

Uralkali: Operational Outlook

INVESTOR DAY

24 June 2011

Perm Region

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Uralkali Investor Day Agenda

Date & time: 24 June 2011, 8 am – 4.30 pm
Location: Berezniki (Perm Region)

Uralkali Operational Outlook Presentation
(Yevgeny Kotlyar, COO), includes a Q&A session



Yevgeny Kotlyar
Director of Operations

Yevgeny Kotlyar has been the Director of Operations of the combined company since its creation in 2011.

In 1988 he graduated from the Perm Polytechnic Institute majoring in 'Technology and Integrated Mechanisation of Underground Mineral Resource Development'.

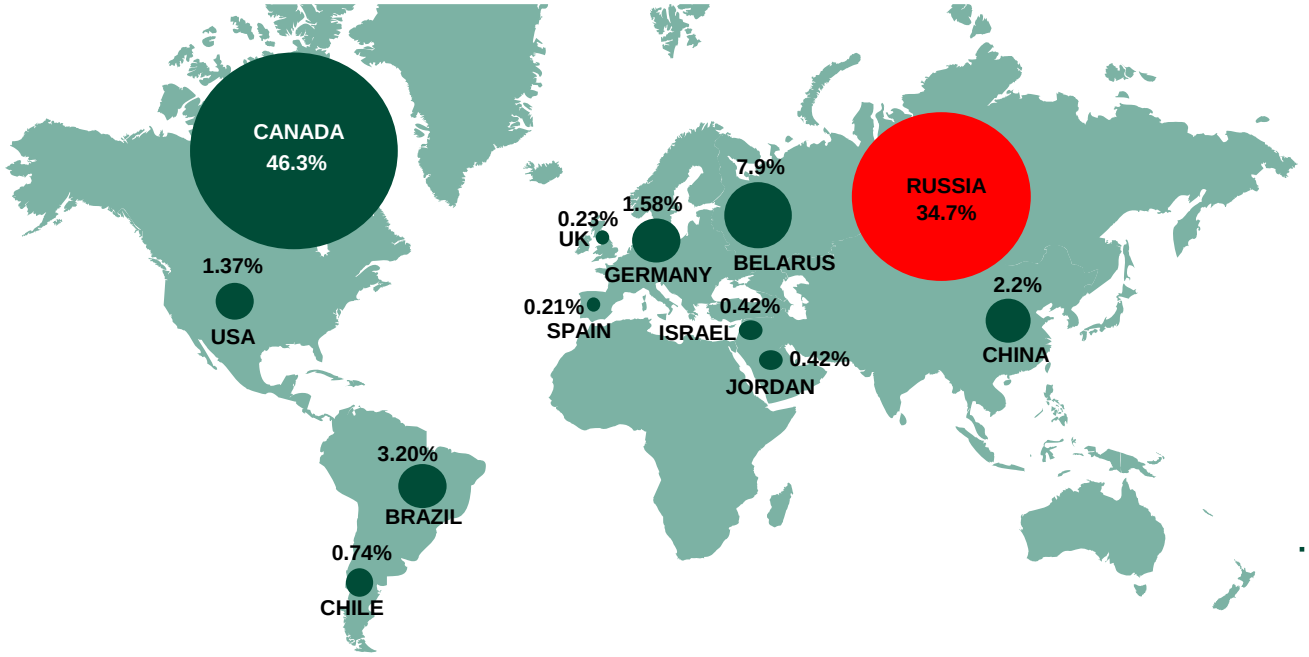
Yevgeny Kotlyar joined Uralkali in 1977 and rose from electrical fitter to Deputy CEO for Operations in Silvinit.

In 2007-2010, Yevgeniy Kotlyar occupied managing positions in OAO Mineral Group.

In 2010, he became Deputy CEO for Operations in Silvinit.

Mineral Scarcity

Potash reserves are largely concentrated in Canada and Russia: >70% of world's potash reserves



- The potassium used in fertilizers is found in a salt form called **potash**
- Potash deposits are derived from evaporated sea water. They occur in beds of sediment at only a few places in the world
- Uralkali mines and processing plants are located in the **Verkhnekamskoe deposit** of potassium ore and magnesium salts, which is the **second-largest potash deposit in the world**, with close to **3.8 billion tonnes of potash** ore under JORC

Limited access to resources, few high quality large scale ore deposits

Source: USGS, 25 January 2011

Combined Uralkali at a Glance

Combination reunites two companies that operated as one business until 1983

	Berezniki	Solikamsk
Resource Base	▪ Total resource base – 3,445 mln t of ore[1] ▪ Resources at Ust-Yayvinsky block – 1,291 mln t of ore[1]	▪ Total resource base – 5,302 mln t of ore[1] ▪ Resources at Polovodovsky block – 3,074 mln t of ore[1]
Production Capacity	▪ Potash production capacity – 5.5 mln t p.a. of KCl as of 2010 ▪ Brownfield capacity potential: 1.5 mln t KCl	▪ Potash production capacity – 5.1 mln t p.a. of KCl as of 2010 ▪ Brownfield capacity potential: 0.9 mln t KCl
Sales	▪ Part of BPC a marketing JV organization with Belaruskali ▪ Domestic sales volumes sold via in-house trading arm ▪ Exports account for 87% of total sales ▪ Owns a 6.2 mln t p.a. bulk terminal in St. Petersburg ▪ Own railcar fleet	▪ IPC and Agrifert S.A. are the principal trading agents of Silvinit in export markets ▪ Domestic sales volumes sold via in-house trading arm ▪ Exports account for 79% of total sales ▪ Own railcar fleet
Product	▪ Standard MOP ▪ Granulated MOP	▪ Standard MOP ▪ Granulated MOP ▪ Carnallite
Financial Results 2010	▪ Production 5.1 mln t ▪ Gross Sales ~ $1700 mln ▪ EBITDA ~ $800 mln ▪ EBITDA margin[2] ~ 60%	▪ Production 5.1 mln t ▪ Gross Sales ~ $1300 mln ▪ EBITDA ~ $600 mln ▪ EBITDA margin[2] ~ 53%



Source: Uralkali, Silvinit, Bloomberg, broker reports, Fertecon

Notes:

1. According to JORC standards
2. EBITDA margin calculated as % of Net Revenue (sales net of freight, railway tariff and transshipment costs)

Production Chain

1 MINING

➢ Ore extraction takes place underground at an approximate depth of **400 metres**

➢ Specialized mining combines drill for potash underground, then the extracted ore is moved by conveyor belts to the shafts and lifted to the surface



2 CRUSHING



➢ In the crushing section of the flotation plant rod mills and screens **break ore into smaller particles** of the size required for further enrichment.

3 CHEMICAL ENRICMENT

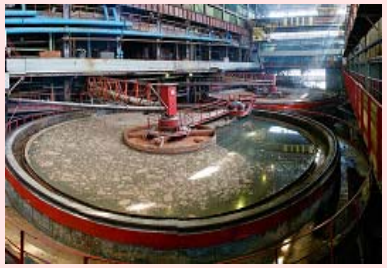
➢ The **HALURGIC METHOD** is based on the varying joint solubility of KCl and NaCl in water at different temperatures

➢ KCl crystallises out of saturated solution when it cools down

➢Produce potash fertilisers which contain **up to 98% of the useful component**



3 FLOTATION



➢ Partly purified potash ore is placed in the flotation machine, bubbles stick to potassium chloride particles and push them to the mixture surface for subsequent separation

➢ Produce potash fertilisers for agriculture which contain **up to 95% of the useful component**

STANDARD PRODUCT



White potash (MOP)

• Applied directly to the soil, for producing compound NPK fertilisers, and for other industrial needs

• Uralkali supply this mainly to China, Russia and Europe



Pink potash (MOP)

• Applied directly to the soil

• Produced through the **flotation method**

•Uralkali supply this primarily to India and Southeast Asia

COMPACTING

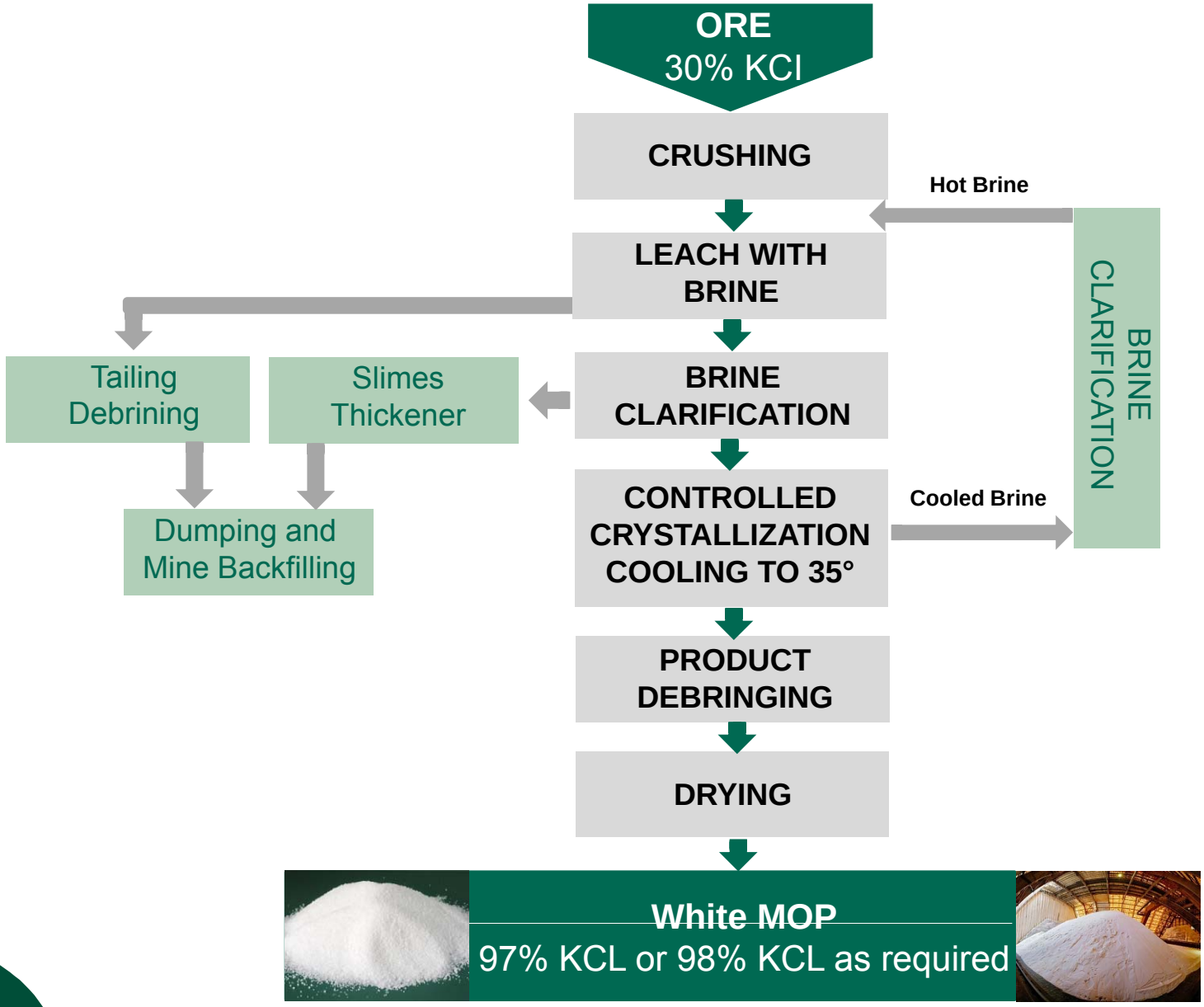


Granular potash

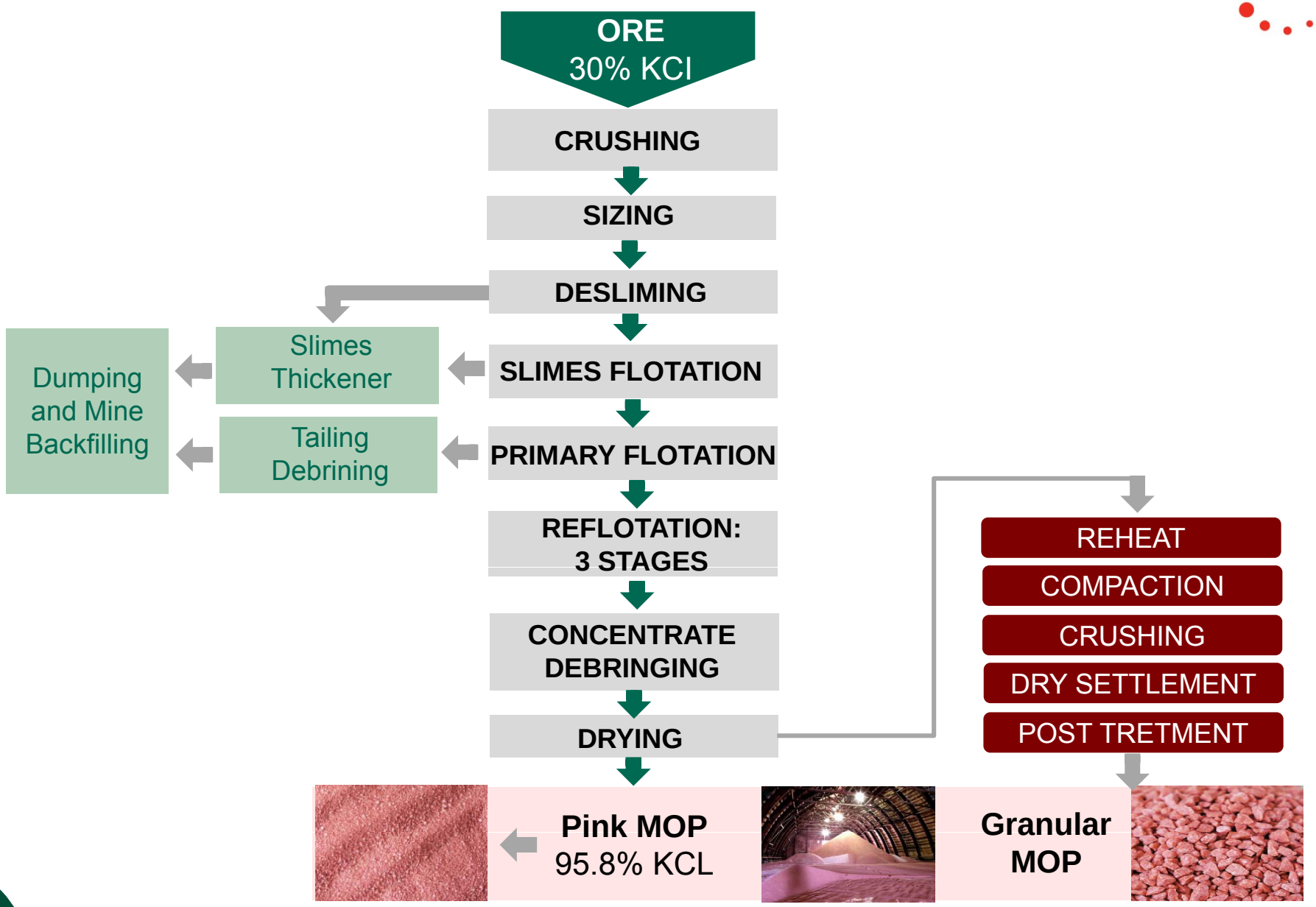
• Premium product bought mainly in countries using advanced soil fertilisation methods

• Uralkali export granular principally to Brazil, the USA and China, where it is applied directly to the soil or blended with nitrogen and phosphate fertilisers.

Chemical enrichment



Flotation


ORE
30% KCl
CRUSHING
SIZING
DESLIMING
Slimes Thickener
Dumping and Mine Backfilling
SLIMES FLOTATION
Tailing Debrining
PRIMARY FLOTATION
REFLOTATION: 3 STAGES
CONCENTRATE DEBRINGING
DRYING
REHEAT
COMPACTION
CRUSHING
DRY SETTLEMENT
POST TRETMENT
Pink MOP
95.8% KCL
Granular MOP

Thank You!