



Major Potash Deposit Near Holbrook, Arizona

Project Overview & Environmental Aspects

Holbrook Area Potash Project

May 21-22

American West Potash

American West Potash, LLC is a subsidiary of **Prospect Global Resources Inc.**, a Denver-based company engaged in the exploration, development and mining of potash in the Holbrook Basin of eastern Arizona. See www.prospectgri.com

Agenda

- Quick Update
- Potash Economics & Area Impacts
- Environmental Aspects
- Frequently Asked Questions



First-Year Accomplishments

- Leasehold accumulation through multiple transactions
 - 150 sections including 42 state sections & 108 private sections
 - Approximately 93,000 acres

- Completed NI 43-101 Resource Report
 - 70 miles of seismic studies, 12 new wells, 81 historic wells
 - Results show a good resource & long mine life

- Created cooperative processes & local relationships

And there are more accomplishments...

More First-Year Accomplishments

- Prepared preliminary design, budget and permitting plan for full production facility for two million finished tons per year
- Completed Preliminary Economic Assessment that shows capital & operating costs to be very competitive & viable
- Initiated Phase 2 drilling, design, permitting & project-specific potash education

Potash: The Basics

- What is it?
- Where is it found?
- World statistics
 - Tons used: 60mm
 - World trade
 - Domestic activity



Potash Economics

- ❑ Key agricultural nutrient-
current wholesale price
\$500 - \$550
- ❑ World shortage, limited
global reserves
- ❑ Increasing global demand
- ❑ Increasing sales prices &
improved technology...



Now make Arizona project viable

Resources Needed & Local Opportunities

Example studies developed by American West Potash:

- Construction resources: Numbers, timing, skills
- Operations staffing: Types, numbers, skills
- Vendors: Types

State & Local Benefits

- Job creation
 - Consulting and permitting: 1 – 1.5 years
 - Construction: 1.5 to 2.5 years, 500 – 800 jobs
 - Mining/Production: Ongoing, 300 – 400 jobs

- Catalyst for side industries
 - Vendors for services & supplies
 - Indirect employment

- State royalty revenue (hundreds of millions)

- State & county ad valorem tax (property tax) revenue

- Sales tax revenue (hundreds of millions)

Water & the Aquifer

- Water usage: About 1,500 gpm required
(Estimated 1/7 of Cholla, 1/15 of the three local power plants)
 - Approximately 1,100 gpm brackish water
 - Approximately 400 gpm fresh water
- Zero discharge plant: Water is recycled or evaporated
- Extensive precautions taken to seal shaft or decline ramp through the aquifer
- Plant & salt storage is double lined with plastic to protect underlying aquifer

Dust & Other Air Emissions

- ❑ Salt & clay tailings: Dry stacked, sealed & shaped
- ❑ Salt sold or given away to minimize salt pile
- ❑ Emission points:
Controlled with triple-stage baghouses
- ❑ Access roads & traffic
 - Buses for workers
 - Upgrades to roads



Other Environmental Aspects

- ❑ Minimal visual impact:
 - Mining is underground
 - Plant is 12 miles from the Petrified Forest National Park
 - Plant is in a deep valley
 - Surface facilities require about 300 acres
 - Downbeam lights minimize light pollution
- ❑ Significant consumer of electricity: New transmission line
- ❑ Overall no significant hazardous chemicals or waste

FAQ: Environmental Aspects

- ❑ How will this impact ranchers?
- ❑ How will AWP protect the aquifer?
- ❑ What about water inflow to the mine?
- ❑ What about subsidence?
- ❑ What permits does AWP need?



FAQ: Economics & Jobs

- ❑ What is AWP's timeframe?
- ❑ How can we prepare to qualify for jobs?
- ❑ When & how can we apply for jobs?
- ❑ How can we help?



Conclusions

- The AWP project will provide huge benefits for the local area, state and US
- There are minimal environmental impacts
- All this information is preliminary. We are in 3-4 months of detailed engineering and we'll provide on going updates, on all specific project information.

Your Questions?



Thank You

Pat Avery

American West Potash