



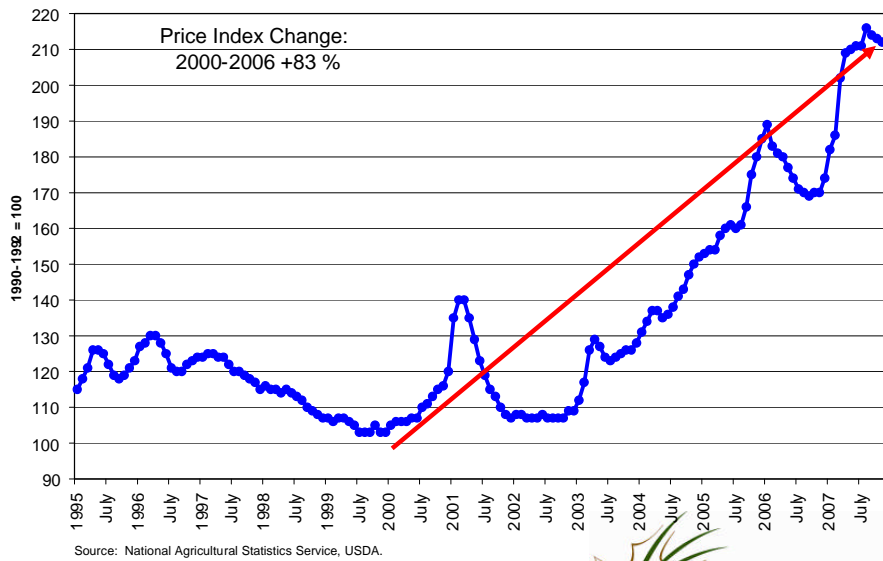
CANADIAN FERTILIZER INSTITUTE
INSTITUT CANADIEN DES ENGRAIS



Global and Canadian Fertilizer Situation

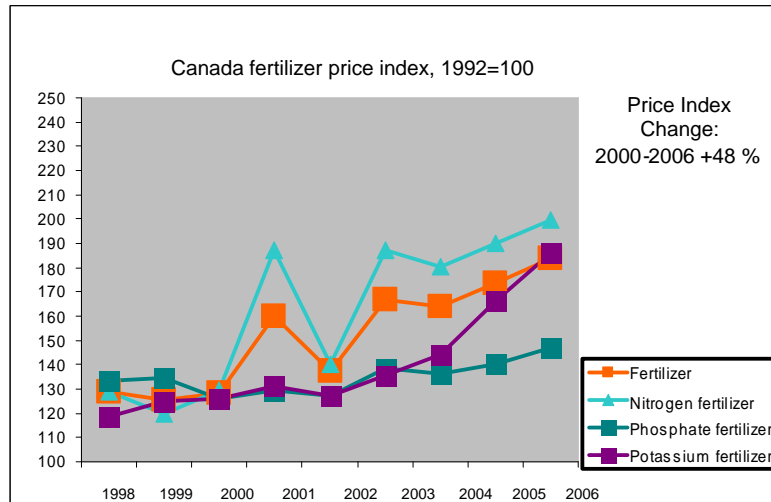
March 2008

Index of U.S. Fertilizer Prices Paid by Farmers



Price Index Change:
2000-2006 +83 %

Index of Canadian Fertilizer Prices Paid by Farmers



Source: Stats Can



Price Index Change:
2000-2006 +48 %

This compares to a change of +83% in the US fertilizer prices index, over the same period 2000 to 2006

Dealer Report Regional Wholesale Prices				
	Eastern Canada	Northern Plains	Western Canada	Pacific Northwest
	\$ CAN	\$ US	\$ CAN	\$ US
Urea	618-641	568-579	575-600	562-595
UAN (28 % Nitrogen Solution)	349-361	363-367	362-378	395-410
Anhydrous Ammonia	N/A	705-722* (FOB)	853-889	766-799
Mono- Ammonium Phosphate	N/A	711-722	710-745	761-772

All US prices have been converted to metric tonnes, in US currency. Canadian prices are in Canadian currency.
Dealer Report provides wholesale market coverage for 12 regions in North America. The report is updated weekly.
Price quotes do not represent actual transactions, but represent market conditions as perceived by selected buyers and dealers.
All quotes refer to delivered wholesale prices except when indicated as FOB.
Source—Pike & Fischer—Used with permission

* The ammonia price survey in the Northern Plains is FOB, not delivered. The rail tariff to ship ammonia by rail in Canada is typically in the range of \$80 to \$90 per metric tonne, and the trucking to retail fertilizer outlets further increases distribution costs, as the distances and therefore the transportation costs tend to be much great in Western Canada



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Generally this slide as of Jan.28/08 shows remarkably consistent wholesale fertilizer prices in Can & US markets.

Anhydrous ammonia has been flagged by some groups as an issue.

Transportation costs are a major factor in the movement of this fertilizer, as it is a TDG regulated liquefied or pressurized gas. Also, many of our retailers would identify the high standards for safety and training being implements by the CFI's Fertilizer Safety and Security Council. The Ammonia Safety Program is a world leader in ensuring the safety of our communities, customers and employees. Stewardship at this level is certainly part of the costs for our industry – a cost supported by police and fire chiefs, federal and provincial regulators, and public leaders including farm groups.

Positive Focus

What Happened in 3 Months

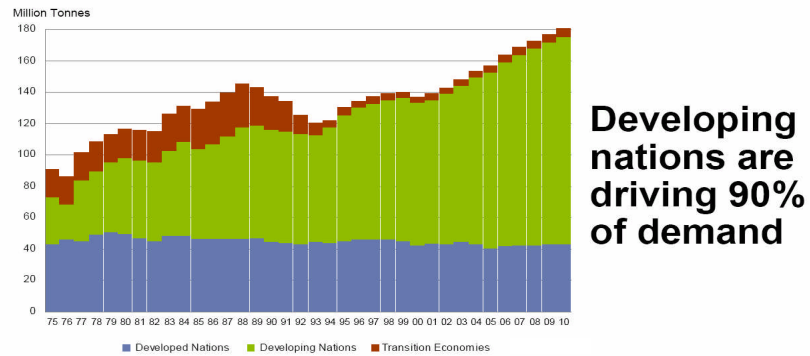
Commodity	Oct.30/07	Jan.25/08	Difference
<u>Returns to Farmers</u>			
Wheat (#1 Red 13.5 PX)	\$5.87/BU 50 BU \$292.00/ACRE	\$10.11/BU 50 BU \$505.00/ACRE	+ \$213.00/ACRE
Canola (delivered to Yorkton)	\$9.34/BU 40 BU \$374.00/ACRE	\$12.00/BU 40 BU \$480.00/ACRE	+ \$106.00/ACRE
<u>Major Inputs</u>			
Fertilizer Blend (100-35-30-20)	\$466.58/mt \$73.58/ACRE	\$587.62/mt \$92.67/ACRE	+ \$19.09/ACRE
Diesel: Dyed 14 Ltr/ACRE	\$0.75/Ltr. \$10.50/ACRE	\$0.82/Ltr \$11.48/ACRE	+ \$0.98/ACRE



Norquay, Saskatchewan Fertilizer Agri-Retailer

World Fertilizer Demand Outlook

World Nutrient Demand Through 2010



Source: Mosaic/ IFA



Developing nations are driving 90% of demand

Main world fertilizer demand drivers

Farmers around the world want more fertilizer

Corn-based ethanol production in the US

Tight food supply and strong agricultural commodity prices

India and China modernizing farming

World Urea Capacity Developments

	2007	2011	
East Asia	31.4	38.5	
South Asia	13.0	15.2	
West Asia	7.0	10.9	
EECA	6.0	6.9	
North America	5.1	4.9	
Europe	4.6	4.7	
Africa	2.6	4.3	
Latin America	2.6	3.1	
Oceania	0.2	0.2	
Total	72.5	88.7	Million tonnes N

Source: IFA

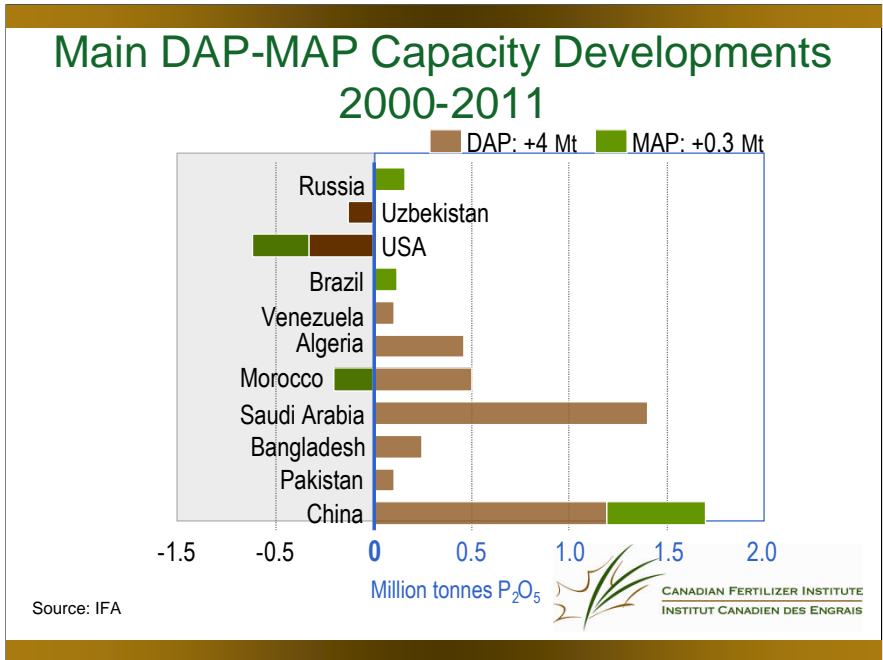


IFA's latest capacity survey shows that close to 50 new urea plants could come on stream between 2007 and 2011.

This forecast assumes that all planned projects will be fully implemented within their respective timelines.

On a regional basis, West Asia and East Asia together will contribute two-thirds of the expansion. New capacity will also emerge in Africa and South Asia.

This would result in an expansion in production capacity of 22% and corresponds to an annual increase in capacity of 4 Mt N.

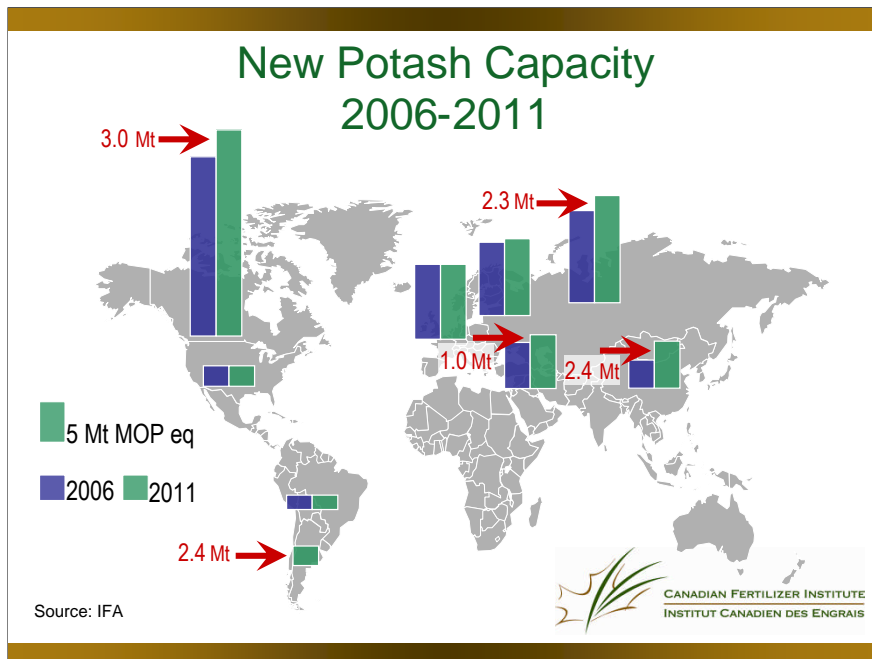


Between 2006 and 2011, world phosphate fertilizer capacity developments will essentially focus on DAP in exporting countries and MAP in China and Brazil.

Projects in Brazil, China, Morocco, Pakistan, Russia and Venezuela will be realized between 2008 and 2010, and will most likely be completed within schedule. Other projects in Algeria and Saudi Arabia have been postponed several times. As such, these can suffer from additional delays.

More recently, the reactivation of the DAP facilities in Lazaro Cardenas on the west coast of Mexico has been tentatively announced for early 2008. This complex has a capacity of close to 1.0 Mt of DAP/MAP.

Total increase + 4.3 MT or about 8%



As regards potash, virtually all producers have some expansion projects in the medium term, in light of the strong market demand.

Considering that expansion projects take usually 2 to 4 years to materialize and new green-field projects a minimum of seven years, if not longer in some countries, the global potash capacity developments are relatively predictable once the key parameters of the respective projects are finalized.

Therefore, only a few projects among several prospects are likely to be completed over the next five years.

- Additional capacity, coming from expansion projects, will be realized in Canada, Russia, China, Jordan and Israel.
- Two green-field mines are expected to be commissioned by the end of the five-year forecast period. PotashCorp announced this summer a new 2 Mt underground potash mine in New Brunswick in eastern Canada, for completion by 2011/12. Rio Tinto Colorado plans to start its 2.4 Mt solution mine operation in the Mendoza province in Argentina by 2011.

Between 2006 and 2011, the global potash capacity is forecast to increase by over 16%, an overall 11 Mt in MOP equivalent tonnes, reaching 77.4 Mt in 2011. All of this new capacity will be for export, except in China.

Summary

- Crop Nutrient markets could be tight until 2009 as demand has expanded more rapidly than was expected a few years ago.
- While urea supply is projected to grow, the supply/demand balance will likely remain tight in 2008, easing slightly in 2009. If planned capacity expansions materialize, a surplus could emerge in 2010.
- The phosphate market will be balanced throughout most of the forecast period. Very few producers have available swing capacity for export.
- Potash supplies will increase in most exporting countries. Because of a shift towards more balanced fertilizer use, no significant surplus will develop before 2011, at the earliest.

