



The Midas Letter

www.midasletter.com Health, Wealth and Prosperity

Potash One Inc. (TSX Venture: KCL)



Vital Statistics:

Issued and Outstanding: 31,520,104
Warrants, Options 12,371,000
Fully Diluted: 43,891,104

Institutional Ownership: 35%+
52 Week High-Low: \$0.44 - 4.55
Avg Daily Volume (3 month): 254,119
Cash on Hand: \$13,100,000
Sector: Mining Development
Focus: Potash

Summary

The demand for potash is growing steadily in the face of increasing global population and a looming food crisis. The explosive growth in China and India, and the coincident increase in food requirements has made net importers out of nations that once were self-sufficient in terms of food supply. This has put increased pressure on farmers to max out yields through optimized fertilization programs. Potash is the source of Potassium in the NPK (Nitrogen- Phosphate Potassium- triplet of fertilizer designations.)

There are a handful of companies who control the Saskatchewan potash district, and in terms of the few development companies that are advancing to production before the end of this decade, only Potash One has the management team with the been-there done-that pedigree that makes them the best bet.

Potash One is taking a different approach to production. They cherry picked a land package they believe will be amenable to solution mining which tend to offer lower capital costs and a quicker timeline to production (4-5 years) versus traditional mining (7-8 years). The project has had two successful solution mining tests conducted by previous operators.

Company president Paul Matysek was the CEO and President of Energy Metals Corporation, a premiere uranium company traded on New York Stock Exchange and Toronto Stock Exchange. Energy Metals became one of the fastest growing companies in Canada in the last two years having grown from a market capitalization of only \$10 million in 2004 to \$1.2 billion when it was sold to a larger uranium producer earlier in 2007.

Potash Overview

Potash is not a commodity that springs to mind as a high value exciting investment. Most people don't even know what its used for. But if you're a crop farmer in any corner of the world, you probably consume a substantial amount of potash each year.

The word "potash" is derived from the Dutch word Potasch, and originally referred to wood ash. Potassium carbonate, a basic chemical of pre-modern times, was extracted from it. Today potash refers to potassium compounds and potassium-bearing materials, the most common being potassium chloride (KCl). The term "potash" comes from the pioneer practice of extracting potassium fertilizer (K_2CO_3) by leaching wood ashes and evaporating the solution in large iron



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pots.

Potash, or carbonate of potash, is in fact a mixture of potassium salt with impure form of potassium carbonate (K_2CO_3). In other words, it is the common term used for the fertilizer forms of the element potassium (K).

95% of world's potash is used in fertilizers, while the rest is used for feed supplements and industrial production.

Potash is a key ingredient in fertilizers that enhances water retention of plants, increases crop yields and plants' disease resistance. In feed supplements, the key function of potash is to contribute to animal growth and milk production. Potash is also used to produce glass, ceramics, soaps etc.

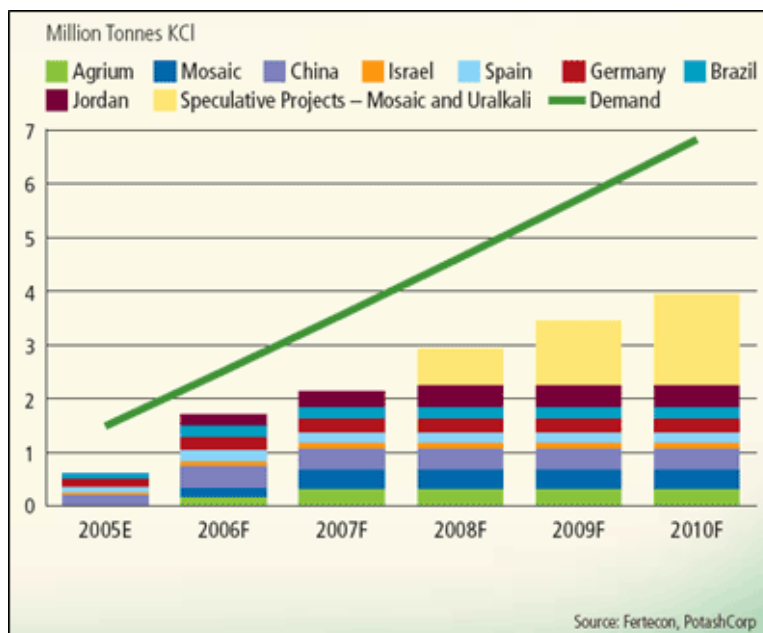
Demand

The potash market has been experiencing a rapid growth in the last decade primarily due to more demand for food, fiber and feed. This trend has been reinforced by increased demand for biofuels.

The current potash market is estimated at 50 million tons annually, and is projected to grow at 3-4% rate.

Supply

Potash is used in 150 countries while only 12 countries produce it. The main producing countries are Canada, Belarus, Russia, Israel and Jordan. The United States that produces only 1,200,000 tonnes a year consumes 5,200,000 tonnes, thus, being one of the largest net importers of potash in the world after China, India and Brazil. The total global potash mine production in 2006 reached 30 million tonnes.



Saskatchewan is the largest potash production centre in the world. Potash One property is located in Saskatchewan adjacent to the Belle Plain potash project operated by NYSE listed The Mosaic Company.

The potash industry is currently running at its maximum capacity, and very few new Greenfield projects have been announced.

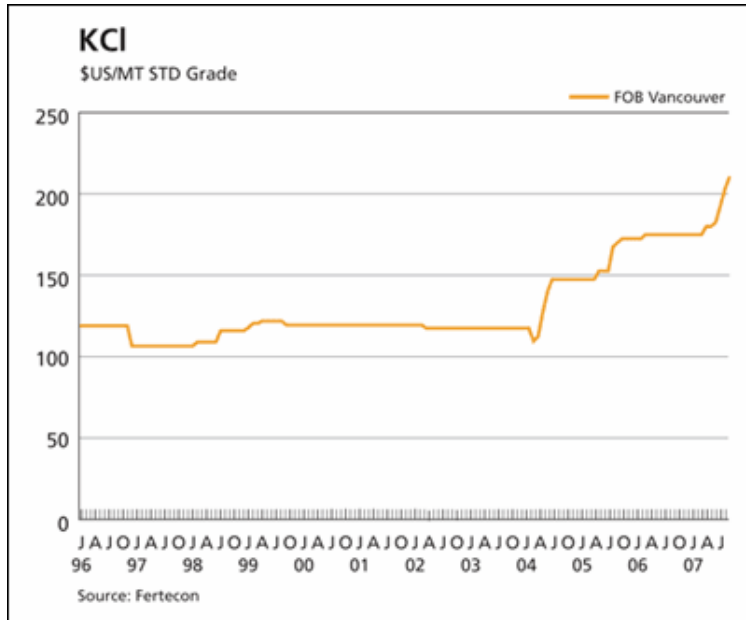
The new demand for potash is expected to exceed new supply.

New Demand to Exceed New Supply



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Potash Prices

Strong demand and limited capacity are expected to continue to drive potash prices higher, while North American inventories, specifically in-country inventories, remain extremely tight.

Although this chart is 8 months behind, spot potash prices in Vancouver climbed to a record \$375 (U.S.) per tonne as of February 2008.

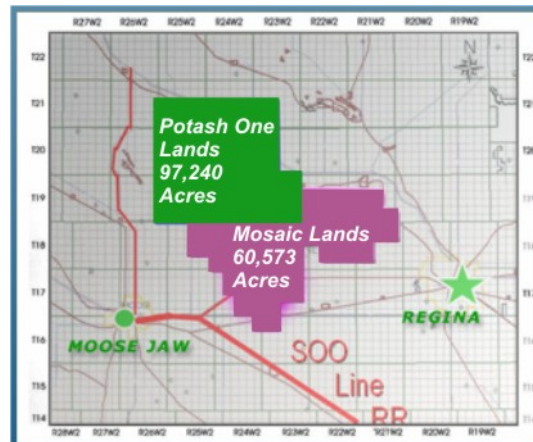
The Legacy Project

The company has secured large mining block in south-central Saskatchewan, the region known for significant potash deposits. The Legacy Potash project is located about 80 kilometers northwest of Regina and immediately adjacent to the north from the Mosaic Belle Plaine potash solution mine. The project currently holds some 97,240 acres of Crown mineral lands held by Subsurface Mineral Permit KP 289.

Potash One has completed a National Instrument 43-101 Technical Report on the Legacy Project on February 8, 2007. The full text of the Technical Report is available on the Company's website at www.potashone.com

The Technical Report has estimated that the Indicated and Inferred Mineral Resource for Patience Lake and Belle Plaine potential solution mining intervals are:

- Indicated Mineral Resource: 36.8 million tonnes of K_2O
- Inferred Mineral Resource: 360.4 million tonnes of K_2O



If solution mining recovered the potash between the beds, the additional resource would be:

- Indicated Mineral Resource: 4 million tonnes of K_2O
- Inferred Mineral Resource: 31.1 million tonnes of K_2O .



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To put these numbers into prospective for readers, assuming the Legacy Project could be a 2 million tonner per year operation that would equate to a 200 year mine life. (Give or take a few years)

Plenty of Potash.

Key Management

Paul Matysek, M. Sc, P. Geo, President, CEO

Mr. Matysek is an experienced geochemist/geologist with a Bachelor of Science degree and a Masters of Science degree in Geology. Mr. Matysek has held management and director positions with several natural resource exploration and development companies.

Most recently Mr. Matysek was the CEO and President of Energy Metals Corporation, a premiere uranium company traded on New York Stock Exchange and Toronto Stock Exchange. Energy Metals became one of the fastest growing companies in Canada in the last two years having grown from a market capitalization of only \$10 million in 2004 to \$1.2 billion when it was sold to a larger uranium producer earlier in 2007.

He has been involved in raising over \$200 million for various exploration and development projects since 1999.

Thomas R. Tough, P. Eng. - Director

Mr. Tough graduated in 1965 with a B.Sc. degree in Geology from the University of British Columbia, Vancouver, BC, Canada and has been registered with the Association of Professional Engineers and Geoscientists of British Columbia since 1970.

He is a geological consultant with over 40 years experience in prospecting, property evaluation, exploration, development, open-pit and underground mine and mill planning and processing, as operator and project manager. As a consultant he has specialized in underground and surface exploration, reserve estimations, and feasibility studies on precious metal projects and underground gold placer deposits along with the development and/or production of precious, base, industrial minerals, gemstones and oil and gas.

David A. Berg - Director

Mr. David A. Berg has spent over 28 years of consecutive service with one of Canada's largest publicly traded companies, Loblaw's Group of Companies Ltd. His most recent responsibility was serving in the capacity of Vice President of Operations for a business unit in Western Canada representing \$1.5 Billion in annual revenue with a total of 8,500 employees. Mr. Berg brings retail, financial services and energy business acumen to the Board.

Since 2007, he operates a private consulting company based in Calgary, Alberta specializing in the provision of management services, development of business models and structuring, financing and managing of public and private projects.



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George Lim, CFO, - Director

Mr. Lim joined Potash One in 2008. Previously, he was the Chief Financial Officer of Energy Metals Corporation, a NYSE-Arca and TSX-listed company. Prior to this, Mr. Lim was the Chief Financial Officer of a group of resource companies for 5 years with operations in North and South America, Australia and Africa. He began his career at KMPG and has since held roles of increasing responsibility, several of which were senior roles in public practice and in the mining industry.

Upside Potential

These charts are for the Mosaic Corporation and Potash Corporation of Saskatchewan. Both are major producers of potash, and both have seen their share prices explode over the last year. If Potash One can expedite the path to production, don't be surprised to see its chart looking more like the ones here.

As usual, I must urge all readers to complete their own due diligence.

James West
Publisher

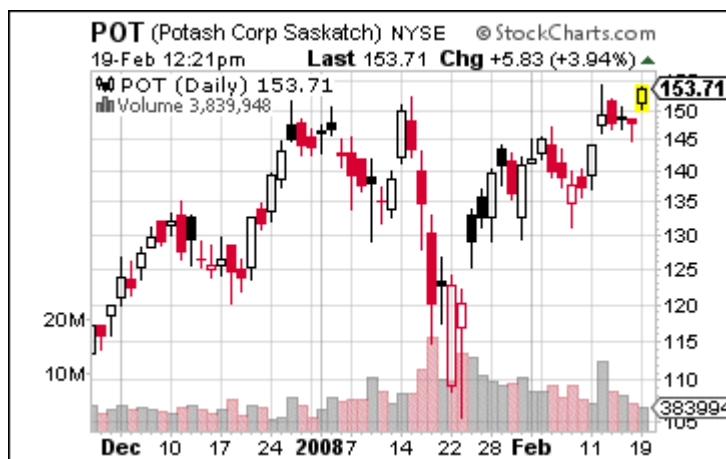


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