Company Mission

A premier marketing and logistics company that exports Saskatchewan potash to markets outside Canada and the United States

Canpotex enhances the international sales and distribution capabilities of its individual Shareholders and customers by sharing logistical assets and obtaining benefits from economies of scale
Canpotex History

- Canpotex was established in 1970 to market Saskatchewan potash in **overseas markets**, with our first sale made in 1972
- Incorporated under Federal Statutes, Canpotex was established as a single company responsible for reliable and **efficient** delivery of Saskatchewan potash to offshore markets
- Our successful market development programs have provided the education and resources to help our customers achieve optimal crop yields since 1983
Company Overview

• Canpotex is not involved in the independent production decisions of our Shareholders, nor do we regulate or restrict potash supplies.

• Our sole marketing focus is offshore, and our main objectives are to maximize exports and efficiently serve our customers to the benefit of our Shareholders.

• Offices located in Saskatoon, Vancouver, Singapore, Hong Kong, and Tokyo.

• Sales and marketing team decentralized and located in close proximity to major markets.
Company Overview And Ownership

• Canpotex sells Saskatchewan potash to markets outside Canada and the United States
  • operational since 1972, with sales of over 190 million tonnes since inception
• Private corporation owned by the Saskatchewan potash producers—all large integrated fertilizer companies
Company Overview

- Shareholders have an equal say in the affairs of the Company (one member, one vote)
- Governed by an entitlement process based on the production capacity of its Shareholders
- Operates on a flow-through basis
- Product Supply Agreements, based on projected annual sales, reflect Shareholder commitments
Company Strengths

• Committed solely to offshore markets
  • Canpotex has offices in key market areas
  • focuses on overseas potash markets with
    a strong customer orientation
• Long-term direct customer relationships
  • over 41 years
  • exclusive supplier support
  • no trader intervention
• Long-standing cultural appreciation
  • representation in many local markets
  • routine Canpotex market visits
  • annual customer visits to Canada
• A highly knowledgeable senior marketing team
  • With an average of over 25 years of international
    marketing experience
Company Strengths

• Managed logistics
  • coordinates timely arrival of potash to meet customer requirements

• Innovative marketing supply
  • approximately 20 grades of potash
  • logistical solutions
  • long-term partnership with key customers
  • Canpotex seeks win-win outcomes

• Trusted to deliver quality products on schedule
  e.g. provides 100% of the Industrial requirements for Japan, Korea, China, Thailand, and Taiwan

• Recognized as a reliable supplier of high-quality products

• Increasing capability to supply rising customer needs
  • expanding rail, terminal and ocean vessel capacity
Canpotex Markets

- Since establishment, Canpotex has delivered quality potash to more than 135 customers in approximately 60 countries.
- Canpotex currently includes approximately 30 offshore markets, consisting of major markets such as Australia, Brazil, China, Colombia, India, Indonesia, Japan, Korea, Malaysia, Thailand and Vietnam.
- Competition from producers in Brazil, Belarus, Chile, China, Germany, Israel, Jordan, Russia, Spain, U.K. and the U.S.
- Sales made on CFR and FOB basis.
Market Development

- Canpotex’s market development initiatives include:
  - programs in Asia, Latin America and Oceania operating in cooperation with the International Plant Nutrition Institute
  - encouraging farmers to use potash by promoting the benefits of balanced fertilizer application

- Programs in Africa, Argentina, Australia, China, Colombia, Ecuador, India, Indonesia, Malaysia, Mexico, Myanmar, Nicaragua, Panama, Peru, Philippines, Uruguay, and Vietnam
Canpotex Market Development programs help farmers achieve maximum crop yields
Quality Assurance

Quality Control

Quality is paramount

- product quality and handling processes are closely monitored throughout the supply chain
- independent load and discharge analysis

Routine mine site testing

- consistent testing methodology
  (Saskatchewan Potash Producers Association)
- continuous measurement against standards
  (round-robin testing)

Canpotex Technical Support Working Group

- participation by Shareholders and Management
- product development is ongoing and driven by market requirements
Rail Access to Vancouver and Portland

- Neptune: 210,000 MT storage
- Portland: 135,000 MT storage
- Vancouver
- Kingsgate
- C.P.
- C.P./C.N.
- Saskatchewan
- Regina
- Saskatoon
- Alberta
- Montana
- Oregon
- Idaho
- Washington

Saskatoon, Vancouver, Singapore, Hong Kong, Tokyo

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Logistics and Planning

- Geographic location of Saskatchewan potash mines presents logistical challenges
  - 1,600 kilometres to tidewater
  - rugged Canadian landscape
  - extreme temperatures
- Adaptability and flexibility are key to our effective logistics system
- Ongoing strategic planning ensures our sales commitments are met
- Redundancy and resiliency are embedded into our supply chain
Inland Transportation

- Canpotex’s specialized fleet totals approximately 5,000 railcars
  - designed around the bulk density of potash
  - dedicated only to potash service
  - full unit trains of up to 170 railcars
  - 800 railcars dedicated to white potash
- Specialized railcar design has resulted in a 65% increase in operating capacity since 2000
- Canpotex has partnerships with Canadian Pacific Railway and Canadian National Railway in Canada and with Union Pacific in the U.S.

A170-railcar train carries approximately 17,500 MT of potash, and is nearly 2,600 metres long (8,500 feet)
Inland Transportation

- Canpotex ships the heaviest bulk trains in North America
- Railcars built in Canada by National Steel Car Limited
- Canpotex manages and directs the inland potash journey to the customer, ensuring product is delivered to the load port to meet sales requirements
Rail Corridor Capacity

- Commodity **shipments** through North American West Coast ports continue to increase

- Railways are investing to increase **corridor capacity** to satisfy growth in commodity markets

- CN, CP and UP have invested significantly in infrastructure improvements over the past 10 years

- Strong **partnerships** are more important than ever
Daily communication among Canpotex offices, railways, terminals and vessels ensure prompt, efficient handling and delivery.
• Approximately 95% of Canpotex’s potash sales are currently made on a CFR basis, where Canpotex hires and manages the vessel through to the port of discharge

• Canpotex’s Ocean Transportation strategy includes vessel arrangements under long-term charter or joint venture to minimize the impact of a volatile ocean freight market

• On average, Canpotex operates 35-45 vessels at any given time
ULTRA SASKATOON sets sail - January 2012
Canpotex’s forward vessel commitments include 18 new vessels through various joint ventures, of which 13 vessels have been delivered and the remaining 5 will be delivered by 2014.

Canpotex operates over 225 vessel voyages per year, making approximately 600 port calls to over 80 ports worldwide.
Terminal Operations

• Canpotex has **modern** and **efficient** terminal facilities:
  • Neptune Bulk Terminals located at the Port of Vancouver, British Columbia
  • Portland Bulk Terminals located at the Port of Portland, Oregon
Neptune Bulk Terminals

- A Canpotex joint venture with Teck Coal and Bunge Canada, located at Vancouver, British Columbia
- Operated by Neptune Management Group reporting to the Neptune Board of Directors
- Handles approximately 75% of Canpotex shipments
- Infrastructure includes:
  - 210,000 MT storage capacity
  - two berths
  - two dumper pits
  - railcar capacity of up to 340 railcars
- Current terminal throughput is up to 11.5 million tonnes per year
Major Capital Investments at Neptune

1992
Addition of dedicated potash storage shed, state-of-the-art reclaimer and second dumper pit

2000
Development of Berth #3 resulted in additional terminal loading capacity, with new conveyor system and new shiploader

2007
Investments for improvements at Berth #3

2011
Canpotex completes a two-phased project to improve its rail, conveyor and material handling systems
Portland Bulk Terminals

- Wholly owned by Canpotex, located at Portland, Oregon
  - developed to handle specialty grade potash
  - alternative to loading at Vancouver
- Operated by SSA Pacific, Inc.
- Handles approximately 25% of Canpotex shipments
- Infrastructure includes:
  - 135,000 MT storage capacity
  - one berth
  - one dumper pit
  - railcar capacity of up to 390 railcars
- Current terminal throughput up to 4.0 million tonnes per year
Major Capital Investments at Portland

1997
Canpotex celebrated the opening of its new bulk-handling terminal facility

1999
Canpotex commissioned a number of operational enhancements to the terminal

2007
Canpotex completes Phase 1 of a new expansion plan to accommodate expected increases in potash demand

2008
Ongoing investments for leasehold improvements at Portland Bulk Terminals

2013
Canpotex incorporated a new high speed shiploader to increase throughput at the terminal
Shaping the Future
• Canpotex is recognized **globally** as a **leading** potash exporter, with consistently efficient and timely deliveries that continue to meet the growing demand in overseas markets.
Strategic Initiatives

- Canpotex initiatives are innovative and ongoing:
  - terminal expansions
  - expanding fleet of potash railcars
  - maintenance and staging facility for potash railcars
  - increased long-term vessel arrangements
  - proprietary, efficient all weather loading systems
  - potential for offshore transshipment and warehouse facilities
  - potential for industrial grade potash shipments in containers
Canpotex Terminal Expansions

- Canpotex terminal expansion plans support our Shareholders’ announced Saskatchewan mine expansions
- Canpotex is completing an analysis of site locations for new large-scale terminal expansions to:
  - build capacity to handle forecast sales volumes
  - mitigate increasing operational costs
- Potential projects are:
  - **Greenfield** terminal site at Prince Rupert
  - expansion of **existing** Portland facility: Portland Bulk Terminals
- Phased-in approach matching new capacity with volumes
- Estimated costs are in excess of CDN $900 Million
Canpotex Railcar Maintenance Facility Development

• Canpotex has established a new Railcar Maintenance Facility to:
  • enhance reliability of potash delivery management
  • support the mine expansion activities of Canpotex’s Shareholders
  • increase overall rail corridor performance
  • control long-term preventative maintenance
  • improve railcar fleet management information system
Canpotex Railcar Maintenance Facility Development

- Site: Rural Municipality of Usborne 12 kilometres southwest of Lanigan, Saskatchewan
- Railcar spots: 510
- Employment: Construction: 40 jobs Operations: 24 jobs
- Services: All-weather inspection and light repair Automated railcar wash Wheel maintenance
Thank You.

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