated at an average rate of 92 percent of nutrient capacity last year.

Mosaic currently mines reserves owned by PotashCorp in Estevan, Saskatchewan operations. The capacity and production statistics above include tonnage supplied to PotashCorp from this complex. Mosaic mines and sells up to 953,000 tonnes of product per year for PotashCorp at cost plus a tolling fee. Including this tonnage, Mosaic’s go-to-market capacity is approximately 4.5 million tonnes and its go-to-market production totaled 4.4 million tonnes in 2004.

Mosaic upgraded a larger percentage of its ore into higher value products such as coarse and granular grade potash than any other producer in the world. In fact, coarse and granular grades accounted for more than 40 percent of Mosaic’s North American production in 2004. These grades are used in bulk blending with other fertilizer products in the large U.S. market and in other rapidly growing markets such as Brazil.

Mosaic marketed roughly two thirds of its production last year in North America and retained the remaining one third. Canpotex, the export association of Saskatchewan potash producers, manages sales from a number of Saskatchewan producers. Canpotex provides key sales, transportation and logistical services to Saskatchewan producers. The association also leaves a large fleet of dedicated rail cars and operating efficient distribution centers in Vancouver and Portland, Saskatchewan’s largest exporters of Canpotex sales, based on its share of Saskatchewan exports. In 2004, 36 percent of Mosaic’s export sales were to Canada, 21 percent to China, 10 percent to Europe, 9 percent to Bangladesh, and 9 percent to Bangladesh.

Mosaic serves both agricultural and industrial customers. Approximately 40 percent of go-to-market production was sold into the agricultural market last year. The remaining 60 percent was sold to industrial customers who use potash for a variety of applications ranging from water conditioning to re-cycling in the manufacturing of glass products.

Surging demand has ranked potash prices into uncharted territory. Import demand has increased a remarkable 26 percent during the last three years, according to statistics published by the International Fertilizer Industry Association (IFA). That is equal to 8.8 million tonnes of product or 5.3 million tonnes of potassium.

Potash prices have increased roughly 80 percent in major markets around the globe during the last two years. The jump in potash prices, however, is not greatly different from the increase in the index of commodity prices calculated by the Commodity Research Bureau (CRB). For example, the price of potash delivered to China has increased 84 percent since January 2002, according to prices published by Deutsche. The CRB index has increased 75 percent during the same period.

Potash prices, however, have increased significantly less than a number of other commodity prices, particularly those impacted by China’s dramatic appetite for raw materials. For example, steel and copper prices have increased 193 percent and 147 percent, respectively, since January 2002.
More Moderate Growth

After increasing at the annual rate of 10 percent in 2003 and 2004, world import demand is forecast to grow at a more moderate rate in 2005. Import demand is forecast to increase by almost 700,000 tonnes, or 12 percent, in 2005 compared to 2004, and by 1.5 million tonnes, or 27 percent, in 2006 compared to 2005. Imports are projected to increase another 16 percent to 710,000 tonnes in 2007. This forecast looks on trade so far this year. World import statistics for the first quarter of 2007 showed that imports of MOP (90 percent K₂O) were up 30 percent or 270,000 tonnes of nutrient from the same period a year earlier. The recent jumps in potash shipments to other major importers such as Brazil, Indonesia and Malaysia are further indications of Chinese demand. Recent economic growth in Brazil has boosted China’s appetite for oil and coal oil products from these major importers and exporters. Indonesia’s producers are already exporting to China and China is Brazil’s biggest export market. China is also increasing its imports from other Latin American exporters. For Canadian producers, increases in shipments to the U.S. target market were not as impressive as the increases observed in shipments to other Asian customers. Asia, indeed, continued to be an important market for Canadian potash, with 2.5 million tonnes shipped in 2005, and an increase of 600,000 tonnes to China. According to US Geological Survey, China’s imports were up 60 percent or 360,000 tonnes from a year earlier. China accounted for almost 30 percent of MOP imports were up 18 percent or 180,000 tonnes from a year earlier. China customs statistics for the first four months of 2005 increased 23 percent or 350,000 tonnes compared to the same period last year. While imports have increased for many years, our shipments have shown a recent uptrend. The year-end statistics for 2005 show that Canadian offshore shipments increased by 16 percent to 280,000 tonnes from 2004 and showed a strong increase of 27 percent or 153,000 tonnes to Brazil. This shows that for the first time Canadian potash demand has increased significantly. The charts below show cumulative changes in demand and capacity. The first three charts show actual changes for the last three years and the second shows projected changes from 2005 to 2010. The demand statistics are from Fertecon Capacities are Mosaic estimates and the increases to draw on as well as other projections expected to come on stream elsewhere during the period. These estimates exceed the Mosaic’s current capacity by 0.5 million tonnes of nutrient from the same period a year earlier. The global potash market is projected to remain tight for the next several years. That followed a 370,000 tonne draw down in 2004 and a 120,000 tonne draw down in 2003, and 2005. That decline in use was likely not just to meet the more moderate growth forecast but also to meet the lower levels of demand last year. That followed a 370,000 tonne draw down in 2004 and a 120,000 tonne draw down in 2003. That followed a 370,000 tonne draw down in 2004 and a 120,000 tonne draw down in 2003. That followed a 370,000 tonne draw down in 2004 and a 120,000 tonne draw down in 2003.
outcrop through bal-
anced nutrient use. That means
China's potash imports jumped 19 per-
cent last year. Domestic use of ton-
s of nutrient last year. In addition, domestic con-
tinues to increase even though China's potash con-
sume producers, increases in shipments to
more than the slowdown in Brazil. Statistics from the Potash and Phosphate Institute (PPI) indicate that potash production increased 6 percent in 2003 and 11 percent in 2004. Farmers, reports that domestic and export shipments exceeded production by more than 400,000 tonnes of nutrient or 400,000 tonnes of prod-
test and kg. Source: Fertecon and Mosaic. North America is a prime example. According to PPI
stratigraphic units or deposits. China's potash pro-
in China during the last three years. As a result, inventory subsidies provided by Brazil included in the 2004
375,000 tonnes of nutrient from a year earlier. For the first quarter indicated that MOP imports were off 54 percent or almost 1.3 million tonnes of nutrient during the fertil-
years. Producers still had more than 1000 tonnes of nutrient from the same period a year earlier.
Fertilizer price increases and the drop in soybean prices, sharp increases in Brazil during the last three years.
percent of Brazil's soybean oil exports in 2004 and for
Slower growth this year is largely the result of a
around 20 percent. That followed a 370,000 tonne draw down last year. That followed a 370,000 tonne draw
York to annual capacity by the end of 2007. That is a big
Prepared by IFA and Mosaic. World Potash Demand vs. Capacity
Cumulative change 2002-04
Production+Imports        Stock Draw
Asia          Latin America          U.S.          Europe          Other
2001200019991998
0
1
2
3
4
5
6
201020092008200720062005
Source: PPI and Mosaic.
North American Potash Operations

Mosaic operates three shaft mines and one solution mine in Saskatchewan. These mines tap into some of the largest and highest quality deposits of potash on earth. The deposit is approximately 1,000 miles deep, with the surface of the earth and Mosaic's reservoirs to sufficient to mine for many more than 150 years at current rates.

The Belle Plaine facility is the largest potash mine in the world. The mine is designed to produce 5.0 million tonnes of nutrient from two shafts through a cluster of six billion tonnes of ore. The mine is designed to produce 5.0 million tonnes of nutrient from two shafts through a cluster of six billion tonnes of ore.

The first type of ore extracted is Carlsbad in Manitoba. Carlsbad is an underground shaft mine that is identical to the one operated in Saskatchewan. Red muriate of potash (ROM) contains 54 percent or more and white muriate of potash (WOM) contains less than 54 percent. ROM is marketed to the south-western United States and WOM is marketed to the west and north-west of the United States. WOM is used as an alternative to sodium sulphate.

The second type of ore extracted is Carlsbad in Saskatchewan. Langbeinite is a double sulphate of potassium and magnesium, often referred to as "white muriate of potash". This product is extracted from Carlsbad and marketed to the north-western United States and western Canada.

The mineral content of Carlsbad is potassium, magnesium and calcium. Other minerals such as sulphur, chlorine and boron are present as trace elements. Potash and chlorine are separated from each other by a process that involves washing and leaching. The filtrate is dried and then further processed.

The process of producing potash from Carlsbad involves a number of steps. The ore is mined and then processed to produce potash products. Potash is separated from other minerals and then further processed to produce the final product.

The process of producing potash from Sirmione involves a number of steps. The ore is mined and then processed to produce potash products. Potash is separated from other minerals and then further processed to produce the final product.

The process of producing potash from Sirmione involves a number of steps. The ore is mined and then processed to produce potash products. Potash is separated from other minerals and then further processed to produce the final product.
## Potash Operations

### The Role of Mosaic

The Mosaic Company reports financial results for four operating segments—Phosphate, Potash, Nitrogen, and Cobalt. The first line of Market Mosaic featured the Potash segment. This issue highlights the Potash segment. It provides an overview of Mosaic’s North American potash operations, reports capacity and production for the 2004 calendar year and describes Mosaic’s position in the global potash market. Future issues will feature the Nitrogen and Cobalt segments.

Mosaic plays a leading role in the global potash market by any metric. Mosaic is the largest miner of potash in the world by a significant margin. Mosaic’s total, or reported, production of potash was 10.2 million tonnes of potash from the earth in 2004. That was nearly 40% of world output last year. Based on estimates published by IFA and company reports, we estimate that Mosaic’s total and reported production amounted to nearly 4.6 million tonnes last year, with just less than eight million tonnes of production last year. PotashCorp ranked fourth with output of 4.0 million tonnes from the six mines it operated in 2004. ICL Fertilizers, including operations in Israel, Spain and the U.K., ranked out the top four with more than four million tonnes of production last year.

Mosaic ranked first even if you subtract the tonnage measured in nutrient rather than product tonnes. Mosaic has the market capacity to make fertilizer and other products from the nutrients in potash. PotashCorp is the only other company capable of doing so. This unique capability makes Mosaic’s reported production of 10.2 million tonnes last year likely the number two player by approximately 25%. Mosaic’s reported production and accounted for 14% of the world output last year.

Finally, Mosaic ranked at the top of the list if go-to-market production were measured in nutrient rather than product tonnes. Mosaic took market output of 4.4 million tonnes of nutrient or 15% of global production last year.

### Overview

Mosaic is one of the leading potash producers in the world. The company operates six potash mines in North America including four large-scale mines in Saskatchewan and two smaller scale mines in the United States. Annual capacity is about 13.5 million tonnes of product or 16.5 million tonnes of nutrient (K₂O). Mosaic mined approximately 13.3 million tonnes of product or 5.6 million tonnes of nutrient in 2004. Mosaic operated at an average rate of 92% of its nutrient capacity last year.

Mosaic currently mines reserves owned by PotashCorp at its Esterhazy, Saskatchewan operations. The capacity and production statistics above include tonnage supplied by PotashCorp from this complex. Mosaic mines and sells up to 450,000 tonnes of product per year for PotashCorp at cost plus a 10% markup. Including the tonnage, Mosaic’s go-to-market capacity is approximately 13.5 million tonnes and its go-to-market production totaled 6.4 million tonnes in 2004.

Mosaic upgrades a large percentage of its ore into higher value products such as coarse and granular grade potash than any other producer in the world. In fact, coarse and granular grades accounted for more than 40% of Mosaic’s go-to-market production in 2004. These grades are used for foods blending with other fertilizer products in the large U.S. market as well as in other rapidly growing markets such as Belarus.

Mosaic marketed roughly two thirds of its production last year in North America and reported the remaining one third. Canpotex, the export association of Saskatchewan potash producers, is responsible for sales from Mosaic’s Canadian mines. Canpotex provides key sales, transportation and logistical services to Saskatchewan producers. The association also leaves a large fleet of dedicated rail cars and operate efficient warehouse facilities in Brandon, Yorkton and Saskatoon. Canpotex’s current allocation of Canpotex sales, based on its share of Saskatchewan reserves, is 32.7% of Mosaic’s total market as of 2004. Mosaic estimates that Canpotex sales and Agrimin are 56.2% and 6.1%, respectively.

Mosaic serves both agricultural and industrial customers. Approximately 66% of its total production was sold into the agricultural market last year. The remaining 14% was sold to industrial customers who use potash for a variety of applications ranging from water conditioning to rectorizing in the manufacturing of glass products.

PotashOperations

<table>
<thead>
<tr>
<th>Mine</th>
<th>Product</th>
<th>Technology</th>
<th>Capacity</th>
<th>Total</th>
<th>Fertilizer</th>
<th>Animal Feed</th>
<th>Industrial</th>
<th>Marketing</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mosaic</td>
<td>10.2 mi</td>
<td>Coarse</td>
<td>1.8 mi</td>
<td>1.0 mi</td>
<td>0.1 mi</td>
<td>0.1 mi</td>
<td>0.1 mi</td>
<td>0.1 mi</td>
<td>0.1 mi</td>
</tr>
<tr>
<td>PotashCorp</td>
<td>8.4 mi</td>
<td>Coarse</td>
<td>1.2 mi</td>
<td>1.0 mi</td>
<td>0.1 mi</td>
<td>0.1 mi</td>
<td>0.1 mi</td>
<td>0.1 mi</td>
<td>0.1 mi</td>
</tr>
<tr>
<td>Other</td>
<td>15.1 mi</td>
<td>Coarse</td>
<td>0.2 mi</td>
<td>0.1 mi</td>
<td>0.1 mi</td>
<td>0.1 mi</td>
<td>0.1 mi</td>
<td>0.1 mi</td>
<td>0.1 mi</td>
</tr>
</tbody>
</table>

### Market Mosaic

S tans Moscou, the great St Louis Cardinal baseball player, once asked Yogi Berra, the Yankee legend who is equally famous for his command of the English language, about a neighborhood restaurant that suddenly had become popular around Yogi’s hometown of Louise, Yogi advised, “Nobody goes there anymore. It’s too crowded.”

For analysts understanding of Mosaic, Potash, suddenly a winner in the commodity world, has attracted a crowd from beyond local analysts. Mosaic’s goal was to assess the outlook for the global potash market and provide an overview of the potash operations of The Mosaic Company.

Uncharted Territory

Surging demand has pushed potash prices into uncharted territory. Import demand has increased a remarkable 26 percent during the last three years, according to statistics published by the International Fertilizer Industry Association (IFA). That is equal to 8.8 million tonnes of product or 13.1 million tonnes of nutrient.

Potash prices have increased roughly 80 percent in major markets around the globe during the last two years. The jump in potash prices, however, is not greatly different than the increases in the index of commodity prices calculated by the Commodity Research Bureau (CRB). For example, the price of potash delivered to China has increased 84 percent since January 2002, according to prices published by Decyfer. The CRB index has increased 77 percent during the same period.

Potash prices, however, have increased significantly less than a number of other commodity prices, particularly those impacted by China’s substantial appetite for raw materials. For example, steel and copper prices have increased 193 percent and 147 percent, respectively, since January 2002.

### The China Factor

China has played the leading role in the tightening of the global potash market during the last two years. China has drawn down its large grain stocks and planners have begun to focus resources on boosting grain production.
Mosaic, the largest potash producer in the world by a significant margin, is currently producing more than 11 million tonnes of potash from the earth in 2004. That was a 28 percent increase of world output last year. Based on internal statistics published by IFA and company reports, we estimate that Mosaic and Belaruskali mined over 11 million tonnes, significantly, just with less than eight million tonnes of production last year. PotashCorp ranked fourth with output of seven million tonnes from the six mines it operated in 2004. ICL, fertilizers, including operations in Israel, Spain and the U.K., rounded out the top four with more than six million tonnes of production last year.

Mosaic's market share in the global potash market is a leading role. In fact, coarse and granular grades accounted for more than 50 percent of world output in 2004. These grades are used for bulk blending with other fertilizer products in the large U.S. market as well as in rapidly growing markets such as Brazil. Mosaic markets roughly two thirds of its production in North America and the remaining one third. Canpot, the export division of Saskatchewan potash producers, is owned 50 percent by Mosaic. Canpot operates seven mines and offers sales from its Esterhazy mines. The company mines and sells a large fleet of dedicated oil can and operates efficient pipelines in Vancouver and Portland. Canpot’s largest allocation of Canpot sales, based on or shared of Saskatchewan revenues, is 26 percent of Mosaic revenues for PotashCorp and Agrium are 54.2 percent and 9.1 percent, respectively. Mosaic mines both agricultural and industrial customers. Approximately 46 percent of its go-to-market production was sold into the agricultural market last year. The remaining 14 percent was sold to industrial customers who use potash for a variety of applications ranging from water conditioning to re-cycling in the manufacturing of glass products.

Mosaic and Belaruskali mined reserves owned by PotashCorp at its Esterhazy, Saskatchewan operations. The capacity and production statistics above include tonnage supplied PotashCorp from this complex. Mosaic mines and ships up to 150,000 tonnes of product per year for PotashCorp at one of its two rail yards. Including this tonnage, Mosaic’s go-to-market capacity is approximately 5.5 million tonnes and its go-to-market production reached 4.6 million tonnes in 2004. Mosaic upgrades a large percentage of its ore into higher value products such as coarse and granular grade potash than other producers in the world. In fact, coarse and granular grades accounted for more than 50 percent of the world output last year.

Mosaic plans to take a leadership role in the global potash market by any metric. Mosaic played a leadership role in the global potash market by any metric. Mosaic plans to take a leadership role in the global potash market by any metric. Mosaic played a leadership role in the global potash market by any metric.

Potash Operations

Potash Operations

Potash Operations

Overview

Mosaic is one of the leading potash producers in the world. The company operates six potash mines in North America including four large-scale mines in Saskatchewan and two smaller scale mines in the United States. Annual capacity stands 1.5 million tonnes of product or 5.4 million tonnes of revenue (K2O). Mosaic mined approximately 3.3 million tonnes of product or 5.4 million tonnes of revenue in 2004. Mosaic operated at an average rate of 92 percent of rated capacity last year.

Mosaic currently mines reserves owned by PotashCorp at its Esterhazy, Saskatchewan operations. The capacity and production statistics above include tonnage supplied PotashCorp from this complex. Mosaic mines and ships up to 150,000 tonnes of product per year for PotashCorp at one of its two rail yards. Including this tonnage, Mosaic’s go-to-market capacity is approximately 5.5 million tonnes and its go-to-market production reached 4.6 million tonnes in 2004. Mosaic upgrades a large percentage of its ore into higher value products such as coarse and granular grade potash than any other producer in the world. In fact, coarse and granular grades accounted for more than 50 percent of the world output last year. These grades are used for bulk blending with other fertilizer products in the large U.S. market as well as in rapidly growing markets such as Brazil. Mosaic markets roughly two thirds of its production last year in North America and the remaining one third. Canpot, the export division of Saskatchewan potash producers, is owned 50 percent by Mosaic. Canpot operates seven mines and offers sales from its Esterhazy mines. The company mines and sells a large fleet of dedicated oil can and operates efficient pipelines in Vancouver and Portland. Canpot’s largest allocation of Canpot sales, based on or shared of Saskatchewan revenues, is 26 percent of Mosaic revenues for PotashCorp and Agrium are 54.2 percent and 9.1 percent, respectively. Mosaic mines both agricultural and industrial customers. Approximately 46 percent of its go-to-market production was sold into the agricultural market last year. The remaining 14 percent was sold to industrial customers who use potash for a variety of applications ranging from water conditioning to re-cycling in the manufacturing of glass products.

Mosaic currently mines reserves owned by PotashCorp at its Esterhazy, Saskatchewan operations. The capacity and production statistics above include tonnage supplied PotashCorp from this complex. Mosaic mines and ships up to 150,000 tonnes of product per year for PotashCorp at one of its two rail yards. Including this tonnage, Mosaic’s go-to-market capacity is approximately 5.5 million tonnes and its go-to-market production reached 4.6 million tonnes in 2004. Mosaic upgrades a large percentage of its ore into higher value products such as coarse and granular grade potash than any other producer in the world. In fact, coarse and granular grades accounted for more than 50 percent of the world output last year. These grades are used for bulk blending with other fertilizer products in the large U.S. market as well as in rapidly growing markets such as Brazil. Mosaic markets roughly two thirds of its production last year in North America and the remaining one third. Canpot, the export division of Saskatchewan potash producers, is owned 50 percent by Mosaic. Canpot operates seven mines and offers sales from its Esterhazy mines. The company mines and sells a large fleet of dedicated oil can and operates efficient pipelines in Vancouver and Portland. Canpot’s largest allocation of Canpot sales, based on or shared of Saskatchewan revenues, is 26 percent of Mosaic revenues for PotashCorp and Agrium are 54.2 percent and 9.1 percent, respectively. Mosaic mines both agricultural and industrial customers. Approximately 46 percent of its go-to-market production was sold into the agricultural market last year. The remaining 14 percent was sold to industrial customers who use potash for a variety of applications ranging from water conditioning to re-cycling in the manufacturing of glass products.

Mosaic currently mines reserves owned by PotashCorp at its Esterhazy, Saskatchewan operations. The capacity and production statistics above include tonnage supplied PotashCorp from this complex. Mosaic mines and ships up to 150,000 tonnes of product per year for PotashCorp at one of its two rail yards. Including this tonnage, Mosaic’s go-to-market capacity is approximately 5.5 million tonnes and its go-to-market production reached 4.6 million tonnes in 2004. Mosaic upgrades a large percentage of its ore into higher value products such as coarse and granular grade potash than any other producer in the world. In fact, coarse and granular grades accounted for more than 50 percent of the world output last year. These grades are used for bulk blending with other fertilizer products in the large U.S. market as well as in rapidly growing markets such as Brazil. Mosaic markets roughly two thirds of its production last year in North America and the remaining one third. Canpot, the export division of Saskatchewan potash producers, is owned 50 percent by Mosaic. Canpot operates seven mines and offers sales from its Esterhazy mines. The company mines and sells a large fleet of dedicated oil can and operates efficient pipelines in Vancouver and Portland. Canpot’s largest allocation of Canpot sales, based on or shared of Saskatchewan revenues, is 26 percent of Mosaic revenues for PotashCorp and Agrium are 54.2 percent and 9.1 percent, respectively. Mosaic mines both agricultural and industrial customers. Approximately 46 percent of its go-to-market production was sold into the agricultural market last year. The remaining 14 percent was sold to industrial customers who use potash for a variety of applications ranging from water conditioning to re-cycling in the manufacturing of glass products.