



**INTREPID** POTASH®

*Supplying a Growing America™*



# Investor Presentation December 2011

# Cautionary Statements Regarding Forward-Looking Information

Certain statements in this presentation, and other written or oral statements made by or on behalf of us, are “forward-looking statements” within the meaning of the federal securities laws. Statements regarding future events and developments and our future performance, as well as management’s expectations, beliefs, plans, estimates or projections relating to the future, including statements regarding guidance, are forward-looking statements within the meaning of these laws. Although we believe that the expectations reflected in such forward-looking statements are based upon reasonable assumptions, there can be no assurance that the expectations will be realized. These forward-looking statements are subject to a number of known and unknown risks and uncertainties, many of which are beyond our control that could cause actual results to differ materially and adversely from such statements. These risks and uncertainties are detailed in our filings with the U.S. Securities and Exchange Commission. Please refer to those filings for more information on these risk factors and uncertainties. All forward-looking statements are qualified in their entirety by such risk factors and uncertainties. These forward-looking statements speak only as of the date of this presentation, and, except as required by law we undertake no obligation to publicly update or revise any forward-looking statement, whether as the result of future events, new information or otherwise. Unless the context otherwise requires, when we use “Intrepid,” “our,” “we” or “us” during this presentation, we are referring to Intrepid Potash, Inc. and its consolidated subsidiaries.

# Intrepid Potash®

## Strategically Located, Potash-Only Company



Intense *margin* focus:

- Strategic marketing and production *flexibility*
- Capital investment is focused on production *growth* of incrementally lower per ton cash costs
- Capital investment execution *excellence*

# Company Overview



- The largest U.S. producer of potash
  - Only western world producer created and dedicated solely to potassium-related products
  - Supplies ~1.5 percent of global demand and ~9.4 percent of U.S. demand
- 1 of 2 global producers of sulfate of potash magnesia, marketed as Trio®
- 5 active production facilities
- Balance sheet strength provides confidence to execute on robust capital investment program



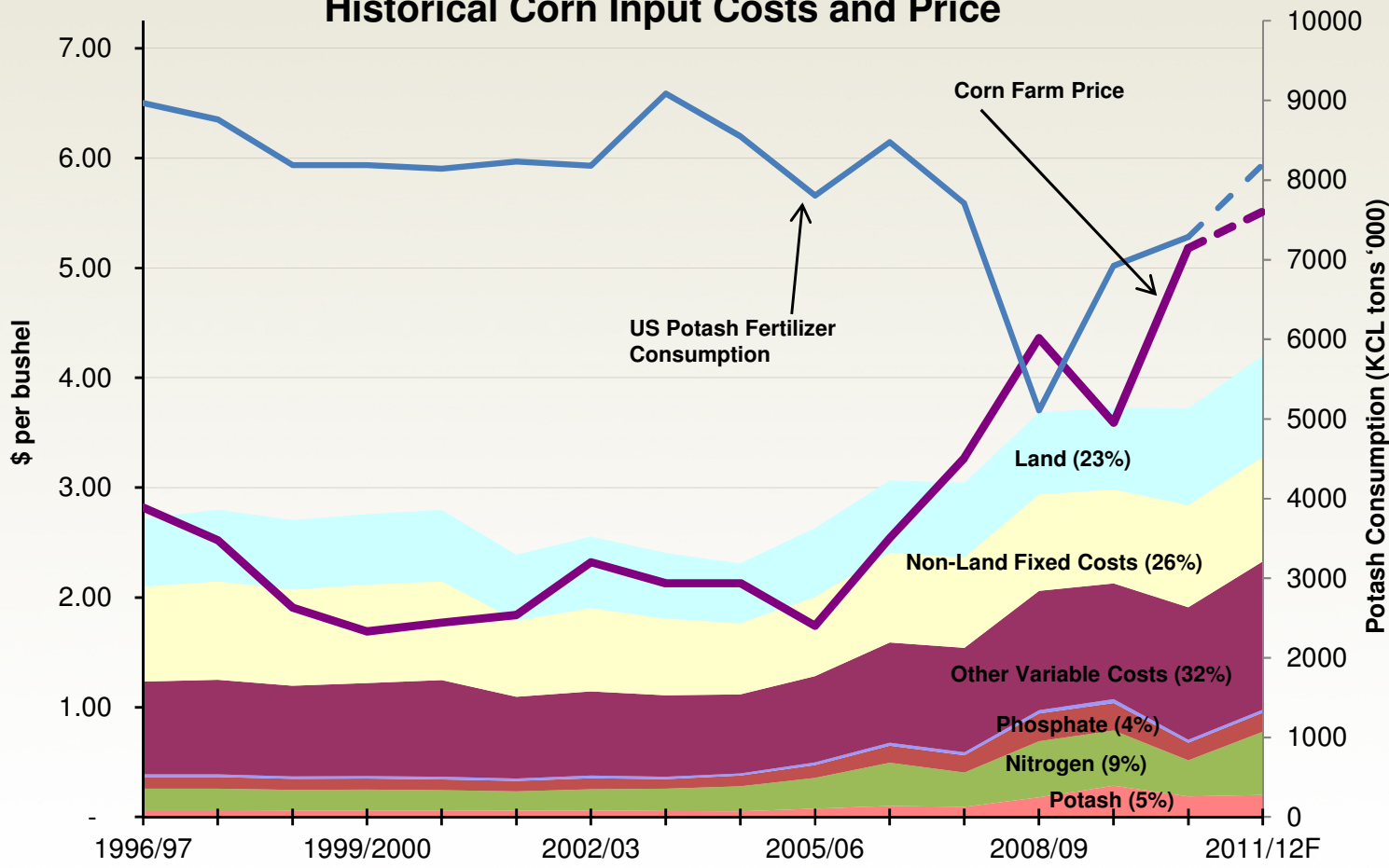
# Current Potash Market



- Agricultural commodity prices continue to be supportive of farmer economics
- We believe farmers will seek to maximize yield with fertilization rates in-line with five year average application rates
- Steady fertilization rates and demand for potash is anticipated during fall application window
- Recharge of dealer and retail potash inventories expected prior to spring season
- Trio® market remains tight with stable pricing in all of our markets

# Current Crop Economics Offer Historically Strong Returns for Farmers

## Historical Corn Input Costs and Price



Per Bushel Return		
	Dec. 11	Dec. 12
Farm Price	\$5.51	\$5.26
Gross Margin	\$1.31	\$1.06
<b>Input Costs</b>		
Potash	\$0.20	\$0.20
Nitrogen	\$0.57	\$0.57
Phosphate	\$0.17	\$0.17
Other Fertilizer	\$0.03	\$0.03
Other Variable	\$1.35	\$1.35
Non-Land	\$0.95	\$0.95
Land	\$0.92	\$0.92
<b>Total</b>	<b>\$4.20</b>	<b>\$4.20</b>

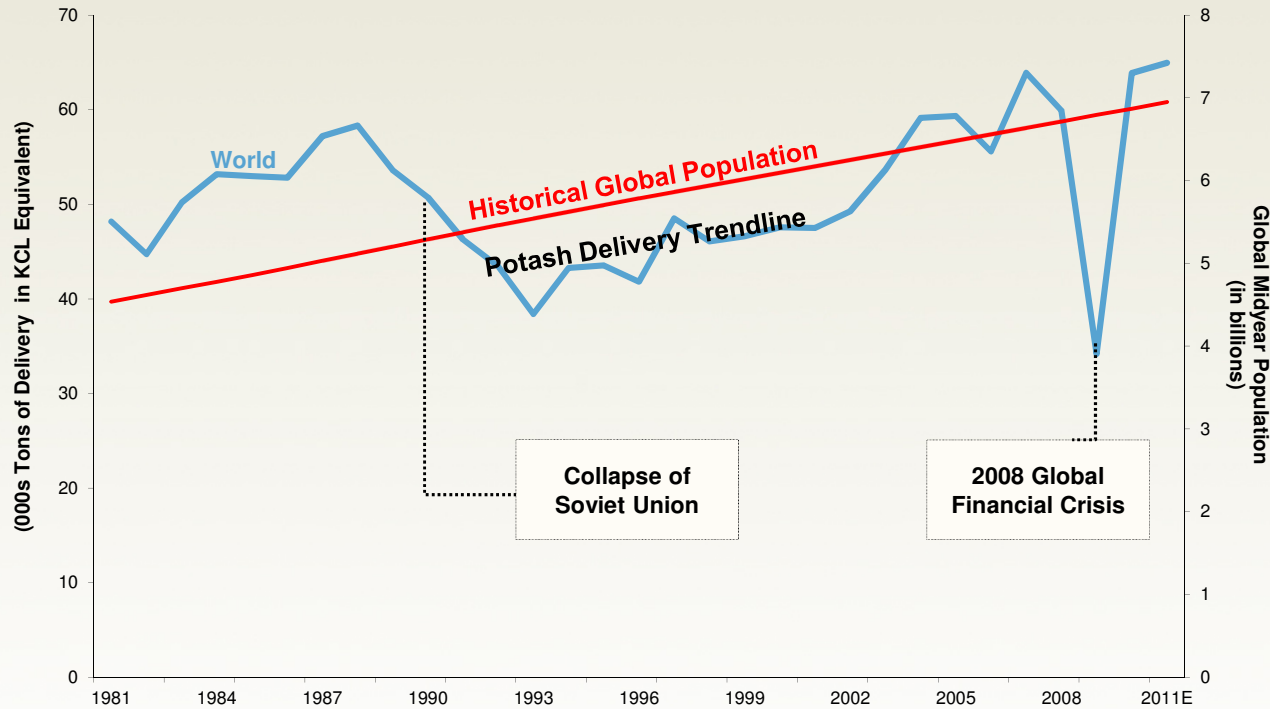
Bottom line: fertilizer is a small part of a farmer's cost  
 Percentage of fertilizer cost is near historical lows

- Non-land fixed costs include: labor, opportunity cost of unpaid labor, taxes, insurance, general overhead, and machine and equipment expenses.
- Other variable costs include: seed, chemicals, fuel, lube, electricity, repairs, water, interest, custom operations, and drying.
- Land costs are shown as the rental rate of land (opportunity cost).
- Corn Farm Price is Dec. '11 and Dec. '12 for futures price minus \$0.30 basis as of 12/06/11
- Potash consumption is shown in fertilizer years (2009/2010 included under 2009).

Sources: USDA, Fertecon, Intrepid Potash®.



# Potash Deliveries Track Population Growth and Global Demand is Growing



- Long-term correlation of potash deliveries to historical global population growth
- Population growth continues

Utilizing the 1.1% growth rate in world population of 7 billion people:

- Each year there are approximately 77 million more people in the world, the equivalent of nine more New York Cities
- This would require an annual addition of 40 million acres of arable land (1.3x the farmland in Iowa)<sup>(2)</sup>

or

- A world yield increase of 1.1% per year to maintain current rates of arable land

## Potash Deliveries 5-Year Forward Compound Annual Growth Rates (2011 – 2015)<sup>(1)</sup>

<b>Brazil</b>	<b>1.7%</b>
<b>China</b>	<b>3.7%</b>
<b>India</b>	<b>8.1%</b>

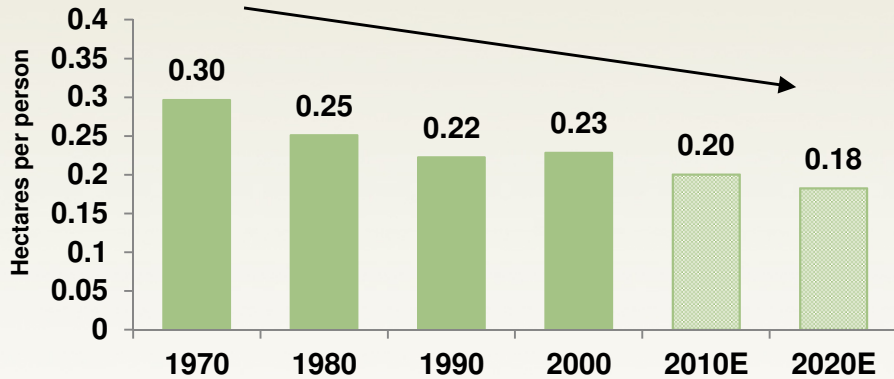
Sources: Fertecon, US Census Bureau.

(1) Fertecon

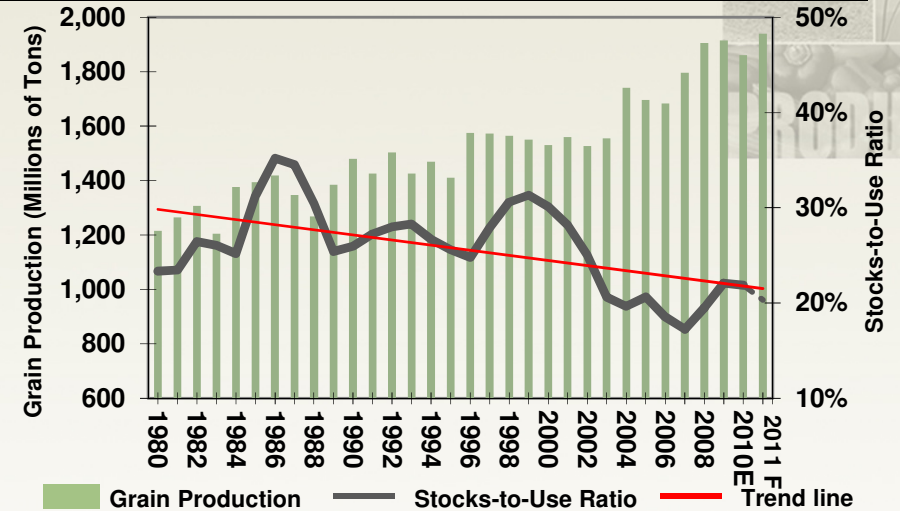
(2) State Data Center of Iowa; 2007 estimate.

# Fundamentals of Increasing Population Continue to Drive Grain and Ultimately Potash Demand Over the Long-Term

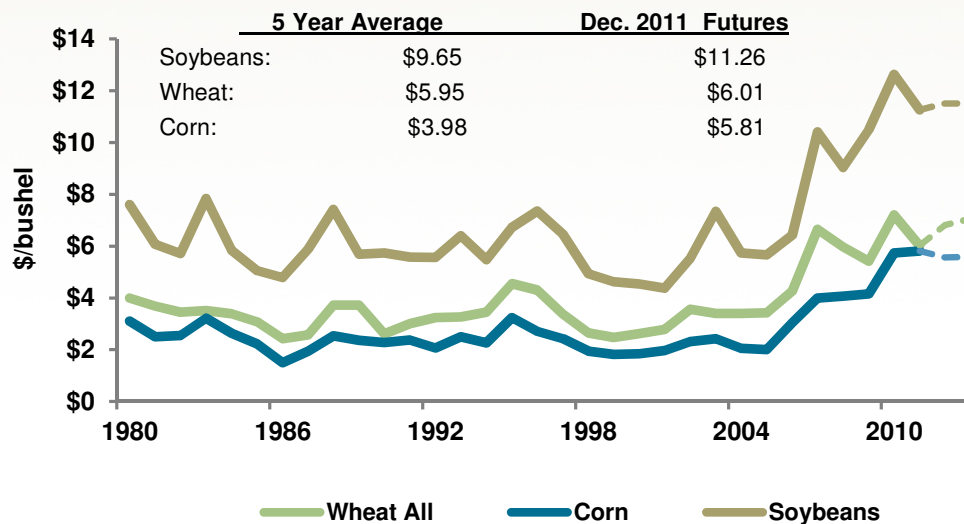
## Hectares of Arable Land per Person



## World Grain Production and Stocks-to-Use Ratios



## Crop Prices Over Time<sup>(1)</sup>



Note: Grains include corn, wheat, barley, oats and sorghum. Stocks to use ratio is average inventory / consumption for that year; data updated monthly.

Sources: United Nations Food and Agriculture Organization (FAO), US Census Bureau, USDA, Potash & Phosphate Institute (PPI), International Fertilizer Industry Association (IFA), Fertecon.

(1) Futures prices based on closing price of Chicago Board of Trade futures contracts as of 12/06/11; futures prices for December delivery in forecast years.

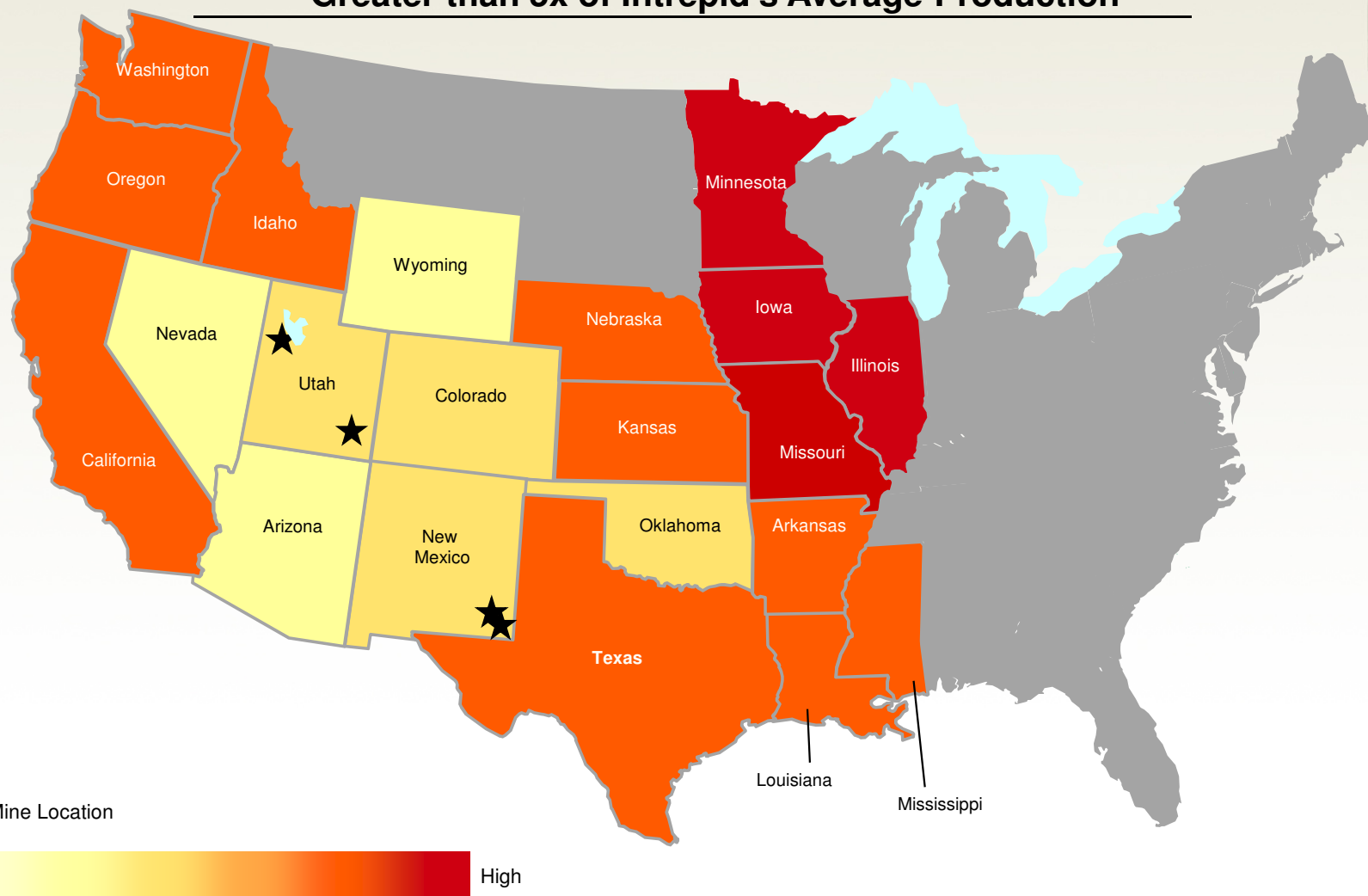




# Strategically Located Assets



**Average Potash Consumption in Intrepid's Markets is Greater than 5x of Intrepid's Average Production**

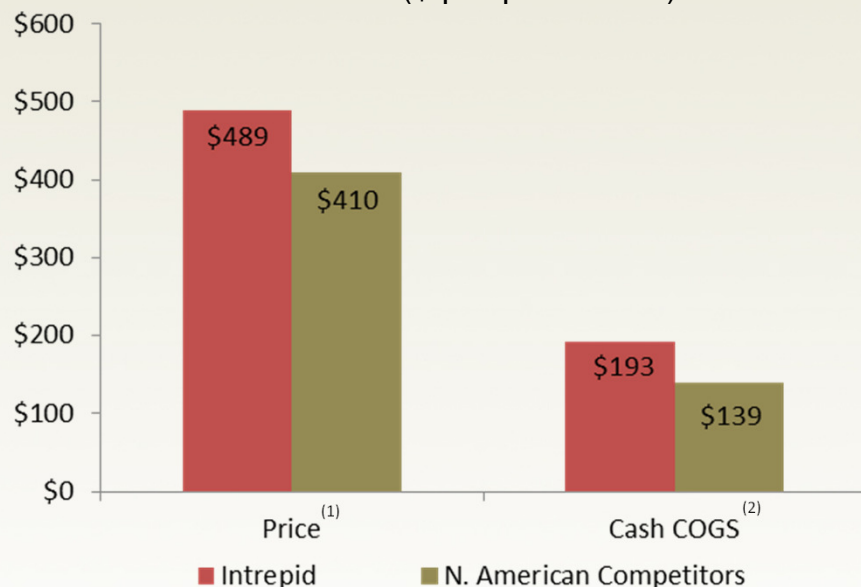


Sources: Association of American Plant Food Control Officials (AAPFCO), The Fertilizer Institute (TFI), Intrepid Potash.  
(1) AAPFCO, Fertecon, USDA.

# Intrepid's Potash Price Advantage: Strategically Located and Lower Royalties

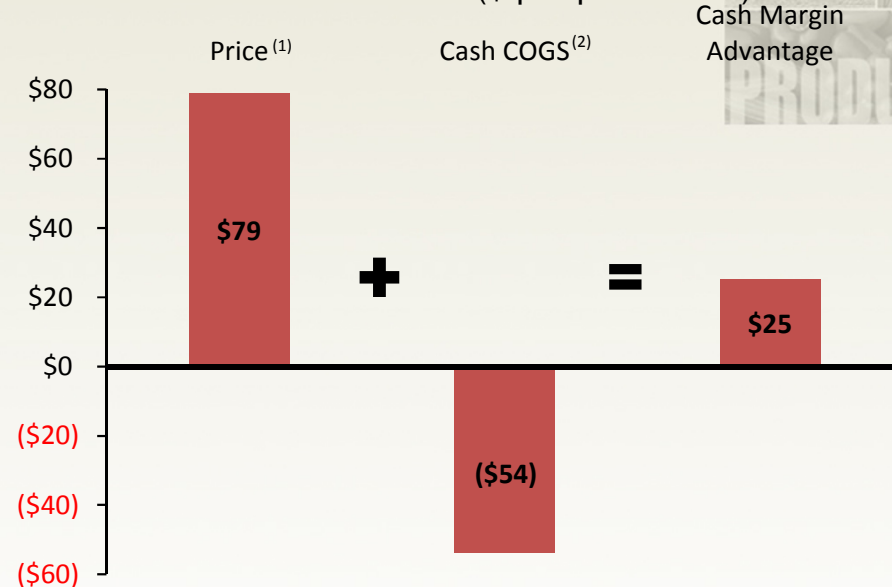
## Intrepid vs. North American Competitors

Q3 2011 (\$ per potash ton)



## Intrepid's Potash Advantage

Q3 2011 (\$ per potash ton)



- Intrepid's average net realized sales price advantage has been approximately 20 percent
- Intrepid's potash cash margin advantage has averaged \$39 per ton over the last three years
- Intrepid's four percent net sales royalty rate is significantly lower than royalty and resource tax burden of Intrepid's principal competitors<sup>(3)</sup>

	2005	2006	2007	2008	2009	2010	2011 YTD <sup>(1)</sup>
Intrepid average net realized sales price	\$162	\$179	\$194	\$486	\$541	\$363	\$464
Intrepid advantage vs. N.A. competitors	\$29	\$43	\$39	\$88	\$151	\$61	\$86

Sources: Green Markets and Fertecon

Notes: (1) Average net realized sales price advantage is an operating performance measure calculated as the difference between our average net realized sales price and the combined average net realized sales prices of Potash Corporation of Saskatchewan Inc., The Mosaic Company, and Agrium Inc. ("Agrium") based on publicly available information.

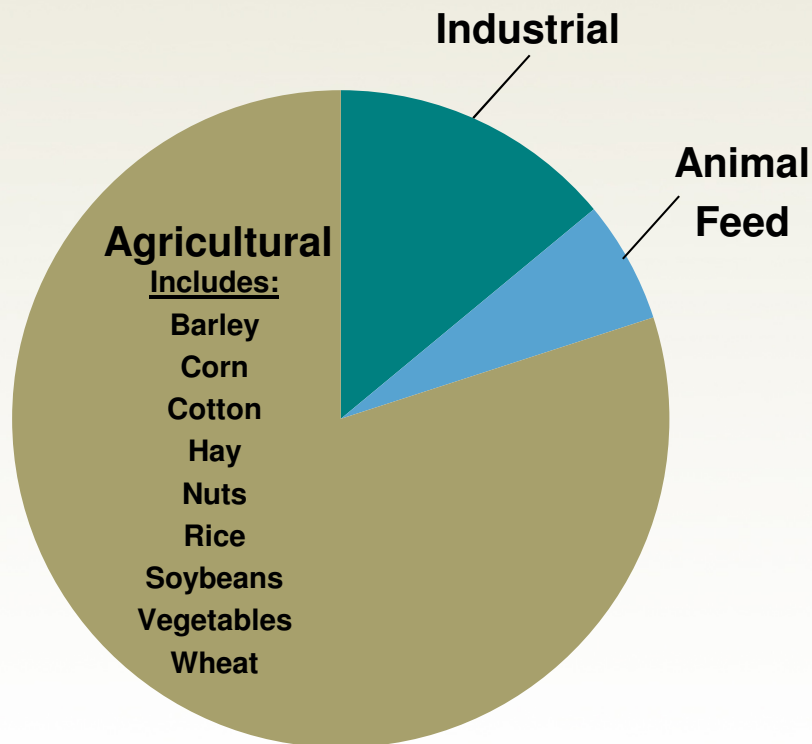
(2) Cash COGS, net of by product credits is an operating performance measure defined as total cost of goods sold including royalties, and excluding depreciation, depletion and amortization.

(3) Intrepid Q3 2011 government payments were \$18/ton, North American competitor average was \$29 / ton

# Diversified Markets and Customer Base with Increased Flexibility in Product Mix



Potash Sales for 2011 YTD



- Industrial market primarily consists of oil and gas drillers



- Ability to granulate ~80% of current production, providing flexibility to meet end market demand

	Product Size	FY 2008	FY 2009	FY 2010	FY 2011 YTD
Agricultural	Granular	62%	69%	82%	80%
Industrial	Standard	30%	18%	11%	14%
Animal Feed	Standard	8%	13%	7%	6%

# Intrepid's Capital Investment Strategy is Focused on Growth, Flexibility & Margin



## Growth in Mining Capacity

- HB Solar Solution Mine
- Additional Mine Panels
- Expansion of Moab Horizontal Potash Caverns



## Flexibility via Additional Granulation Capacity

- Moab Compactor
- Wendover Compactor
- Langbeinite Granulation Plant
- North Compaction Upgrade



## Recovery Improvement Investments

- Langbeinite Dense Media Separation Plant
- Moab Brine Heater

# Execution on Capital is Foundational to Intrepid's Growth

Since Inception Intrepid has invested approximately \$450 million into its mines and facilities



## Major Capital Projects Milestones

	Facility	Year Completed
Horizontal Potash Caverns	Moab, UT	2001
Langbeinite Plant (Original Plant)	Carlsbad, NM - East	2005
Wash Thickener Upgrade	Carlsbad, NM - East	2009
Coarse Tails Recovery Circuit	Carlsbad, NM - West	2009
Underground Stacker / Reclaim	Carlsbad, NM - West	2010
New Compaction Circuit	Moab, UT	2010
New Brine Heater	Moab, UT	2010
Wendover Compaction Circuit / Warehouse	Wendover, UT	2011/2012E
Langbeinite Recovery Improvement Project / Granulation Plant	Carlsbad, NM - East	2011/2012E

# Capital Projects are Focused on Growth, Flexibility & Margin

## Growth

### Project Benefits

- Incrementally lower cost tons
- HB represents a 25 percent increase in potash production volumes



## Flexibility

### Major Capital Projects

- HB Solar Solution Mine
- Langbeinite Recovery Improvement Project



- Capability to respond to changing market and customer demands
- Produce products with best margin profile

- Langbeinite Granulation
- North Compaction
- Wendover Compaction

## Margin

- Increased recoveries from Langbeinite ore
- Lower per ton operating costs



- Modernization of plant assets
- Focus on cash cost component of production

*The Execution of Our 2011 Capital Investment Budget of \$140 to \$165 million Represents the Highest Level of Capital Investment in Our History*

# Additional Granulation Capacity is Key to Marketing and Production *Flexibility*

- Intrepid is focused on upgrading the capacity of its granulation capability throughout its operations
- Increased granulation efficiency and capacity provide flexibility of production between granular and standard and allow Intrepid to right size production to meet market demand
- This flexibility allows Intrepid to seek the highest returns on its products and improve profitability



Granulation Projects			
Facility	Product	Anticipated Granulation Capacity	Estimated In Service Date
Moab, Utah	Potash	100 percent of annual production	In Service
Wendover, Utah	Potash	100 percent of annual production	December 2011
Carlsbad, New Mexico <i>East Facility</i>	Trio®	100 percent of annual Trio® in a granular form	Early 2012
Carlsbad, New Mexico <i>North Facility</i>	Potash	100 percent of annual production from West Mine and anticipated HB Solar Solution Mine production	First Half 2013

# Langbeinite Recovery Improvement Project – Focused on Capturing *Growth & Margin*

## Project Benefits & Opportunities

- Expected to increase Trio<sup>®</sup> recoveries to approximately 50 percent
  - Grow production by 100,000 – 120,000 additional tons per year representing a ~75% increase in Trio<sup>®</sup> production
  - Expected to reduce cash production cost per ton
- Designed to reduce process water consumption
- Capacity to granulate 100 percent of standard Trio<sup>®</sup> production, effectively tripling our granular capacity
- Ability to further increase production through additional recovery improvement opportunities

## Project Economics

- Total project investment of approximately \$85mm - \$90mm
- Excellent IRR of ~25 percent



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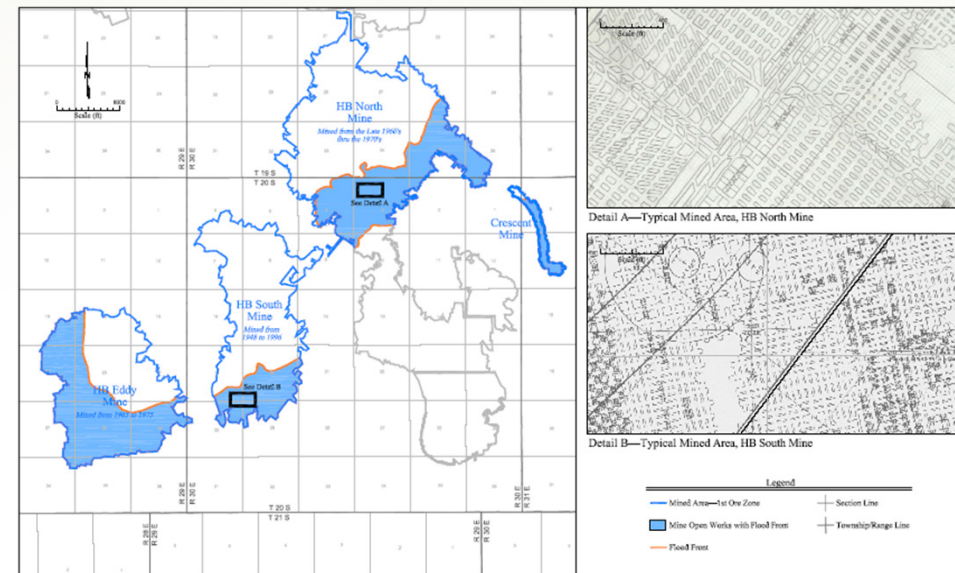
# HB Solar Solution Mine – Production *Growth* through Incrementally Low-Cost Tons

- HB Solar Solution Mine expected to be among the lower-cost potash mines in North America
  - 5 million tons of proven and probable reserves
  - Capital investment of \$200-\$230 million
  - Production cost per ton estimated to be \$60 to \$80 per ton
  - Estimated annual production – 150,000-200,000 tons with higher volumes in earlier years
- On track to receive Record of Decision from the BLM in Q1 2012
- Total area available to be flooded: 1.3x size of Manhattan
- Acreage considered in the EIS represents only a fraction of the total HB acreage

**Potash Pillar**



**HB Solar Solution Mine Injection Area**



# Final Thoughts



- The Only Western World Potash Pure-Play
- Macro Fundamentals Driving Real Demand
- Strategically Located Assets Serving Diversified Markets and Customer Base
- Growth, Flexibility and Margin Focused Decision Making
- Capital Execution Excellence Coupled with Growth Opportunities of Incrementally Lower Per-Ton Cash Costs

# **INTREPID** POTASH<sup>®</sup>

## Appendix

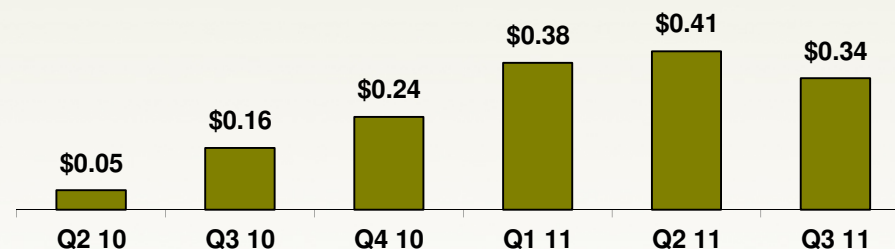


# Solid Financial Performance

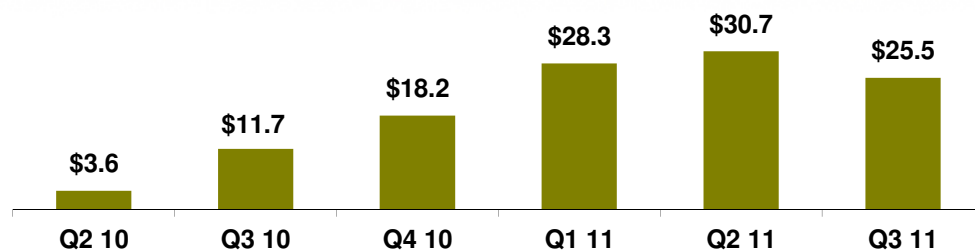
## Balance Sheet as of September 30, 2011

Cash and Investments	\$169 million
Total Assets	\$914 million
Debt Outstanding	\$ -
Stockholders' Equity	\$846 million
Availability Under the Credit Line	\$250 million

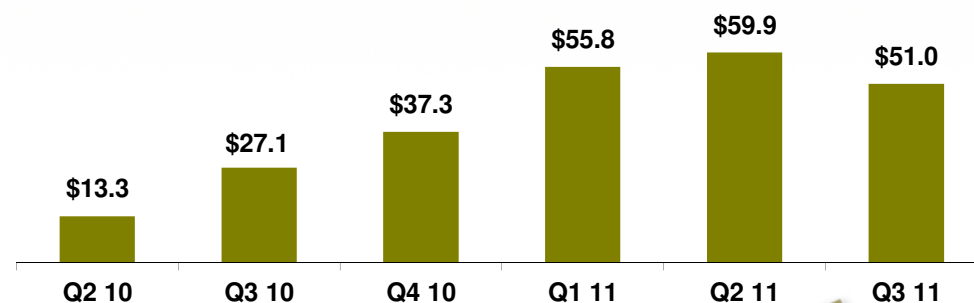
## Earnings Per Share (Diluted)



## Net Income (In millions)



## Adjusted EBITDA<sup>(1)</sup> (In millions)



(1) This is a financial measurement not calculated based on U.S. Generally Accepted Accounting Principles (Non GAAP). Non-GAAP reconciliation available in the appendix to this presentation.

# Non-GAAP Reconciliation

- Adjusted Earnings before income taxes, interest, depreciation and amortization (“EBITDA”) is computed as net income adjusted for the add back of income tax expense, interest expense including derivatives, depreciation, depletion, amortization, asset retirement obligation liability accretion, write-off of term loan bank fee and impairment. This non-GAAP measure is presented since management believes that it provides useful additional information to investors for analysis of Intrepid’s ability to internally generate funds for capital investment. In addition, EBITDA is widely used by professional research analysts and others in the valuation, comparison, and investment recommendations of companies in the potash mining industry, and many investors use the published research of industry research analysts in making investment decisions. EBITDA should not be considered in isolation or as a substitute for net income, income from operations, net cash provided by operating activities or other income, profitability, cash flow, or liquidity measures prepared under GAAP. Since EBITDA excludes some, but not all items that affect net income and net cash provided by operating activities and may vary among companies, the EBITDA amounts presented may not be comparable to similarly titled measures of other companies.

## Calculation of Adjusted EBITDA

	2009		2010				2011		
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Net Income	\$9,520	\$6,705	\$11,846	\$3,602	\$11,659	\$18,178	\$28,279	\$30,708	\$25,507
Add: Income tax expense	6,392	2,294	7,661	2,490	8,187	11,420	18,851	20,068	16,547
Add: Interest Expense, including realized and unrealized derivative gains and/losses	639	2,147	555	478	430	51	113	389	175
Add: Depreciation, depletion, amortization and accretion	4,270	5,310	6,539	6,687	6,60	7629	8,533	8,691	8,819
Total Adjustments	11,301	11,301	14,755	9,655	15,477	19,100	27,497	29,148	25,541
Adjusted Earnings Before Income Taxes, Interest Depreciation, Depletion and Amortization	\$20,821	\$14,523	\$26,601	\$13,257	\$27,136	\$37,278	\$55,776	\$59,856	\$51,048

# Non-GAAP Reconciliation

- Adjusted net income is calculated as net income adjusted for significant non-cash and unusual items. Examples of non-cash and unusual charges include insurance settlements from property and business losses, non-cash gains or losses associated with unrealized derivative adjustments, our abnormal production adjustment, and the write-off of costs associated with the delay in permitting for the HB Mine associated with contractor mobilization and demobilization. The non-GAAP measure of adjusted net income is presented because management believes it provides useful additional information to investors for analysis of Intrepid's fundamental business on a recurring normal basis. In addition, management believes that the concept of adjusted net income is widely used by professional research analysts and others in the valuation, comparison, and investment recommendations of companies in the potash mining industry, and many investors use the published research of industry research analysts in making investment decisions.

Adjusted net income should not be considered in isolation or as a substitute for net income, income from operations, cash provided by operating activities or other income, profitability, cash flow, or liquidity measures prepared under GAAP. Since adjusted net income excludes some, but not all items that affect net income and may vary among companies, the adjusted net income amounts presented may not be comparable to similarly titled measures of other companies.

## Calculation of Adjusted Net Income

	2009		2010				2011		
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Net Income	\$9,520	\$6,705	\$11,846	\$3,602	\$11,659	\$18,178	\$28,279	\$30,708	\$25,507
Adjustments									
Insurance settlements from property and business losses	(5)	(1)	-	-	-	-	(12,500)	-	-
Unrealized derivative (gain) loss	117	(631)	(89)	(28)	(56)	(447)	(321)	(224)	(368)
Cost associated with abnormal production	5,784	9,366	470	-	-	-	-	-	-
Write-off mobilization costs associated with the delay of the HB Mine	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	(4,692)	(3,230)
Calculated tax effect (1)	2,311	3,494	(151)	11	22	177	5,128	1,955	1,350
Total Adjustments	3,585	5,240	230	(17)	(34)	(270)	(7,693)	(2,956)	(2,060)
Adjusted Net Income	\$13,105	\$11,945	\$12,076	\$3,585	\$11,625	\$17,908	\$20,586	\$27,752	\$23,447

(1) Estimated effective tax rate of 39.6 percent for 2010 and 40.0 percent for 2009

# Historical Quarterly Production and Sales Summary

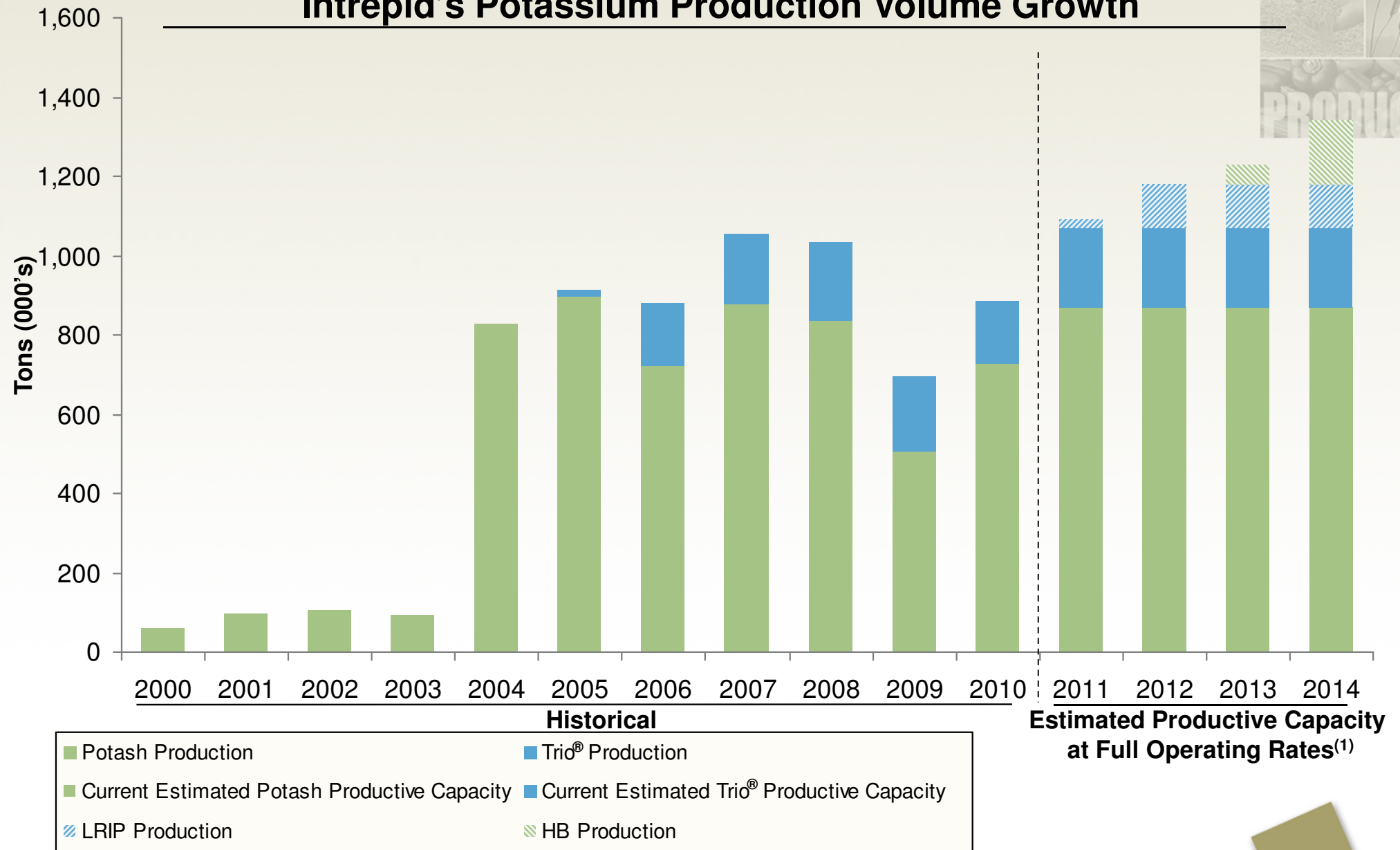


Quarter ended	2008		2009				2010				2011		
	September 30,	December 31,	March 31,	June 30,	September 30,	December 31,	March 31,	June 30,	September 30,	December 31,	March 31,	June 30,	September 30,
Production Volume (In thousands of short tons)													
Potash	200	201	137	131	112	124	172	165	166	224	234	209	173
Trio®	50	34	42	45	60	45	57	39	32	31	31	44	35
Sales Volume (In thousands of short tons)													
Potash	204	94	99	80	111	150	243	129	221	216	196	225	190
Trio®	50	17	38	45	40	25	70	63	45	27	52	39	54

# Intrepid Production Volume History & Outlook



## Intrepid's Potassium Production Volume Growth



(1) Productive capacity is affected by operating rates, recoveries, mining rates and the amount of development work that Intrepid performs and, therefore, actual production rates for mining companies tend to be lower than estimated total productive capacity.



# Why Potash Only?

## Market Structure for Key Fertilizer Nutrients

	Potash	Nitrogen	Phosphate <sup>(5)</sup>
Producing Countries	12	~60	~40
Key Inputs	■ Potash ore	■ Natural gas	■ Phosphate rock ■ Sulfuric acid ■ Ammonia
% of Overall Fertilizer Market <sup>(1)</sup>	17%	59%	24%
Market Share of Top 5 Producers <sup>(2)</sup>	64%	13% Ammonia 39% Urea	41% Phosphoric Acid 49% Phosphate Rock
% of Production Government Controlled <sup>(1)</sup>	19%	51%	50%
Industry Nameplate Operating Rate <sup>(2)</sup>	85% Potash (93% Productive Capacity) <sup>(3)</sup>	86% Ammonia 89% Urea	81% Phosphoric Acid 82% Phosphate Rock
Time for Greenfield	Minimum 7 years	3 years	3 – 4 years
Logistics for Greenfield	Most Difficult	Least Difficult	More Difficult
Estimated Cost for Greenfield <sup>(1,4)</sup>	\$6.5 Bn for 2.2MM Tons	\$1.4Bn for 1.0MM Tons	\$1.5Bn for 1.0MM Tons

(1) Potash Corp.

(2) Potash percentage represents 2007, nitrogen and phosphate percentages represent 2005 figures from Integer Research Ltd.

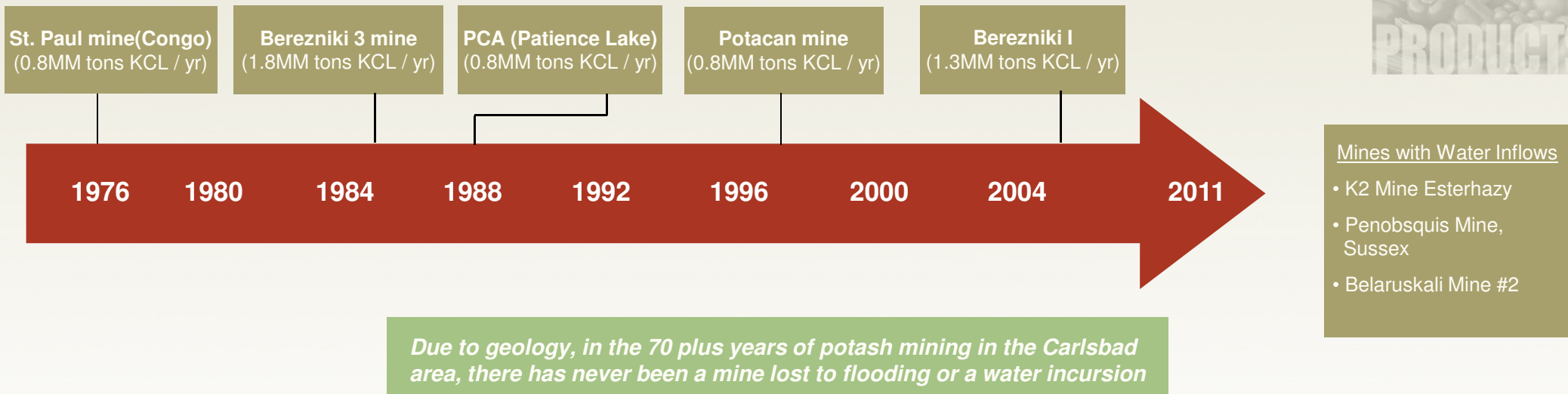
(3) Estimated by Intrepid Potash based on publicly available historic production data. Operating capacity rates for nitrogen and phosphate expressed as percentage of nameplate capacity. Productive capacity for potash estimated based on publicly available historic production data.

(4) Includes infrastructure outside the plant gates (e.g. rail, road networks, utility systems).

(5) Includes all types of phosphate fertilizer production.

# Global Industry Susceptible to Production Interruptions & Supply “Shocks”

## Mine Closures Due to Water Inflows



## Mine Closures Due to Depletion

### Depleted Conventional Mines

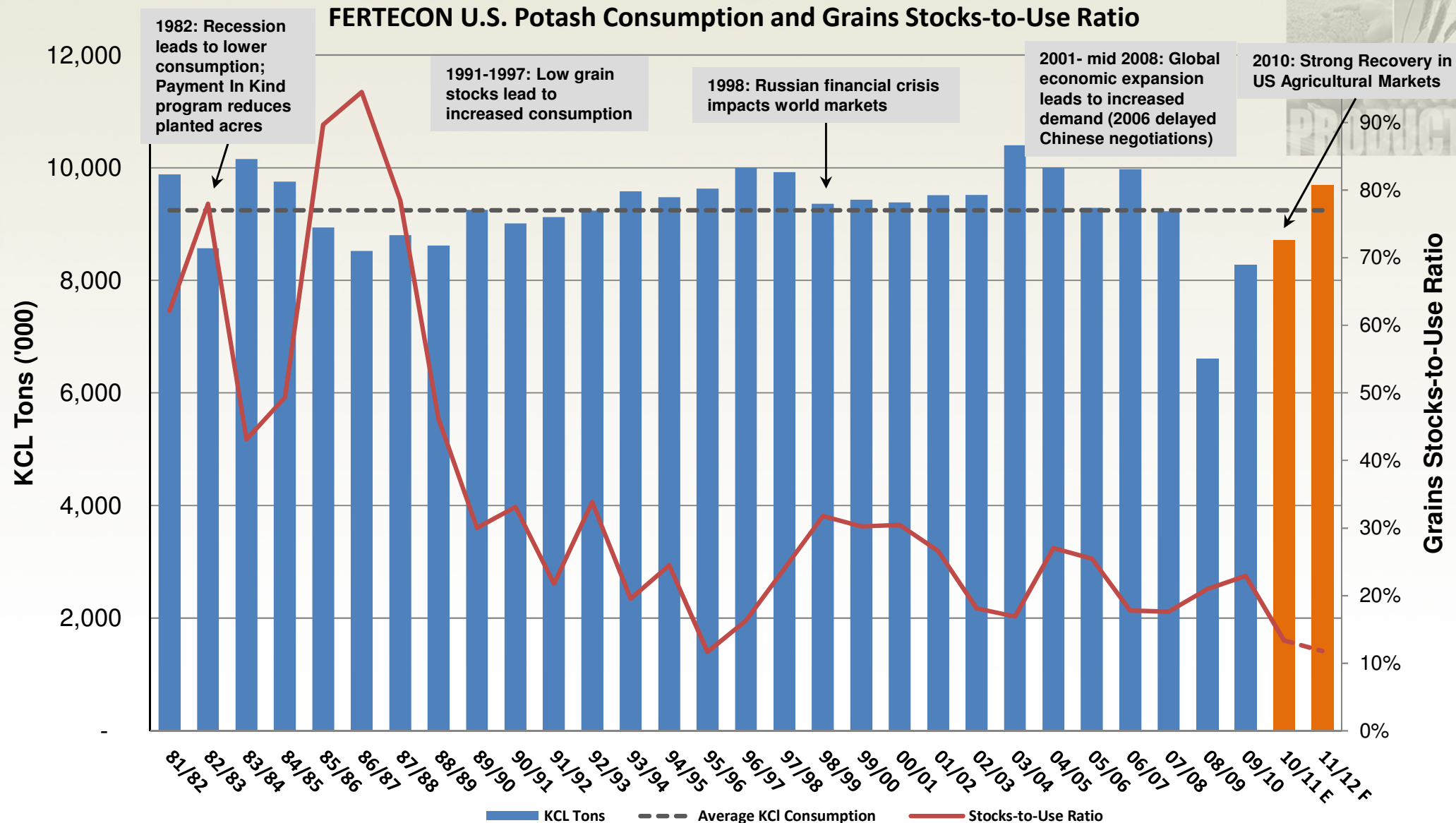
- Theodore, Amelie, Marie Louis mines- France
- Pasquasi and San Cataldo mines - Italy
- Salzdettfurth, Friedrichshall, Bergmannsseggen-Hugo, Siegfried-Giesen, and Niedersachsen-Riedel - Germany
- Trona, California
- Horizon-Amax, Wills-Weaver, Saunders – Carlsbad, NM

### Mines Currently With Less than 15 Years Reserve Life

- Hersey, United States - Mosaic
- Boulby, England – ICL
- Soligorsk I, Belarussia - Belaruskali
- Taquari, Brazil – Vale

# United States Potash Consumption

## FERTECON U.S. Potash Consumption and Grains Stocks-to-Use Ratio



– Potash fertilizer consumption has remained relatively constant, with an annual volatility of approximately eight percent, over the past 27 years

– Corn acres planted in the U.S. in the years 2007 through 2010 were 93.5, 86.0, 86.4 and 88.2 million acres. 2011 planted acreage is estimated at 92.3MM acres.

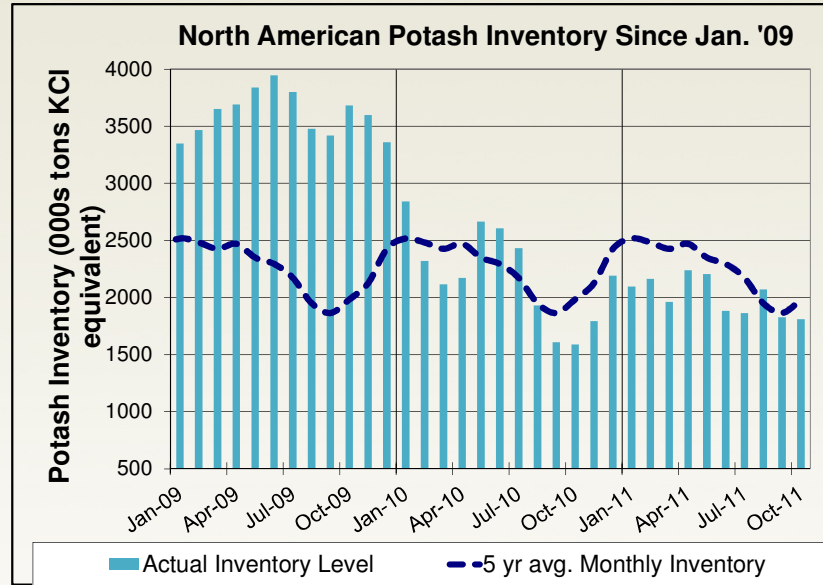
Sources : Fertecon, United States Department of Agriculture (USDA). Potash consumption is shown in fertilizer years (July – June).

Grains stocks include: Barley, Corn, Oats, Sorghum, Wheat

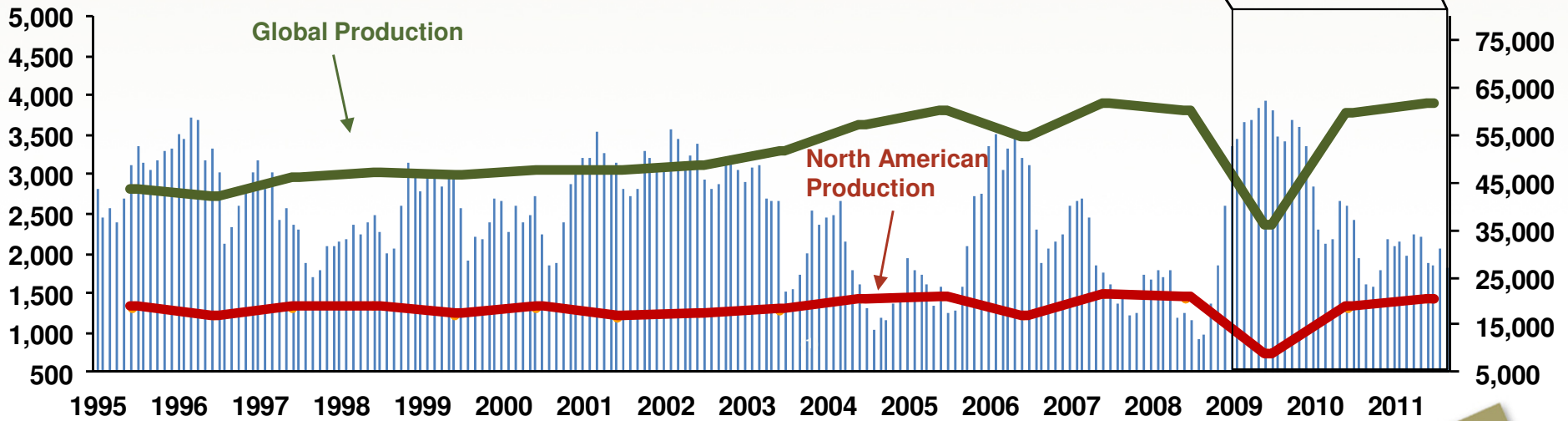
**INTREPID POTASH®**

Supplying a Growing America™

# Potash Production and North American Inventory Levels



N. American Inventory (000s Tons KCL Equivalent)



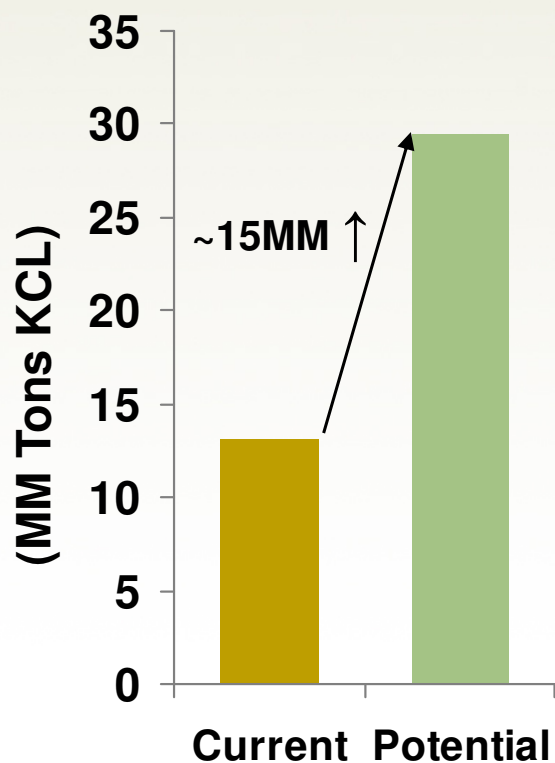
Potash Production (000s Tons KCL Equivalent)

Sources: IPNI, Fertecon, Intrepid Potash®.

# To Reach Recommended Application Levels, Brazil, India and China Must Increase Demand

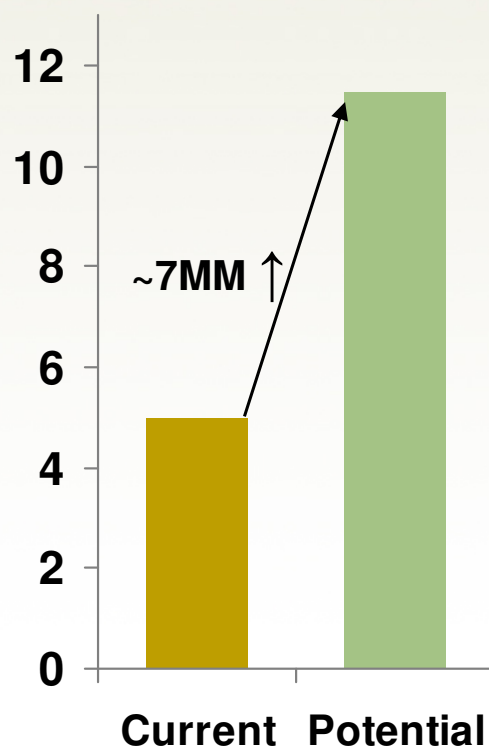
## China

- Goal to attain self-sufficiency of food supply



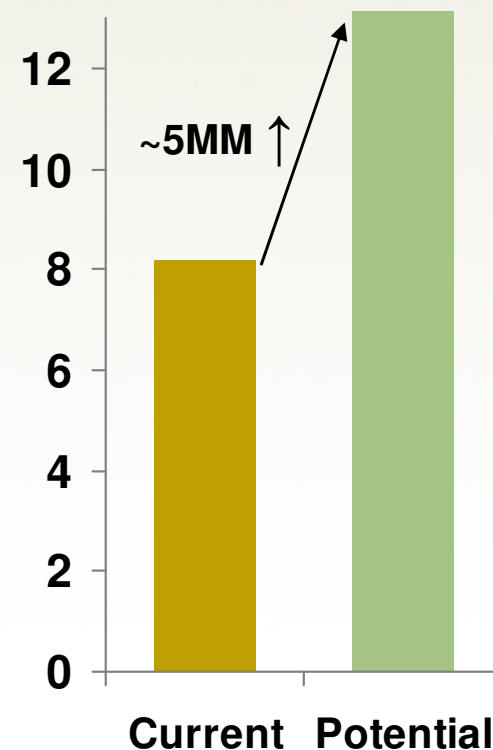
## India

- History of under-application of potash
- Need to increase yields



## Brazil

- Increasing land use for agricultural purposes



sources: IPNI, Potash Corp.

# Return on Potash Investment for Corn & Soybeans

## Return on Potash Investment

<b>Corn</b>									
% of U.S. Fields	Soil Test Level (ppm)	Classification	Yield Response to K	Application Rate (lbs/acre K20)	Value of Response	Cost of Potash	Return from Potash	ROI \$/\$	
15%	0-80	Very Low/Low	35%	115.64	\$ 165.08	\$ 54.50	\$ 110.57	\$ 3.03	
23%	81-130	Medium	13%	57.82	\$ 61.31	\$ 27.25	\$ 34.06	\$ 2.25	
15%	131-160	High	2%	28.91	\$ 9.43	\$ 13.63	\$ (4.19)	\$ 0.69	
47%	161+	Very High	-	0.00	-	-	-	-	

<b>Soybeans</b>									
% of U.S. Fields	Soil Test Level (ppm)	Classification	Yield Response to K	Application Rate (lbs/acre K20)	Value of Response	Cost of Potash	Return from Potash	ROI \$/\$	
15%	0-80	Very Low/Low	35%	115.64	\$ 158.43	\$ 53.55	\$ 104.87	\$ 2.96	
23%	81-130	Medium	13%	57.82	\$ 58.84	\$ 26.78	\$ 32.07	\$ 2.20	
15%	131-160	High	2%	28.91	\$ 9.05	\$ 13.39	\$ (4.34)	\$ 0.68	
47%	161+	Very High	-	0.00	-	-	-	-	

### Input Costs for Corn (\$/bu)

	2011/12	
<b>Revenue</b>	\$5.51	
<b>Gross Margin</b>	\$1.31	
		<b>% of Total Costs</b>
<b>Input Costs</b>		
Potash	\$0.20	5%
Total Fertilizer	\$0.98	23%
Other Variable	\$1.35	32%
Non-Land	\$0.95	23%
Land	\$0.92	22%
<b>Total</b>	<b>\$4.20</b>	

### Input Costs for Corn (\$/acre)

	2011/12	
<b>Revenue</b>	\$ 808.90	
<b>Gross Margin</b>	\$ 192.39	
		<b>% of Total Costs</b>
<b>Input Costs</b>		
Potash	\$ 29.69	5%
Total Fertilizer	\$ 143.56	23%
Other Variable	\$ 197.96	32%
Non-Land	\$ 139.67	23%
Land	\$ 135.32	22%
<b>Total</b>	<b>\$ 616.51</b>	

ROI assumes 146.7 bu/acre and \$5.51/bu for corn, 41.3 bu/acre yield and \$10.96 for soybeans, \$565/ton KCL (crop prices based on Dec. 2011 futures price minus \$0.30 basis as of 12/06/11)

Input costs for corn use USDA estimate of 146.7 bu/acre for corn.

Sources: USDA, IPNI, CME, & Intrepid Potash®.