

# Potash Ridge Receives a Positive Prefeasibility Study for Its Blawn Mountain Project

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TORONTO, ONTARIO--(Marketwired - Nov 7, 2013) - [Potash Ridge Corp.](#) ("Potash Ridge" or the "Corporation") (TSX:PRK)(OTCQX:POTRF) is pleased to announce that Norwest Corporation ("Norwest") has completed an independent Prefeasibility Study ("PFS") for the Corporation's flagship Blawn Mountain Project in Utah (the "Project"). The PFS, which was prepared in accordance with NI 43-101, demonstrates that the Project is technically and economically viable and that further development of the Project is justified.

## Key Highlights of the PFS (all figures denominated in U.S. dollars and U.S. short tons)

- Surface mine with conventional crushing, roasting, leaching and crystallization processes;
- An average of **770,000 tons of sulphate of potash ("SOP") per annum** during first 10 years of operation after ramp-up; life of mine average of 645,000 tons of SOP per annum;
- Proven & Probable mineral **reserves of 426 million tons**;
- **Reserves support 40 year mine life**, with potential to increase life of operations through exploration of two additional zones of known mineralization;
- **Project after tax Net Present Value ("NPV") of \$1.0 billion** using a 10% discount rate:
  - Total sales of 26 million tons of SOP over life of mine;
  - No terminal value added to the NPV, which assumes no extension to life of operations;
- **Unlevered after tax internal rate of return ("IRR") of 20.5%**; payback period of 5 years after commencement of operations;
- Installed SOP **capital cost of \$1.1 billion**;
- Strong cash flow generation with **cash flow from operations of \$234 million per annum excluding the two year ramp up period**;;
- Approximately 28% of direct capital costs are supported by packaged quotes;
- Expect to be a low cost producer: average **net cash operating costs after by-product sulphuric acid credits of \$218 per ton of SOP (inclusive of royalties), \$173 per ton (exclusive of royalties)**; no credit assumed for possible revenue from the sale of alumina material.

Mr. Guy Bentinck, CEO, stated: "The completion of the PFS is a major milestone in the development of the Project. We are extremely pleased with the results that demonstrate the technical and economic viability of the Project. The PFS highlights that we have a 40-year Project, entirely based on mineral reserves, with a technically sound and economically proven flow-sheet. The Project offers a unique opportunity for significant production of SOP in Utah, one of the most favourable mining jurisdictions in the world. In recent months the North American SOP market dynamics have demonstrated strong long-term fundamentals, resulting in increasing pricing premiums over MOP. Our intention is to move forward into the Feasibility Study stage early next year. We will also continue with strategic initiatives to pursue long-term partnerships and financing arrangements for the development and construction of the Project."

## Economic Summary

The Project has an estimated NPV of \$1.0 billion (after tax, 10% discount rate) and an estimated unlevered

IRR of 20.5% (after tax).

Production volume is planned at an average of 645,000 tons of SOP per annum for the 40-year life of the Project, ranging from 861,000 tons per annum to 496,000 tons per annum. An average of 1.4 million tons of sulphuric acid is also planned to be produced annually.

Over the life of the Project, a total of 26.4 million tons of SOP and 59.0 million tons of sulphuric acid is planned to be produced.

### Economic Indicators:

NPV (pre-tax, at 10%)	\$1.4 billion
NPV (after tax, at 10%)	\$1.0 billion
IRR (pre-tax)	23.5%
IRR (after tax)	20.5%
Average annual SOP production	645,000 tons
Average annual sulphuric acid production	1,440,000 tons
SOP price (average)	\$649/ton
Sulphuric acid price (average)	\$135/ton
Project life	40 years
Initial Capital cost (including average 15% contingency)	\$1,124 million
Operating cost (including royalties)	\$218/ton SOP
Operating cost (excluding royalties)	\$173/ton SOP
Payback period (from commencement of operations)	5 years

The economic evaluation is based on the following assumptions:

- Site construction commences late 2015;
- Production ramp-up over 2 years (2017-2018), reaching full production in 2019;
- Average annual SOP production in first 10 years of full production of 770,000 tons;
- SOP pricing from CRU forecast;
- Capital and operating costs as described below;
- Average tax rate of 35%;
- Royalty payments of approximately \$28.7 million per annum; and
- Approximately 500 jobs at full production.

### Capital Costs

The Corporation estimates that it will incur capital costs of approximately \$1.1 billion to develop, construct and bring the Project into commercial production. Sustaining capital expenditures are estimated to amount to an additional \$160 million spread over the 40-year mine life. The capital cost estimate has an accuracy of -30%/+30%.

### Total Project Capital Estimate (USD M's)

	Total Construction and Development Capital	Sustaining Capital	Total Life of Project Capital
Project Infrastructure	\$ 90	\$ 3	\$ 93
Processing Plant	\$ 954	\$ 153	\$ 1,107
Product Storage and Handling	\$ 30	\$ 4	\$ 34
Contingency	\$ 50	\$ 0	\$ 50

Total	\$	1,124	\$	160	\$	1,284
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The Project will also require additional utilities and infrastructure in the amount of \$641 million. Potash Ridge has pursued build-own-operate ("BOO") arrangements for much of the Project's utility requirements and has identified funding opportunities through established government programs for certain infrastructure requirements. Under these BOO arrangements, third party service providers will finance the construction, own, operate and maintain certain utility support assets. These include contract mining, the natural gas pipeline, water production, the sulphuric acid plant and associated facilities. Current state and federal programs are available to assist in the development of the County access roads and the rail line.

In addition to mitigating Potash Ridge's capital requirements, these BOO arrangements dedicate responsibility for operating these utility and infrastructure and support assets to experienced operators that will manage the assets in a reliable and cost-efficient manner, allowing Potash Ridge to focus on the production of its key products. Potash Ridge has received indicative proposals from various parties with respect to the majority of these support assets; accordingly, Potash Ridge does not anticipate incurring these capital costs.

## Operating Costs

The net cash operating cost for the Project, after deducting the estimated credit from sales of sulphuric acid, is estimated to be \$218/ton of SOP. Excluding royalties, the net cash operating cost is estimated to be \$173/ton of SOP. Expected average annual operating costs are shown in the table below:

Total Cash Production Costs	Annual Average Cost(\$)/Ton SOP (Constant 2013 \$USD)
Direct Plant and Mine Cash Production Cost	\$ 414
Credit for Value of Acid	\$ (302)
Subtotal of Direct Plant and Mine Cash Production Cost	\$ 112
Royalties	\$ 45
Site G&A	\$ 12
Property Taxes	\$ 11
3 <sup>rd</sup> Party Facility Charges	\$ 34
Corporate Overhead	\$ 4
Total before royalty	\$ 173
Royalty	\$ 45
Total Cash Production Cost	\$ 218

The most significant operating expense is natural gas. A natural gas price of \$3.90 per MMbtu has been used and represents the delivered costs to gate based on \$3.50 per MMbtu sourced from current forward curve for the Kern River Opal Hub, Wyoming, (Platts September 30, 2013).

## Mineral Reserves

The Blawn Mountain Property consists of four main zones of alunite mineralization contained within approximately 15,400 acres of land leased by Potash Ridge located in Beaver County, Utah. The zones are labeled as Areas 1 to 4 on the map below and show the drilling performed by Potash Ridge since the inception of the Project and the historical drilling.

**To view Topography and Drill Hole Locations, please visit the following link:**

<http://media3.marketwire.com/docs/909725-PRK-figure-1.pdf>

Drilling to date by the Corporation has focused only on Areas 1 and 2. The mineral reserves are presented in the table below. Areas 3 and 4, which are defined by a limited number of historical drill holes, are recognized as future exploration targets.

## Mineral Reserves, by Category Effective Date November 6, 2013

	Reserve Category
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	Proven (‘000 tons)	Probable (‘000 tons)	Total
Alunite Ore (ROM tons)	136,254	289,540	425,794
SOP (tons)	8,457	17,970	26,427
SOP (average K <sub>2</sub> O (%) grade)	3.56	3.49	3.51
SOP (average K <sub>2</sub> SO <sub>4</sub> (%) grade)	6.59	6.46	6.49
Sulphuric Acid (tons) @ 98% Purity	18,888	40,136	59,024

Utilizing the geologic model and resource areas, a base case mine plan was developed to meet certain criteria related to project economics, grade, target production rates, etc. The mine plan at a prefeasibility level of assurance, was found to be of positive economic value and forms the basis of mineral reserves.

## Metallurgy

Metallurgical testing programs performed to date demonstrate that the Project's alunite can be processed into SOP, and the alumina contained in the SOP leach residue is in a form that can be processed into refined alumina through a conventional Bayer plant.

Metallurgical testing for the PFS was performed on three distinct composite samples from various parts of the proposed mining area. The test work covered all aspects of the contemplated flow-sheet, including grinding, calcining, leaching and crystallization.

One of the primary objectives of the test work was process optimization, particularly given the current focus of maximizing production of SOP rather than alumina. Several process optimization decisions were made as a result of this test work, the most significant of which was the elimination of the beneficiation step that was contemplated in the Preliminary Economic Assessment ("PEA") issued November 5, 2012.

Alunite beneficiation included crushing, grinding and flotation that separated silica from the alunite. Flotation was successful, though costly. In order to achieve the required SOP recoveries using flotation, the ore had to be ground to 80 percent, passing 80 microns. Eliminating flotation allows for an increase in the particle size to 1,000 microns without reducing SOP recovery. This eliminates the capital cost of the flotation plant and reduces the capital cost of the crushing and grinding facilities, but increases the capital cost of the calcination facilities.

From an operating cost perspective, eliminating flotation results in less energy being required to crush and grind the material and expensive reagents used for the flotation process will no longer be required. Also, less material will need to be mined for the same level of production, as some of the SOP contained in the resource was lost in the flotation process. The elimination of the flotation step allows for a reduction in the size and complexity of the tailings facility, as the larger particle size enabled a move to a free draining tailings pile and pond instead of a conventional wet tailings impoundment. Along with the move to whole ore processing rather than flotation, the ore production rate was also evaluated, resulting in a new process plant ore production rate of 10.4 million tons per year. The reduction in the production rate, the elimination of the flotation circuit, the increase in the particle size, and its effect on tailing water release resulted in significantly reduced water consumption.

Another process optimization identified during the test work was a reduction in the calcination temperature. The PEA was based on a flotation circuit followed by roasting the ore at a temperature of 800°C, resulting in an overall recovery of 67%. The whole ore test work confirmed that material sized to 1,000 microns could be roasted at a temperature of 550°C to produce a calcine material that can be leached with potassium extractions of 90%, while maintaining the alumina in the leach residue in a form which is amenable for processing into alumina through a conventional Bayer plant.

Further metallurgical test work will be focused on optimization of equipment design. This will include a continuation of pilot scale test work and larger scale testing at vendor facilities.

The final proposed process steps based on the results of test work to date are presented in the section "Processing" below.

## **Mining**

The surface deposit allows for ore and waste material to be removed using area and bench mining, utilizing conventional truck/shovel techniques. A preliminary evaluation of slope stability for the mine concluded that mine slopes with overall angles of 45 degrees were appropriate. A relatively small equipment fleet will be needed for mining operations. Preliminary water management plans have been developed for surface water, groundwater and dust control for the pits and haul road.

The average mining rate for the life of the Project is 10.4 million tons per annum.

## **Processing**

Alunite has been mined and processed worldwide for centuries. During World War I, alunite was mined in the Mount Baldy mining district in Utah for production of SOP. The district was again mined during World War II for alumina going to production of aluminum for the war effort. These operations were not economically viable in the post-war years due to their small scale. The size of most western alunite deposits was not known until the 1970s. Many of the western US alunite deposits are fairly large, potentially making them a cost-effective source of SOP and a competitive alternative to bauxite for alumina. Australia has a similar history of production of SOP and alumina from alunite during both World Wars.

In Azerbaijan, an alunite mine and processing facility produced alumina and SOP from the 1960s until 1994, when the plant shut down due to a lack of power following the collapse of the Soviet Union.

Given the long history of producing SOP and alumina from alunite, the processing steps are well understood and utilize conventional and proven equipment.

A combination of unit operations is envisioned for the production of SOP based on process optimization test results. The key operations are summarized below:

- Primary crushing and stockpiling of ore
- Grinding and classification of the ground material
- Thickening and filtration of the ground material
- Calcining of crushed material
- Leaching the calcine with hot water to extract the SOP
- Thickening and filtration of the leach slurry to separate and recover dissolved SOP from the alumina-silica leach residues
- Crystallization of SOP
- SOP product drying, compacting, packaging and load-out
- Repulping of the alumina-silica leach residue
- Pumping leached alumina-silicate solids to free draining stockpile within the tailing impoundment
- Cleaning calciner off-gases and recovering the SO<sub>2</sub> as sulphuric acid
- Reclaiming the water from the tailings for reuse in the process plant

## **Logistics and Infrastructure**

The property is approximately 30 air miles southwest of the town of Milford, Utah and 30 air miles from the

Nevada border. It is ideally located close to all major infrastructure required for the mine processing operation including major highways, railroads, water sources, gas lines and construction suppliers.

- The property is about 20 air miles west of the Union Pacific Railway ("UP") route, running north-south and connecting Salt Lake City with Las Vegas and farther points on the UP rail system. The railway will allow for convenient transportation to major SOP markets and ports, allowing for the option of exporting SOP not sold locally.
- There are two energy corridors that pass to the east of the Blawn Mountain Project containing the Utah-Nevada gas pipeline and the Kern River gas pipeline. The Corporation is presently speaking with providers regarding the supply of gas for the Project.
- The Corporation has identified a series of resources for the Project's water needs including the Wah Wah and Pine Valleys. The Corporation has submitted a water rights application to the state for the Wah Wah Valley, with the hearing scheduled for November 20, 2013. Obtaining the water rights will mark another major project development milestone.
- There are many construction businesses in the surrounding area that have the ability to supply construction materials for the Project.

## Marketing

SOP produced from the Project will be marketed domestically and globally. The co-product sulphuric acid, will be marketed to existing U.S. phosphate producers, copper and gold miners, as well as to mines under development in the region. While not included in the PFS economics, the residue from the leaching process contains alumina, and has the potential to serve the rapidly growing bauxite market in China, or serve as a feedstock material for ceramic proppant producers in the United States.

As the most commonly used alternative to Muriate of Potash ("MOP") when the presence of chloride ions is undesirable, SOP sells at a premium over MOP. Worldwide, for the period 2001 - 2010, SOP has commanded an average premium of 47% over MOP, ranging from 38% to 61%. The SOP market in western United States is being served by a single producer leading to a supply constrained market. As a result, the high value crop growers in these markets pay a larger premium for SOP over MOP than premiums realized in other markets. In the third quarter of 2013, the average realized SOP price in the western US market was \$646 per ton, a 130% premium over the average realized MOP price.

Specialty crops best suited for SOP applications account for approximately 40% of total crop revenues. SOP consumption in the United States is approximately 385,000 tons per annum, with over 50 percent of this demand coming from California. California is the number one state in cash farm receipts, growing 58% of US-grown non-citrus fruits, nuts and vegetables and 100% of US almond production (the second highest commodity in value after milk). Potash Ridge believes the US market can absorb 535,000 additional tons of SOP per annum.

Potash Ridge intends to focus its SOP marketing efforts in the US on growers of premium value crops. California will be a key market given its large agricultural base of premium crops. Florida will be another key target. Currently, approximately 100,000 tons per annum of SOP is imported into Florida from Europe and Chile, which can also be displaced given the transportation advantage. Outside of the United States, China and Brazil, with their growing populations and growing need for food, are other key markets of focus for Potash Ridge.

The existing Mountain West US market for sulphuric acid is in the region of 5.6 million tons per annum. In addition, there are new and planned mine developments and existing mine expansions having the potential to significantly increase this volume. These development prospects, combined with potential supply disruptions by existing sulphuric acid producers in the region, are expected to lead to a healthy demand for the Project's sulphuric acid production.

Potash Ridge has a memorandum of understanding ("MOU") in place with an existing Utah mine that would result in a \$150 per ton price for sulphuric acid based on current sulphuric acid prices and transportation costs estimated by an independent consultant. The MOU would result in the placement of 20% of the acid

produced by the Project. The off-take customer indicated that they would be willing to accept the equivalent amount of elemental sulphur from Potash Ridge should the decision be made to produce sulphur rather than sulphuric acid. The counter-party has also agreed to provide a sink for the acid, whereby any unsold acid could be used at their facility, eliminating the possibility of a shutdown due to lack of storage facility for the acid at the plant.

As previously mentioned, the PFS economics do not include revenue from the sale of the alumina-containing residue from the leaching process as a substitute to bauxite as a feedstock into a Bayer facility. Metallurgical testing to date has already confirmed that the alumina contained in this material is soluble in high temperature caustic solutions; Bayer Process conditions, and may also be acceptable as a raw material feed for low temperature refineries. The Corporation is also in discussions with North American proppant producers to provide alumina bearing feed material for the production of ceramic proppants. Further testing is being carried out to determine whether the product meets the required specifications for use as a feedstock into a Bayer plant for the production of alumina or as a material for proppant.

## **Permitting and Approvals**

The Project is located on 100% state-owned land controlled by the School and Institutional Lands Administration ("SITLA"). These lands are not expected to impact resources with federal oversight, and as such, federal site-specific approval and permits are not anticipated to be required for the Project. State permits are more streamlined in process and typically require a shorter period of time for approval.

A strong permitting and environmental strategy has been developed and implemented to support the permitting timeline. Potash Ridge has been very diligent in evaluating the Project area's environmental conditions in order to satisfy permitting and regulatory requirements. Required environmental baseline field studies and surveys are nearing completion and final reports are being prepared this fall. These studies will assist in preparing major operating permit applications. The key upcoming permit submissions include the Large Mining Permit, Air Quality Permit and Ground Water Permit, all of which are scheduled to be submitted late in 2013 and 2014.

Large Mining Permit - numerous environmental surveys have been completed to provide the baseline assessments required to submit the permit later this year. These surveys include wildlife, soil, vegetation, air, water and cultural resources.

Air Quality Permit - the baseline monitoring was completed in September 2013, permit preparation and submission to follow.

Ground Water Testing - a program has been implemented to investigate the groundwater in order to evaluate potential impacts, and if necessary provide sufficient mitigation. The results of the investigation will be included as part of the Large Mine Permit application and used to complete a Groundwater Discharge Permit Application.

The Corporation was informed that a federal application by Beaver County to improve an existing road was granted late July, marking another key permitting milestone for the Project. The road will provide the Corporation access required for the development and operation of the Project.

## **Project Schedule**

The Project timeline presented below is conditional upon the Corporation obtaining all required development and construction financing.

- Feasibility - completed mid 2015;
- Permits - all construction and approval permits obtained by end of 2015;
- Construction - beginning late 2015;

- Production ramp-up over 2 years (2017-2018) with full commercial production in 2019.

While current market conditions make the funding of major capital-intensive resource projects challenging, the Corporation believes that the Project's strengths and competitive advantages are factors that will help overcome any financing hurdles. The Corporation is actively pursuing strategic partners and funding arrangements to support continued development of the Project.

The Corporation expects to file an updated National Instrument ("NI 43-101") Technical Report within 45 days of this release. The Report will be available on both SEDAR ([www.sedar.com](http://www.sedar.com)) and the Corporation's website ([www.potashridge.com](http://www.potashridge.com)).

#### Conference Call

The Corporation will host a conference call at 4.30pm Eastern Time on November 7, 2013 to discuss these results. Participants should register five to ten minutes prior to the call.

Call in details are as follows:  
Call in number 416-340-8527 / 800-952-4972

The conference call replay will be available until 11:59 p.m. EST on November 21, 2013.  
Replay call in number 905-694-9451 / 800-408-3053  
Passcode 9408515.

## Contributors

### Norwest Corporation

Norwest is an internationally-recognized leader in providing consulting expertise to the energy, mining, and natural resources industries. For over 30 years they have offered a wide range of services to energy and mining companies, electric power producers, financial institutions, governments, legal firms, and regulatory agencies. Norwest's professional staff of engineers, hydrologists, geologists, environmental specialists and management consultants bring extensive industry experience to consulting projects. Accordingly, they understand the opportunities, pressures, and constraints facing the industries they serve. Their innovative, experienced-based approach is focused on assisting our clients achieve world-class performance standards. See [www.norwestcorp.com](http://www.norwestcorp.com) for further details.

### ICPE Inc.

ICPE is a Utah-based, full service-engineering firm providing a complete range of professional mechanical, electrical, civil and structural engineering and design services. Their principals and key project engineers have worked together as consulting and design engineers since 1979. There are twelve (12) professional engineers and twenty (20) project managers and project engineers on staff. Their design teams have a wide range of experience well suited to meet the needs of their clients. Their experience includes providing professional engineering services to all industrial sectors. ICPE completes engineering in all disciplines, and is also prepared to assume project management responsibility and turnkey design/build services. See [www.icpeinc.com](http://www.icpeinc.com) for further details.

## Qualified Persons

Each of the Qualified Persons ("QPs") shown below has reviewed and approved the scientific and technical disclosures contained in the PFS and in this release and are independent of the company. QPs have verified the data including sampling, analytical and test data underlying the information or opinions contained herein. The QPs responsible are:

### Norwest Corporation

Jason Todd - Mining and Financial  
Steven Kerr - Geology  
Lawrence Henchel - Mineral Reserces

### ICPE

Robert Nash - Engineering  
Ravindra Nath - Engineering

## **About Potash Ridge**

Potash Ridge is a Canadian based exploration and development company with a unique opportunity to develop a SOP and alumina rich material project into long-term mining production.

The Company's Blawn Mountain Project consists of four areas of surface mineable alunite mineralization in the State of Utah. Alunite is a sulfate mineral ore rich in both SOP and alumina.

Located in a mining friendly jurisdiction with established infrastructure nearby, the project covers approximately 15,400 acres of state-owned land and has a known permitting process. Extensive development was completed in the 1970s including a mine plan, feasibility study and 3-year pilot plant operation.

Potash Ridge has a highly qualified and proven management team in place with significant financial, project management and operational experience and the ability to take projects into production.

## **Forward-Looking Statements**

*This press release contains forward-looking statements, which reflect the Corporation's expectations regarding future growth, results of operations, performance and business prospects. These forward-looking statements may include statements that are predictive in nature, or that depend upon or refer to future events or conditions, and can generally be identified by words such as "may", "will", "expects", "anticipates", "intends", "plans", "believes", "estimates", "guidance" or similar expressions. In addition, any statements that refer to expectations, projections or other characterizations of future events or circumstances are forward-looking statements. These statements are not historical facts but instead represent the Corporation's expectations, estimates and projections regarding future events. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Corporation, are inherently subject to significant business, economic and competitive uncertainties and contingencies. Known and unknown factors could cause actual results to differ materially from those projected in the forward-looking statements. Such factors include, but are not limited to: the future financial or operating performance of the Corporation and its subsidiaries and its mineral projects; the anticipated results of exploration activities; the estimation of mineral resources; the realization of mineral resource estimates; capital, development, operating and exploration expenditures; costs and timing of the development of the Corporation's mineral projects; timing of future exploration; requirements for additional capital; climate conditions; government regulation of mining operations; anticipated results of economic and technical studies; environmental matters; receipt of the necessary permits, approvals and licenses in connection with exploration and development activities; appropriation of the necessary water rights and water sources; changes in commodity prices; recruiting and retaining key employees; construction delays; litigation; competition in the mining industry; reclamation expenses; reliability of historical exploration work; reliance on historical information acquired by the Corporation; optimization of technology to be employed by the Corporation; title disputes or claims and other similar matters.*

*If any of the assumptions or estimates made by management prove to be incorrect, actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained herein. Such assumptions include, but are not limited to, the following: that general business, economic, competitive, political and social uncertainties remain favorable; that agriculture fertilizers are expected to be a major driver in increasing yields to address demand for premium produce, such as fruits and vegetables, as well as diversified protein rich diets necessitating grains and other animal feed; that actual results of exploration activities justify further studies and development of the Corporation's mineral projects; that the future prices of minerals remain at levels that justify the exploration and future development and operation of the Corporation's mineral projects; that there is no failure of plant, equipment or processes to operate as anticipated; that accidents, labour disputes and other risks of the mining industry do not occur; that there are no unanticipated delays in obtaining governmental approvals or financing or in the completion of future studies, development or construction activities; that the actual costs of exploration and studies remain within budgeted amounts; that regulatory and legal requirements required for exploration or development activities do not change in any adverse manner; that input cost assumptions*

*do not change in any adverse manner, as well as those factors discussed in the section entitled "Risk Factors" in the Corporation's Annual Information Form (AIF) for the year-ended December 31, 2012 found on sedar.com. The Corporation disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise, except as required by applicable law.*

## **BLAWN MOUNTAIN PROJECT**

### **SUPPLEMENTARY INFORMATION**

#### **1. BLAWN MOUNTAIN PROJECT BACKGROUND**

The Blawn Mountain Project (the "Project") consists of approximately 15,400 acres of Utah State mineral tracts owned by the State of Utah School and Institutional Trust Lands Administration ("SITLA"). The Project focuses in the mining and processing of alunite for the production of SOP and possibly alumina. Alunite is a hydrated aluminum potassium sulphate mineral,  $KAl_3(SO_4)_2(OH)_6$ , from which both SOP and aluminum can be extracted.

The Blawn Mountain property was the subject of extensive study and exploration activity conducted by Earth Sciences, Southwire Company and National Steel. During the 1970s, these companies spent approximately US\$25 million (approximately US\$100 million in today's dollars) on the exploration and development of the Blawn Mountain Property. This work included drilling, resource estimates, pilot plant testing, permitting, mine plan, feasibility study and engineering. The pilot plant, which ran for three years at around 11 tons per day of alunite, incorporated roasting technology acquired from the Soviet Union based on a then-existing commercially operated alunite processing facility in Azerbaijan. The Project's primary product at that time was alumina, although SOP and sulphuric acid were to be produced as by-products of the production process. By the early 1980s, however, the project had lost momentum, as a collapse in alumina prices and a stagflation economy made financing the project difficult.

In April 2011, Potash Ridge acquired the rights to the Project through an Exploration and Option Agreement with SITLA. Potash Ridge also acquired documentation pertaining to the above-mentioned historical work, which has been used and is expected to continue to be used to expedite the exploration and development of the Project.

The Project is located in southwest Utah, approximately 30 air miles southwest of the town of Milford. Mining has played a major role in Utah's economy for many years and the state is consistently ranked as one of the best jurisdictions in the world to do business. Ideally located, the Project is close to road, rail, power and natural gas infrastructure as well as mining support services. Also, the Project is situated on 100% state-owned land, which allows for a well-defined and efficient permitting process. These factors combine to provide a favourable framework for the expedited development of the Project.

Since late 2011, the Corporation drilled a total of 140 holes, comprising 103 reverse circulation and 37 core holes.

On November 5, 2012, Norwest issued a NI 43-101 technical report entitled Preliminary Economic Assessment - Blawn Mountain Project (the "PEA"). The PEA, which included results of the drilling work through 2012 and preliminary metallurgical test work, contemplated producing 750,000 tons per annum of SOP over an expected 30-year life of Project. The preliminary metallurgical test work was focused on confirming historical testing and pilot plant studies previously performed on the property. The PEA contemplated mining an average of 17.5 million tons of material per annum, using a 1% cut-off. The material was to be concentrated through a beneficiation plant before being processed into SOP and by-product sulphuric acid.

Drilling to date has focused on two of the four zones of alunite mineralization, within the Project known as Area 1 and Area 2. Based on non-NI 43-101 resource estimates from historical drilling on the remaining two zones known as Area 3 and Area 4, the potential exists to expand resources to support a longer mine life or to expand production.

In January 2013, Norwest commenced the PFS. Concurrently, the Corporation embarked on a more extensive metallurgical test program. This second phase metallurgical test program was focused on further confirming historical testing and pilot plant studies and also on process optimization strategies, taking advantage of new technologies and the fact that the primary product is now SOP.

## 2. PROJECT COMPETITIVE ADVANTAGES AND CORPORATION'S STRATEGY

Key Advantage	Details
Large Mineral Reserves	<p>&amp;#8226; Total mineral reserves of 426 million tons are sufficient to support 40 years of operations.</p> <p>&amp;#8226; Reserves demonstrate the economic viability of the project after taking account of all relevant marketing, legal, environmental, socio-economic and government factors.</p>
Premium Potash Product	<p>&amp;#8226; SOP is a high quality potash that typically sells at a significant premium over potassium chloride.</p> <p>&amp;#8226; SOP contains two nutrients (potassium and sulphur) and is ideally suited for application on high sensitivity.</p> <p>&amp;#8226; Not subject to inflexible MOP market dynamics dominated by existing marketing organizations.</p> <p>&amp;#8226; Recent market study has identified significant market potential for SOP to be sold into markets.</p> <p>&amp;#8226; In the last quarter, SOP sold in the US market at a 130% premium over MOP.</p>
Mining Friendly Jurisdiction	<p>&amp;#8226; Project is located in the State of Utah, which is ranked the best state for doing business by For of the top jurisdictions for mining per Fraser Institute (April 2013).</p> <p>&amp;#8226; Potash has been produced in Utah since the early 20<sup>th</sup> century and there are currently three po</p>
State-Owned Land	<p>&amp;#8226; The Project is located on 100% State-owned land and is governed by State permitting regulatio</p> <p>&amp;#8226; State permitting regulations in Utah are generally straightforward and efficient.</p> <p>&amp;#8226; The Project has the strong support of State and Municipal Governments.</p>
Established Infrastructure Nearby	<p>&amp;#8226; The project is located about 32 km west of Union Pacific Railroad, 24 km south of Highway 21</p> <p>&amp;#8226; Two energy corridors pass to the east of the Project containing the Utah-Nevada gas pipeline a</p> <p>&amp;#8226; The area surrounding the Project supports businesses that can supply construction materials.</p>
Proven Production Process	<p>&amp;#8226; Long history of SOP production from alunite.</p> <p>&amp;#8226; Azerbaijan operated the latest processing facility, producing SOP and bauxite material for arou</p> <p>&amp;#8226; Historically processed during 1915-1930 in Utah, United States.</p> <p>&amp;#8226; Produced in Australia during both World Wars.</p>
Historical Work Has Expedited Project Development	<p>&amp;#8226; During the 1970s approximately US\$25 million (approximately US\$100 million in today's dollars) development of the Project.</p> <p>&amp;#8226; The Corporation acquired all the historical data, including the 320 holes previously drilled, resu engineering reports and permitting work.</p>
Lower Operating Risk	<p>&amp;#8226; The proposed mining operations will be surface mining, which is lower-cost than underground m</p> <p>&amp;#8226; Surface mining additionally has lower operations risk and higher resource recovery rates.</p> <p>&amp;#8226; Having the material at surface has also allowed the Corporation to perform extensive confirmat</p>
Proven Management Team	<p>&amp;#8226; The Corporation is led by a strong management team with the proven capability to advance mi extensive experience in mining, operations, project financing and capital markets.</p>

Potash Ridge's strategy is to utilize these competitive advantages to advance development of the Project in the shortest timeframe possible.

## 3. THE PFS AS COMPARED TO THE PEA

The PEA was completed in November 2012. Work on the PFS began early in 2013.

The flowsheet design contemplated in the PEA was largely consistent with the historical flowsheet when the Project was previously evaluated in the 1970s primarily for the production of alumina.

The extensive metallurgical test program that followed completion of the PEA primarily focused on process

optimization strategies, opportunities to take advantage of new technologies and the fact that the primary product is now SOP.

As a result, the PFS includes a number of design improvements and other changes in assumptions. The major changes are highlighted below:

<b>Eliminated Beneficiation Step</b>	The PEA assumed an initial flotation step to upgrade the alunite content of the resource.	The PFS eliminated this step, which results in a significant increase in the amount of material that can be processed. This change results in a significant increase in the capital cost of the project. The change also enables a more efficient process and results in a significant increase in the amount of resource that can be processed. This change also results in a significant increase in the amount of resource that can be processed. This change also results in a significant increase in the amount of resource that can be processed.
<b>Reduced Calcination Temperature</b>	The PEA contemplated a roasting temperature of 800°C, to produce a calcine material from the 80 micron sized material that can be leached, with potassium extractions of 64%.	&#8226; The change results in a significant increase in the amount of material that can be processed. This change also results in a significant increase in the amount of resource that can be processed.
<b>Increased Cut-Off Grade and Improved Mine Plan</b>	The PEA was based on a Measured and Indicated Resource of 620.7 million tons of resource at a 1% K <sub>2</sub> O cut-off grade. The PEA assumed a Project life of 30 years, although resources supported a longer life.	&#8226; The change results in a significant increase in the amount of material that can be processed. This change also results in a significant increase in the amount of resource that can be processed. This change also results in a significant increase in the amount of resource that can be processed. This change also results in a significant increase in the amount of resource that can be processed.
<b>Purchasing Electricity Instead of Cogeneration</b>	The PEA assumed the construction of an 85MW natural gas cogeneration facility at site for the entire Project's needs. The PEA assumed a price of electricity of \$0.058 per kWh based on a \$3.00 per BTU gas price.	&#8226; The change results in a significant increase in the amount of material that can be processed. This change also results in a significant increase in the amount of resource that can be processed. This change also results in a significant increase in the amount of resource that can be processed. This change also results in a significant increase in the amount of resource that can be processed.
<b>Added Rail Spur to Site</b>	The PEA assumed that SOP and sulphuric acid would be trucked to the existing rail line, approximately 20 miles from site.	&#8226; The change results in a significant increase in the amount of material that can be processed. This change also results in a significant increase in the amount of resource that can be processed.
<b>Higher Natural Gas Price</b>	The PEA assumed a natural gas price of \$3.00 per MMBTU	&#8226; The change results in a significant increase in the amount of material that can be processed. This change also results in a significant increase in the amount of resource that can be processed.

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