Intrepid Potash, Inc.
Form S-1/A
April 17, 2008
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As filed with the Securities and Exchange Commission on April 17, 2008

Registration No. 333-148215

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

AMENDMENT NO. 4

TO

FORM S-1

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

INTREPID POTASH, INC.

(Exact name of registrant as specified in its charter)

Delaware	1400	26-1501877
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

700 17th Street, Suite 1700

Denver, CO 80202

(303) 296-3006

(Address, including zip code and telephone number, including area code, of registrant s principal executive offices)

Robert P. Jornayvaz III

Chairman of the Board and Chief Executive Officer

Intrepid Potash, Inc.

700 17th Street, Suite 1700

Denver, CO 80202

(303) 296-3006

(Name, address, including zip code and telephone number, including area code, of agent for service)

Copies to:

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(303) 861-7000	(713) 220-4200

Approximate date of commencement of proposed sale to the public:

As soon as practicable after this registration statement becomes effective.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. ¨

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered(1)(2)	Proposed Maximum Offering Price Per Share(3)	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
Common stock, par value $0.001 per share	34,500,000	$29.00	$1,000,500,000	$39,320(4)

(1) Estimated pursuant to Rule 457(a).
(2) Including shares of common stock which the underwriters have an option to purchase.
(3) Anticipated to be between $27.00 and $29.00 per share.
(4) Includes $28,202 previously paid.

The registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until this Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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Subject to Completion, Dated April 17, 2008

30,000,000 Shares

Intrepid Potash, Inc.

Common Stock

This is an initial public offering of shares of common stock of Intrepid Potash, Inc. The company is a corporation recently formed by Intrepid Mining LLC. All of the 30,000,000 shares of common stock are being sold by the company.

To the extent that the underwriters sell more than 30,000,000 shares of common stock, the underwriters have the option to purchase up to an additional 4,500,000 shares from Intrepid Potash, Inc. at the initial public offering price less the underwriting discount. We intend to use the net proceeds we receive from any shares sold pursuant to the underwriters option to purchase additional shares to pay a dividend to the current members of Intrepid Mining LLC.

Prior to this offering, there has been no public market for the common stock. It is currently estimated that the initial public offering price per share will be between $27.00 and $29.00. The common stock has been approved for listing on the New York Stock Exchange under the symbol IPI, subject to official notice of issuance.

See Risk Factors on page 15 to read about factors you should consider before buying shares of the common stock.

	Price to Public	Underwriting Discounts and Commissions	Proceeds to Intrepid Potash, Inc.
Per Share	$	$	$
Total	$	$	$

The underwriters expect to deliver the shares against payment in New York, New York on , 2008.

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

Goldman, Sachs & Co. **Merrill Lynch & Co.** **Morgan Stanley**

RBC Capital Markets **BMO Capital Markets**

Prospectus dated , 2008

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Prospectus

Through and including , 2008 (the 25th day after the date of this prospectus), all dealers effecting transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to a dealer s obligation to deliver a prospectus when acting as an underwriter and with respect to an unsold allotment or subscription.

No dealer, salesperson or other person is authorized to give any information or to represent anything not contained in this prospectus. You must not rely on any unauthorized information or representations. This prospectus is an offer to sell only the shares offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this prospectus is current only as of its date.

We own, or claim ownership rights to, a variety of trade names, service marks and trademarks for use in our business, including Intrepid Potash, Intrepid Potash (stylized logo) appearing on the cover page of this prospectus, in the U.S. and, where appropriate, in foreign countries. This prospectus also includes product names and other trade names and service marks owned by us and other companies. The trade names and service marks of other companies are the property of those other companies.

Market data and industry statistics used throughout this prospectus are based on independent industry publications and other publicly available information. Although we believe these third-party sources are reliable, you should not place undue reliance on this information.

Actual production, revenue and expenditures with respect to our reserves will likely vary from estimates, and these variations may be material. As a result, you should not place undue reliance on the muriate of potash and langbeinite reserve data included in this prospectus.

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PROSPECTUS SUMMARY

The following summary highlights selected information contained in other parts of this prospectus. The summary is qualified in its entirety by the information contained elsewhere in this prospectus. You should read the entire prospectus carefully, especially the matters discussed under Risk Factors and the financial statements and related notes included in this prospectus, before deciding to invest in our common stock. We include a glossary of some of the terms used in this prospectus as Appendix A.

References in this prospectus to Intrepid Potash , our , we or us are to Intrepid Potash, Inc. and its consolidated subsidiaries and include Intrepid Mining LLC unless the context otherwise requires. References to Intrepid Mining are to Intrepid Mining LLC. References to Intrepid Moab, Intrepid New Mexico and Intrepid Wendover are to Intrepid Potash Moab, LLC, Intrepid Potash New Mexico, LLC and Intrepid Potash Wendover, LLC, respectively, our principal operating subsidiaries. References to tons in this prospectus refer to short tons. One short ton equals 2,000 pounds. References to the current members of Intrepid Mining or the original stockholders are to Harvey Operating and Production Company, Intrepid Production Corporation, and Potash Acquisition, LLC, who, as of the date of this prospectus, collectively own 100% of the membership interests of Intrepid Mining. Unless otherwise indicated, references to potash in this prospectus refer to muriate of potash.

Intrepid Potash, Inc.

Overview

We are the largest producer of muriate of potash (MOP, or potassium chloride) in the U.S. and are dedicated to the production and marketing of potash and langbeinite (sulfate of potash magnesia), another mineral containing potassium. Potassium is one of the three primary nutrients essential to plant formation and growth. Since 2004, we have supplied, on average, 1.5% of world potash consumption and 8.5% of U.S. consumption annually, and we have supplied a considerably higher proportion of the potash consumed in the southwestern and western U.S., our core markets. We are one of two exporting producers in the world of langbeinite, a low-chloride fertilizer that is better suited than MOP for chloride-sensitive crops. We also produce salt, magnesium chloride and metal recovery salts from our potash mining processes. We own five active potash production facilities three in New Mexico and two in Utah and we have the nameplate capacity to produce 1,200,000 tons of potash and 250,000 tons of langbeinite annually. In 2007, we sold approximately 893,000 tons of potash and approximately 158,300 tons of langbeinite, an increase of 22% and 66%, respectively, over 2006. Our preliminary estimate of production for the first quarter of 2008 is 224,000 tons of potash and 56,000 tons of langbeinite as compared to 218,000 tons and 45,000 tons, respectively, in the first quarter of 2007.

We own two development assets in New Mexico the HB Mine, which is an idled potash mine that we are in the process of reopening as a solution mine, and the North Mine. Based on our five-year operating plan, we expect that expansion opportunities at our operating facilities and the HB Mine will increase production by an aggregate of over 370,000 tons of potash and langbeinite annually.

Our principal assets include:

- Two conventional, underground potash mines in Carlsbad, New Mexico the West Mine and the East Mine and the North Facility compaction plant. The West Mine has the nameplate capacity to produce 510,000 tons of potash annually. Potash from our West Mine is processed at our North Facility compaction plant. The East Mine produces two products, with the nameplate capacity to produce 390,000 tons of potash and 250,000 tons of langbeinite annually. The East Mine mill is a dual potash and langbeinite facility that uses a first-of-its-kind milling process.

Two potash facilities in Utah the Moab Mine and the Wendover Facility. The Moab Mine uses solution mining methods to extract potash and has the nameplate capacity to produce 180,000 tons of potash annually. The Wendover Facility collects potash from natural brines and has the nameplate capacity to produce 120,000 tons of potash annually. Both of these facilities use low-cost solar evaporation to recover potash.

Two development assets in Carlsbad, New Mexico the HB Mine and the North Mine. The HB Mine is an idled potash mine that we are in the process of reopening as a solution mine. We expect to commence Phase I of the project in 2008, with production beginning in 2009. We believe Phase I, which consists of the flooding of 4,400 of the 21,600 total acres of the mine, has the potential to ultimately add up to 150,000 to 200,000 tons of additional low-cost potash production annually by 2011. The North Mine is another idled underground potash mine that we may choose to reopen in the future and that already has in place mine shafts and much of the transportation and utility infrastructure required for operation.

In 2007, we generated net sales of $192.4 million, EBITDA of $48.5 million and net income of $29.7 million at an average net potash sales price during the period of $194 per ton. We define net sales as gross sales less freight costs, which, in effect, results in all sales being stated net of delivery costs (FOB the mines). The long term trend of increasing potash prices has accelerated recently. For example, our posted price for red granular potash in Carlsbad, New Mexico has increased 132% from $217 per ton on September 30, 2007 to $503 per ton as of April 1, 2008. Actual prices realized in the market vary due to the timing and receipt of orders, among other factors.

During 2007, we sold approximately 96% of our potash and langbeinite volumes in North America, with the remainder being sold outside North America on our behalf by Potash Corporation of Saskatchewan Inc., or PCS. The agricultural market represented approximately 64% of our potash sales in 2007, with sales to industrial and feed markets accounting for 30% and 6% of our potash sales, respectively.

Company History

Intrepid Mining was formed in January 2000 for the purpose of acquiring the Moab Mine from PCS. The Moab Mine was a solution mine which had experienced sustained declining production. Our management team stabilized production volumes at nearly twice the pre-acquisition level by applying horizontal drilling technology that is commonly used in the oil and gas industry but had never before been used to mine potash.

We observed that potash from Moab shared markets with potash produced in Carlsbad, New Mexico and in Wendover, Utah. Accordingly, we formulated a strategy to acquire assets in those areas in order to consolidate marketing efforts and effect operating synergies. We acquired the assets of Mississippi Potash, Inc. and Eddy Potash, Inc. in Carlsbad, New Mexico from Mississippi Chemical Company in February 2004. In April 2004, we acquired the potash assets of Reilly Chemical, Inc. in Wendover, Utah.

Intrepid Potash was formed as a Delaware corporation on November 19, 2007, and, in connection with the completion of this offering, will receive a transfer of all of the nonmonetary assets of Intrepid Mining and will assume (i) all amounts in excess of $18.9 million of Intrepid Mining s liability under its existing senior credit facility and (ii) all other liabilities and obligations of Intrepid Mining, as described in the exchange agreement discussed under   The Formation Transactions   beginning on page 67. Intrepid Mining will repay the $18.9 million that is not assumed by Intrepid Potash from the cash proceeds received from Intrepid Potash pursuant to the terms of the exchange agreement.

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Members of our senior management team currently own 80% of Intrepid Mining. After this offering, our senior management team and board of directors will own 59.9% of our common stock (53.9% if the underwriters option to purchase additional shares is exercised in full).

Industry Overview

Fertilizers serve a fundamental role in global agriculture by providing vital nutrients that help sustain both the yield and the quality of crops. The three primary nutrients required for plant growth are nitrogen, phosphate and potassium (potash), and there are no known substitutes for these nutrients. A proper balance of each of the three nutrients is necessary to maximize their effectiveness. Potash helps regulate plants physiological functions and improves plant durability, providing crops with protection from drought, disease, parasites and cold weather. Unlike nitrogen and phosphate, potash does not require additional chemical conversion to be used as a plant nutrient.

Fertecon Limited, a fertilizer industry consultant, expects global potash consumption to grow 3.5% annually from 2007 to 2011. This growth is driven primarily by strong global demand for agricultural commodities, which in turn is driven by the demand for food and alternative energy sources. As populations grow, more food is required from decreasing arable land per capita, which requires higher crop yields and, therefore, more plant nutrients. As incomes grow in the developing world, people consume more animal protein, which requires large amounts of grain for feed. In addition, high oil prices and associated energy concerns have recently placed a renewed emphasis on ethanol and bio-diesel production, which currently rely on agricultural products as feedstocks.

Potash is mined either from conventional underground mines or, less frequently, from surface or sub-surface brines. According to the International Fertilizer Industry Association, or IFA, six countries accounted for approximately 87% of the world s aggregate potash production in 2007. During this time period, the top seven potash producers controlled approximately 83% of world production. Five of the top ten producers are further concentrated into two marketing groups, which together controlled approximately 57% of global potash production in 2007.

Virtually all of the world s potash is currently extracted from twenty commercial deposits, and the most recently constructed operating mine in the world was opened in 1987. Barriers to adding new potash production are significant because economically recoverable potash deposits are scarce, deep in the earth and geographically concentrated. A further challenge is that the majority of unexploited mineralized deposits of potash existing outside the Canadian province of Saskatchewan are located in remote and/or politically unstable regions such as the Congo, Thailand and Argentina.

In recent years, consistent growth in global demand coupled with limited increases in global supply have led to significant increases in producer operating rates for potash. We believe the global potash industry has operated at or near the highest achievable production rates during 2007 and 2008 to date. As a result of increasing demand and tight supply, potash prices have increased rapidly.

	Three Months Ended March 31,		Year Ended December 31,				
	2008	2007	2007	2006	2005	2004	2003
Average Midwestern U.S. delivered list prices for granular MOP (per ton)[1]	$ 502	$ 214	$ 257	$ 205	$ 210	$ 159	$ 121

(1) Average delivery list prices include delivery to the list price location. Source: Green Markets Fertilizer Market Intelligence Weekly.

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Our Competitive Strengths

U.S. potash-only producer. We are the largest producer of potash in the U.S., the second largest potash-consuming country in the world. We are dedicated to the production and marketing of potash and langbeinite, whereas nearly all of our competitors are meaningfully diversified, primarily into other fertilizer and chemical businesses. As a dedicated potash producer, we believe our financial performance is subject to less volatility than that of other fertilizer companies. Historically, potash prices have been subject to less volatility than prices for other fertilizers and commodity chemicals. In addition, the costs to mine and produce potash are relatively fixed and stable, whereas the costs to produce other fertilizers have significantly greater exposure to volatile raw material costs, such as natural gas used to produce nitrogen and phosphate products.

After the completion of this offering, we will be one of two publicly-traded potash-only companies producing today, the other being Uralkali, a Russian producer.

Additionally, as a U.S. producer, we enjoy a significantly lower total tax and royalty burden than our principal competitors, which operate primarily in Saskatchewan, Canada. For example, we currently pay an average royalty rate of approximately 3.7% of our revenue, which compares favorably to our competitors in Canada.

Assets located near our primary customer base. Our mines are advantageously located near our largest customers. We believe that our location allows us to realize higher net sales prices than our competitors, who must ship their products across longer distances to consuming markets, which are often export markets. According to state potassium fertilizer sales data collected by the Association of American Plant Food Control Officials, Inc. and our sales data, annual consumption of potassium products in our markets is greater than five times our current annual production. This allows us to target sales to the markets in which we have the greatest transportation advantage, maximizing our net sales per ton. Our access to strategic rail destination points and our location along major agricultural trucking routes support this advantage. In addition, our location in an oil and gas producing region allows us to serve industrial customers, the majority of whom we reach by truck. Our geographic advantage is difficult for competitors to erode, particularly in an environment of historically high and rising transportation costs.

The chart below sets forth what we believe to be our average net sales per ton advantage, which results primarily from our freight cost advantage, over our primary Canadian competitors per product ton of potassium chloride for each of 2007, 2006 and 2005.

	2007	2006	2005
Intrepid Potash net sales per ton advantage(1)	$ 39	$ 43	$ 29

(1) Based on net sales per ton for Agrium, Mosaic and PCS for muriate of potash only. Mosaic s MOP revenues were calculated by subtracting langbeinite-only revenues, assuming $115 net sales per ton for langbeinite (K-Mag®).

Diversification into niche markets. We sell to three different markets for potash the agricultural, industrial and feed markets. During 2007, these markets represented approximately 64%, 30% and 6% of our potash sales, respectively. According to the IFA, 95% of all potash produced is used as a fertilizer. As a result, we believe our sales are diversified across more distinct, unrelated consumer markets than those of many of our competitors, adding stability to our potash revenues. A primary component of the industrial markets we serve is the oil and natural gas services industry, where potash is commonly used in drilling and fracturing oil and natural gas wells. According to SRI Consulting, U.S. industrial

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consumption of potash is growing rapidly relative to the agricultural market, with a compound annual growth rate of 5.1% from 1990 to 2005.

We are one of two exporting producers of langbeinite in the world. Both producing facilities are located in Carlsbad, New Mexico. Given the greater scarcity of langbeinite relative to potash and its agronomic suitability for certain soils and crops, there is demand for our langbeinite production outside of our core potash markets. PCS markets our langbeinite production outside North America. This relationship gives us access to PCS extensive international sales network and informs us about developments in the international market. During 2007, we sold approximately 158,300 tons of langbeinite, representing 15.0% of our total product tons sold during this period.

Significant reserve life and water rights. Our potash and langbeinite reserves each have substantial life, with remaining reserve life ranging from 28 to 124 years, based on proven and probable reserves estimated in accordance with Securities and Exchange Commission, or SEC, requirements. This lasting reserve base is the result of our past acquisition and development strategy. In addition to our reserves, we have access to significant mineralized deposits for potential future exploitation and valuable water rights.

Valuable existing facilities and infrastructure. Constructing a new potash production facility requires extensive capital investment in mining, milling and infrastructure, which is expensive and requires substantial time to complete. Our five operating facilities and the HB Mine already have significant facilities and infrastructure in place. We have the ability to expand our business using existing installed infrastructure, in less time and with lower expenditures than would be required to construct entirely new mines.

Track record of innovation and modernization. Our management team has a history of building successful operations through the acquisition of underutilized assets, followed by creative use of technology to increase productivity and reliability. As an entrepreneurial, potash-only producer, we have devoted considerable management attention to each facility, with a focus on modernization and improving production. We have applied technologies from other industries, including the oil and gas industry, and implemented innovative production processes. From inception to December 31, 2007, we have spent approximately $80 million on capital expenditures at our facilities. We believe these investments have enhanced the reliability and productivity of our operations.

Low-cost solar evaporation operations. The Moab Mine and the Wendover Facility, both located in the Utah desert, use solar evaporation to crystallize potash from brines. Solar evaporation is a low-cost and energy-efficient method of producing potash. Our understanding and application of solution mining, combined with our location in regions with favorable climates for evaporation, allow our Utah facilities to enjoy low production costs. We plan to develop the HB Mine using the same solar evaporation and solution mining technology we use at our Moab Mine.

Our Business Strategy

Expand potash production from existing facilities. We have expansion opportunities at our operating facilities that we expect will significantly increase production, drive down our unit cost per ton and increase our cash flow. Because of our market share, we believe increases in our production have limited effect on international potash prices, allowing us to enjoy expanding margins on incremental production through full price realization and decreasing production costs per ton. Based on our five-year operating plan, we estimate that these

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opportunities will increase annual potash production by an expected aggregate of over 110,000 tons.

Reopen the HB Mine as a solution mine. The HB Mine, located in Carlsbad, New Mexico, was formerly operated as a conventional underground mine and was idled in 1996 by its previous owner. We are in the process of reopening the HB Mine as a solution mine, using the same solar evaporation and solution mining technology we currently use at our Moab Mine. We believe the HB Mine is especially suitable for solution mining due to the easily accessible mineral resource and our ability to rely in part on existing equipment and personnel to process potash. We expect production from the HB Mine to begin in 2009 and believe Phase I of the project has the potential to ultimately add up to 150,000 to 200,000 tons of additional potash production annually by 2011. We expect the potash produced from the mine to be our lowest-cost product on a per-ton basis.

Expand langbeinite production and demand. We are one of two exporting producers of langbeinite. We mine langbeinite in Carlsbad, New Mexico from the only known reserves of langbeinite in the world. In order to better capitalize on the strong and growing demand for langbeinite, we have initiated two projects that we expect will allow us to increase our annual langbeinite production by an aggregate of approximately 90,000 tons over the next three to four years and lower our production costs per ton.

Increase our profitability. We will continue to seek to increase our profitability both by targeting sales to our most profitable markets and reducing per ton operating costs. We plan to execute on additional opportunities to further reduce our fixed and variable operating expenses and pursue various projects designed to increase the reliability of our mining facilities and minimize production downtime.

Summary of Risk Factors

An investment in our common stock involves risks associated with our business, this offering and our corporate structure. The following list of principal risk factors is not exhaustive. Please carefully read the more detailed discussion of these and other risks under Risk Factors .

Our potash sales are subject to price and demand volatility resulting from periodic imbalances of supply and demand, which may negatively affect our operating results.

Mining is a complex and hazardous process which frequently experiences production disruptions, and the nature of our operations may make us more vulnerable to such disruptions than our competitors.

New product supply can create structural market imbalances, which could negatively affect our operating results and financial performance.

The grade of ore that we mine may vary from our projections due to the complex geology of potash reserves, which could adversely affect our potash production and our financial results.

Any decline in U.S. agricultural production or limitations on the use of our products for agricultural purposes could materially adversely affect the market for our products.

A decline in oil and gas drilling or a reduction in the use of potash in drilling fluids in the Permian Basin or Rocky Mountain regions may increase our operating costs and decrease our average net sales per ton of potash.

Weakening of the Canadian dollar and Russian ruble against the U.S. dollar could lead to lower domestic potash prices, which would adversely affect our operating results, and fluctuations in these currencies may cause our operating results and our stock price to fluctuate.

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Formation Transactions and Organizational Structure

General

Intrepid Potash is a Delaware corporation that was formed on November 19, 2007 and is a wholly-owned subsidiary of Intrepid Mining. In connection with this offering, we will enter into the following transactions, which we refer to in this prospectus as the formation transactions .

At or before the completion of this offering, Intrepid Potash and Intrepid Mining will enter into an exchange agreement, which will provide for the assignment of all of Intrepid Mining s assets other than cash to Intrepid Potash in exchange for:

- cash in an amount of approximately $645.1 million (approximately 82.1% of the net proceeds from this offering);
- 40,339,000 shares of common stock of Intrepid Potash; and
- the assumption by Intrepid Potash of (i) $82.5 million (based on outstanding amounts as of December 31, 2007) of Intrepid Mining s liability under its existing senior credit facility and (ii) all other liabilities and obligations of Intrepid Mining, as described in the exchange agreement discussed under The Formation Transactions beginning on page 67.

The transactions provided for in the exchange agreement and this offering will be consummated simultaneously.

As a part of the formation transactions, we will declare a dividend with respect to our common stock currently issued and outstanding, which we refer to in this prospectus as the formation distribution . The formation distribution will be paid in 4,500,000 shares of our common stock; provided, however, that for each share of our common stock purchased by the underwriters pursuant to their option to purchase additional shares, the number of shares payable pursuant to the formation distribution will be reduced, one-for-one, and in lieu of such shares, we will pay cash in an amount equal to the net proceeds, after underwriting discounts and commissions, we receive from the exercise of the underwriters option to purchase additional shares. The formation distribution will be payable to Intrepid Mining, the holder of record of the common stock prior to this offering, upon the earlier of the expiration or the exercise of the option to purchase additional shares.

After the completion of this offering, Intrepid Mining will liquidate and distribute its remaining assets, including the cash and common stock received pursuant to the exchange agreement and the right to receive the formation distribution described above, to the current members of Intrepid Mining.

Organizational Structure After the Formation Transactions

Once this offering and the related formation transactions are completed, assuming the underwriters do not exercise any portion of their option to purchase additional shares, the common stock of Intrepid Potash will be held as follows:

- 40.1% by public stockholders;
- 24.0% by Harvey Operating and Production Company, a Colorado corporation, which we refer to as HOPCO, wholly-owned by Hugh E. Harvey, Jr., our Executive Vice President of Technology and one of our directors;

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24.0% by Intrepid Production Corporation, a Colorado corporation, which we refer to as IPC, wholly-owned by Robert P. Jornayvaz III, our Chairman of the Board and Chief Executive Officer; and

11.9% by Potash Acquisition, LLC, a Delaware limited liability company, which we refer to as PAL, the largest beneficial owner of which is Platte River Ventures I, L.P., a Delaware limited partnership. One of our directors, J. Landis Martin, is the managing member of Platte River Ventures I, L.P. s general partner, PRV Investors I, LLC, a Delaware limited liability company.

Principal Executive Offices and Internet Address

Our principal executive offices are located at 700 17th Street, Suite 1700, Denver, Colorado 80202 and our telephone number is (303) 296-3006. Our website is located at *www.intrepidpotash.com*. We expect to make our periodic reports and other information filed with or furnished to the SEC available, free of charge, through our website as soon as reasonably practicable after those reports and other information are electronically filed with or furnished to the SEC. Information on our website or any other website is not incorporated by reference into this prospectus and does not constitute a part of this prospectus.

The Offering

Common stock offered by us	30,000,000 shares.
Common stock outstanding after this offering	74,845,357 shares (including 1,000 shares outstanding before the offering, stock grants totaling 5,357 shares to our non-employee directors and 4,500,000 shares that will be sold to the underwriters pursuant to the exercise of their option to purchase additional shares or, to the extent the option to purchase additional shares is not exercised, distributed to the current members of Intrepid Mining pursuant to the formation distribution).(1)
Option to purchase additional shares	We have granted the underwriters a 30-day option to purchase up to 4,500,000 additional shares of our common stock at the initial public offering price less underwriting discounts and commissions. The option may be exercised only to cover options to purchase additional shares of common stock. To the extent that the underwriters exercise their option to purchase additional shares, all of the net proceeds we receive from the exercise of the option to purchase additional shares will be used to pay the formation distribution to Intrepid Mining. Any amount of the formation distribution that is not paid in cash will be paid to Intrepid Mining in shares of our common stock.

(1) Excludes 540,625 shares of unvested restricted stock that will be granted by Intrepid Potash on or around the completion of this offering.

Use of proceeds	We expect to receive net cash proceeds of approximately $787.1 million from this offering, assuming an offering price of $28.00 per share (the midpoint of the price range set forth on the cover page of this prospectus), after deducting underwriting discounts and commissions and estimated offering expenses payable by us. The net proceeds reflect all offering-related expenses except for $1.7 million of expenses which were paid in 2007. We expect to apply the net proceeds from this offering as follows:

- approximately $645.1 million (approximately 82.1% of the net proceeds from this offering) will be paid to Intrepid Mining (together with 40,339,000 shares of our common stock) in exchange for all of Intrepid Mining s assets other than cash;
- based on outstanding amounts as of December 31, 2007, approximately $82.5 million (approximately 10.5% of the net proceeds from this offering) will be used by us for repayment of debt assumed from Intrepid Mining pursuant to the exchange agreement, leaving us with no outstanding debt. We will assume (i) all amounts in excess of $18.9 million of Intrepid Mining s liability under its existing senior credit facility and (ii) all other liabilities and obligations of Intrepid Mining, as described in the exchange agreement discussed under The Formation Transactions beginning on page 67; and
- the remainder of the net proceeds, $59.5 million of cash in the December 31, 2007 pro forma combined as adjusted balance sheet, will be used to fund production expansions and other growth opportunities and for general corporate purposes.

After the completion of this offering, Intrepid Mining will liquidate and distribute its remaining assets, including the cash and common stock received pursuant to the exchange agreement and the right to receive the formation distribution, to the current members of Intrepid Mining.

A $1.00 increase (decrease) in the assumed initial public offering price per share would increase (decrease) net proceeds to us from this offering by approximately $28.2 million, after deducting underwriting discounts and commissions and estimated offering expenses payable by us, and would increase (decrease) the amount of net proceeds payable to Intrepid Mining pursuant to the exchange agreement by an equal amount. Assuming that the underwriters exercise their option to purchase additional shares in full, a $1.00 increase (decrease) in the assumed initial public offering price would increase (decrease) net proceeds to us from the exercise of the option to purchase additional shares by approximately

	$4.2 million and would increase (decrease) the cash payable to Intrepid Mining pursuant to the formation distribution by an equal amount.
Voting rights	One vote per share.
Exchange listing	Our common stock has been approved for listing on the New York Stock Exchange, or NYSE, under the symbol IPI , subject to official notice of issuance.
Risk factors	See Risk Factors beginning on page 15 and other information included in this prospectus for a discussion of factors you should carefully consider before deciding whether to invest in our common stock.

The number of shares of common stock to be outstanding after this offering is 74,845,357. Except as otherwise indicated or required by context, all information in this prospectus:

- excludes 540,625 shares of unvested restricted stock that will be granted by Intrepid Potash on or around the completion of this offering;
- assumes that the underwriters will not exercise any portion of their option to purchase additional shares (and, therefore, that 4,500,000 shares will be distributed to the current members of Intrepid Mining pursuant to the formation distribution); and
- assumes that the initial offering price is $28.00 per share, the midpoint of the range set forth on the cover page of this prospectus.

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Summary Historical and Pro Forma Combined as Adjusted Financial and Operating Data

The following tables show summary historical financial and operating data of Intrepid Mining and pro forma combined as adjusted financial and operating data of Intrepid Mining and Intrepid Potash for the periods and as of the dates indicated. The historical financial statements included in this prospectus reflect the results of operations of Intrepid Mining. The summary historical financial data as of December 31, 2007 and 2006 and for the years ended December 31, 2007, 2006 and 2005 are derived from Intrepid Mining s audited financial statements and related notes included elsewhere in this prospectus. The summary pro forma combined as adjusted financial data for the year ended December 31, 2007 are derived from the unaudited pro forma combined financial statements of Intrepid Mining and Intrepid Potash included elsewhere in this prospectus. The pro forma adjustments have been prepared as if certain transactions to be effected upon completion of this offering had taken place on December 31, 2007, in the case of the pro forma combined as adjusted balance sheet; and as of January 1, 2007, in the case of the pro forma combined as adjusted statements of operations for the year ended December 31, 2007. The transactions reflected in the pro forma adjustments assume that Intrepid Potash will complete its initial public offering of common stock, receive a transfer of all of the nonmonetary assets of Intrepid Mining, and assume (i) all amounts in excess of $18.9 million of Intrepid Mining s liability under its existing senior credit facility and (ii) all other liabilities and obligations of Intrepid Mining in exchange for stock and cash, as described in the exchange agreement discussed under The Formation Transactions . The pro forma combined as adjusted financial information should not be relied upon as being indicative of Intrepid Potash or Intrepid Mining s results of operations or financial condition had the transactions been completed on January 1, 2007, with respect to the pro forma combined as adjusted statements of operations, or as of December 31, 2007, with respect to the pro forma combined as adjusted balance sheet.

The summary historical and pro forma combined as adjusted financial and operating data should be read in conjunction with the information contained in Selected Historical and Pro Forma Combined as Adjusted Financial and Operating Data , Management s Discussion and Analysis of Financial Condition and Results of Operations and the consolidated financial statements and related notes of Intrepid Mining and Intrepid Potash included elsewhere in this prospectus.

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	Pro Forma Combined As Adjusted December 31, 2007 (unaudited)	Year Ended December 31, 2007	2006	2005
	(in thousands, except share and per share data)			
Statement of Operations Data:				
Sales	$ 213,459	$ 213,459	$ 152,709	$ 151,280
Less:				
Freight costs	21,095	21,095	12,178	9,519
Warehousing and handling costs	5,479	5,479	3,879	2,759
Cost of goods sold	134,387	134,387	110,995	97,103
Gross margin	52,498	52,498	25,657	41,899
Selling and administrative	24,030	15,997	10,054	7,530
Other operating net	190	190	(4,386)	329
Operating income	28,278	36,311	19,989	34,040
Interest expense net	170	9,350	2,907	1,473
Other non-operating	(2,723)	(2,723)	(7,016)	(47)
Income from continuing operations	30,831	$ 29,684	$ 24,098	$ 32,614
Pro forma income tax[(1)]	12,178			
Pro forma income from continuing operations	$ 18,653			
Pro Forma Share and Per Share Data (unaudited)[(2)]:				
Pro forma net income per share:				
Basic	$ 0.25			
Diluted	$ 0.25			
Pro forma weighted average shares outstanding:				
Basic	74,911,428			
Diluted	75,385,982			

	Pro Forma Combined As Adjusted December 31, 2007 (unaudited)	Year Ended December 31, 2007	2006	2005
	(in thousands)			
Other Financial Data:				
EBITDA[(3)]	$ 40,405	$ 48,502	$ 35,033	$ 39,580
Depreciation, depletion, amortization and accretion	9,404	9,468	8,028	5,493
Capital expenditures	(31,168)	(31,168)	(12,391)	(21,733)

(footnotes on page 14)

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	Pro Forma Combined As Adjusted December 31, 2007 (unaudited)	Year Ended December 31, 2007	2006	2005
Selected Operating Data:				
Sales volume (in thousands of tons):				
Potash	893	893	729	869
Langbeinite	158	158	95	6
Gross sales (in thousands)				
U.S.	$ 199,017	$ 199,017	$ 143,544	$ 148,646
International	14,442	14,442	9,165	2,634
Total	213,459	213,459	152,709	151,280
Freight costs (in thousands)				
U.S.	18,426	18,426	10,489	8,505
International	2,669	2,669	1,689	1,014
Total	21,095	21,095	12,178	9,519
Net sales[4] (in thousands)				
U.S.	180,591	180,591	133,055	140,141
International	11,773	11,773	7,476	1,620
Total	192,364	192,364	140,531	141,761
Average net selling prices (per ton):				
Potash	$ 194	$ 194	$ 179	$ 162
Langbeinite	119	119	107	111
Warehousing and handling cost (per ton):				
Potash	5	5	5	3
Langbeinite	5	5	5	3
Potash cost of goods sold (per ton):				
Cost of production less inventory adjustments (exclusive of items shown separately below)	130	130	136	109
Depreciation, depletion and amortization	7	7	8	5
Royalties	7	7	6	3
By-product revenues[5]	(9)	(9)	(9)	(7)
Total potash cost of goods sold	135	135	141	110
Average potash gross margin (per ton):	$ 54	$ 54	$ 33	$ 49
Langbeinite cost of goods sold (per ton)	$ 87	$ 87	$ 88	$ 201
Average langbeinite gross margin (loss) (per ton)	$ 27	$ 27	$ 14	$ (93)

	Pro Forma Combined As Adjusted	As of December 31, 2007	2006	2005

	December 31, 2007 (unaudited)			
		(in thousands)		
Selected Balance Sheet Data:				
Cash and cash equivalents	$ 59,517	$ 1,960	$ 286	$ 157
Total current assets	103,283	47,447	50,853	29,124
Total assets	475,082	146,727	129,314	106,506
Total current liabilities	25,316	30,315	24,112	19,061
Total debt	5	101,355	132,189	37,156
Stockholders equity (deficit)	440,102	10,397	(31,458)	42,485

(footnotes on following page)

(1) A pro forma provision for income taxes at statutory rates has been made in the pro forma financial statements on the assumption that Intrepid Mining was a taxable entity for the respective period presented. As a limited liability company, Intrepid Mining s taxable income was included in its members income tax returns whereas Intrepid Potash will be subject to income tax as a corporation.

(2) Pro forma net income per share is based on the weighted average number of shares of common stock outstanding after giving effect to the offering, assuming that the offering had occurred as of the beginning of the earliest period presented. Basic shares include the estimated 74,845,357 shares that will be outstanding at the initial public offering, plus the 66,071 weighted average shares that relate to stock awards with a vesting period of less than one year. The adjustment for diluted shares includes the impact of the number of the remaining nonvested shares that are expected to be awarded upon the completion of the initial public offering. The diluted weighted average shares total 75,385,982 shares.

(3) We define EBITDA as income from continuing operations before interest, income taxes, depreciation, depletion, amortization and accretion. EBITDA is used as a supplemental financial measure by our management and by external users of our financial statements to assess:

- the financial performance of our assets without regard to financing methods, capital structure or historical cost basis;
- our operating performance and return on capital as compared to other companies in the fertilizer business, without regard to financing or capital structure; and
- the viability of acquisitions and capital expenditure projects and the overall rates of return on alternative investment opportunities.

The economic substance behind management s use of EBITDA is to measure the ability of our assets to generate cash sufficient to be utilized for capital investment, pay interest costs, support our indebtedness and pay dividends, if any, to our investors.

The GAAP measure most directly comparable to EBITDA is income from continuing operations. Our non-GAAP financial measure of EBITDA should not be considered as an alternative to GAAP income from continuing operations. EBITDA is not a presentation made in accordance with GAAP and has important limitations as an analytical tool. You should not consider EBITDA in isolation or as a substitute for analysis of our results as reported under GAAP. Because EBITDA excludes some, but not all, items that affect income from continuing operations and is defined differently by different companies in our industry, our definition of EBITDA may not be comparable to similarly titled measures of other companies.

Management compensates for the limitations of EBITDA as an analytical tool by reviewing the comparable GAAP measures, understanding the differences between the measures and incorporating this information into management s decision-making processes.

EBITDA is calculated and reconciled to income from continuing operations in the table below:

	Pro Forma Combined As Adjusted December 31, 2007 (unaudited)	Year Ended December 31, 2007	2006	2005
		(in thousands)		
Calculation of EBITDA:				
Income from continuing operations	$ 18,653	$ 29,684	$ 24,098	$ 32,614
Income tax provision	12,178			
Interest net	170	9,350	2,907	1,473
Depreciation, depletion, amortization and accretion	9,404	9,468	8,028	5,493
EBITDA	$ 40,405	$ 48,502	$ 35,033	$ 39,580

(4) We define net sales as gross sales less freight, which in effect results in all sales being stated net of delivery costs (FOB the mines).

(5) When by-product inventories are sold, a by-product credit to the cost of goods sold is recognized.

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RISK FACTORS

Investing in our common stock involves a high degree of risk. You should carefully consider the following risk factors together with all of the other information included in this prospectus in evaluating an investment in our common stock. If any of the following risks were actually to occur, our business, financial condition or results of operations could be materially and adversely affected. In that case, the trading price of our common stock could decline and you could lose all or part of your investment.

Risks Related to Our Business

Our potash sales are subject to price and demand volatility resulting from periodic imbalances of supply and demand, which may negatively affect our operating results.

Historically, the market for potash has been cyclical, and the prices and demand for potash have fluctuated. Periods of high demand, increasing profits and high capacity utilization tend to lead to new plant investment and increased production. This growth continues until the market is over-saturated, leading to decreased prices and capacity utilization until the cycle repeats. Furthermore, potash producers have, at various times, suspended production in response to delayed purchasing decisions by potash customers in anticipation of lower prices. For example, in 2006, protracted negotiations between China and international producers delayed purchases of potash by the Chinese, which led to a build-up of inventory in North America. In response, suppliers slowed production of potash, notably in Canada and Russia, until the conclusion of negotiations with the Chinese. As a result, the price of potash has been volatile. This volume and price volatility may reduce profit margins and negatively affect our operating results. We sell the majority of our potash into the spot market in the U.S. and have no long-term or material short-term contracts for the sale of potash. In addition, there is no active hedge market for potash as compared to the gold market, for example. As a result, we do not have and cannot obtain protection from this volume and price volatility.

Mining is a complex and hazardous process which frequently experiences production disruptions, and the nature of our operations may make us more vulnerable to such disruptions than our competitors.

The process of mining is complex and equipment- and labor-intensive, and involves risks and hazards including environmental hazards, industrial accidents, labor disputes, unusual or unexpected geological conditions or acts of nature. Production delays can occur due to equipment failures, unforeseen mining problems and other unexpected events. For example, in December 2007, an outage at one of our power provider s transformers caused three days of lost production at our West Mine. In addition, we must transport mined product for long distances to remove it from the mines for processing, which creates a higher probability of accidents. Our facilities and equipment are older than the average North American potash mine and may require more maintenance or be more likely to fail than newer facilities or equipment. Our shafts at our West Mine were constructed in 1931 and require frequent maintenance due to water inflow, wooden structure and salt buildup and are located in an area of known subsidence. Additionally, langbeinite ore is harder and more abrasive than muriate of potash ore and has caused greater wear on our mining and milling equipment at our East Mine, which has increased and may continue to increase the expense and frequency of maintenance and repairs. Operational difficulties can also arise from our milling processes; for example, our East Mine mill experiences build-ups of glaserite, an undesirable by-product of langbeinite production, and we must remove this build-up. The amounts that we are required to spend on maintenance and repairs may be significant and higher than expected, and we may have to divert resources from our planned capital expenditures focused on growth, such as increases in nameplate and effective capacity, for use on capital expenditures to maintain existing effective capacity. Production delays or stoppages will adversely affect our sales and operating results, and higher than expected maintenance and repair expenses may adversely affect our operating results.

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New product supply can create structural market imbalances, which could negatively affect our operating results and financial performance.

Potash is a commodity, and the market for potash is highly competitive and affected by global supply and demand. With recent favorable prices for potash products, producers have been, and will likely continue to be, engaged in expansion and development projects to increase production. Many of these projects to increase potash production are speculative. However, if potash production is increased beyond potash demand, the price at which we sell our potash and our sales volume would likely fall, which would materially adversely affect our operating results and financial condition.

The grade of ore that we mine may vary from our projections due to the complex geology of potash reserves, which could adversely affect our potash production and our financial results.

Our potash production is affected by the ore grade, or potassium content of the ore. Our projections of ore grade may vary from time to time, and the amount of potash that we actually produce may vary substantially from our projections. There are numerous uncertainties inherent in estimating ore grade, including many factors beyond our control. Potash ore bodies have complex geology. The occurrence of large, unknown salt deposits, known as salt horsts, in core ore areas located in Carlsbad, New Mexico or Moab, Utah would adversely affect ore grades. An unexpected reduction in the grade of our ore reserves would decrease our potash production because we would need to process more ore to produce the same amount of saleable-grade product. As a result, our expected future cash flows would be materially adversely affected.

Our reserve estimates depend on many assumptions that may be inaccurate, which could materially adversely affect the quantities and value of our reserves.

Our reserve estimates may vary substantially from the actual amounts of muriate of potash and langbeinite we may be able to economically recover from our reserves. There are numerous uncertainties inherent in estimating quantities of reserves, including many factors beyond our control. Estimates of muriate of potash and langbeinite reserves necessarily depend upon a number of variables and assumptions, any one of which, if incorrect, may result in an estimate that varies considerably from actual results. These factors and assumptions relate to:

- future potash prices, operating costs, capital expenditures, royalties, severance and excise taxes and development and reclamation costs;
- future mining technology improvements;
- the effects of regulation by governmental agencies; and
- geologic and mining conditions, which may not be fully identified by available exploration data and may differ from our experiences in areas where we currently mine or operate.

Because reserves are only estimates, they cannot be audited for the purpose of verifying exactness. Instead, reserve information is reviewed by a reserve engineer in sufficient detail to determine if, in the aggregate, the data provided by us are reasonable and sufficient to estimate reserves in conformity with practices and standards generally employed by and within the mining industry and in accordance with SEC requirements.

Our business depends upon skilled and experienced personnel, and employee turnover may have a material adverse effect on our development and operating results.

The success of our business depends upon our ability to attract and retain skilled managers and other personnel. We compete for experienced laborers with other industries, including a copper mine in Moab, Utah, a nuclear waste management facility in southeast New Mexico, and oil fields and other

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potash facilities in Carlsbad, New Mexico. A new uranium enrichment facility in Eunice, New Mexico has just begun construction. Employee turnover in Carlsbad has generally been high, and the continued expansion of nuclear facilities in Carlsbad threatens to increase competition for qualified workers. If we are not able to attract and retain the personnel necessary for the development of our business, we may have to raise wages to keep employees or hire less qualified workers, either of which would ultimately result in higher labor costs per ton of potash produced.

Prices of natural gas and other important raw materials and energy used in our businesses are volatile. Changes in the prices of raw materials or energy or disruptions to supply could adversely impact our business and our sales.

Natural gas, electricity, steel, water, chemicals and fuel (diesel and gasoline) are key raw materials used in our production of potash products. Natural gas is a significant energy source used in the solution mining process at the Moab Mine and at the East Mine processing plant. Our sales and profitability from time to time have been and may in the future be impacted by the price and availability of these raw materials and other energy costs. Currently, we have no derivative contracts in place for 2008 with respect to natural gas or other raw materials, although we will continue to evaluate the possibility of entering into such arrangements in the future. A significant increase in the price of natural gas, electricity and fuel that is not recovered through an increase in the price of our potash, or an extended interruption in the supply of natural gas, electricity, water or fuel to our production facilities, could materially adversely affect our business, financial condition or operating results. High natural gas costs also may increase farm input costs, which may cause our potash sales to decline.

The price of natural gas in North America is highly volatile. Since January 2004, natural gas prices according to the El Paso Natural Gas. Co. Permian Basin Index, on which the prices we pay for natural gas are primarily based, have ranged from a high of $10.75 per MMBtu in November 2005 to a low of $3.57 per MMBtu in October 2006. Steel is a commodity that is also subject to volatile pricing. Since January 2004, hot rolled steel prices have ranged from a high of $780 per ton in August 2004 to a low of $360 per ton in January 2004. Our forecasts of capital expenditures are based on assumptions with respect to prices of skilled labor and commodities, including steel and concrete. We cannot predict future commodity prices, and if such prices are higher than expected, we may lose sales to competitors with lower production costs, our profitability could be materially adversely affected and our capital expenditures could increase.

Aggressive pricing strategies by our competitors could materially adversely affect our sales and profitability.

Many of our competitors have significantly larger operations than we do and mine potash from reserves that are thicker, higher-grade and less geologically complex than our reserves. The large size of some of our competitors may give them greater leverage in pricing negotiations with customers and may enable them to negotiate better rates for transportation of products sold. The nature of our competitors reserves and the economies of scale of their operations may allow them to mine their potash at a lower cost. If one or more of these competitors were to decide for any reason to aggressively lower prices in an attempt to increase their sales, our size and cost structure might not allow us to match that pricing, such that we would likely lose sales and our operating results and profitability would be materially adversely affected.

Any decline in U.S. agricultural production or limitations on the use of our products for agricultural purposes could materially adversely affect the market for our products.

Conditions in the U.S. agricultural industry can significantly impact our operating results. The U.S. agricultural industry can be affected by a number of factors, including weather patterns and field

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conditions, current and projected grain inventories and prices, the domestic and international demand for U.S. agricultural products and U.S. and foreign policies regarding trade in agricultural products.

State and federal governmental policies, including farm and ethanol subsidies and commodity support programs, may also directly or indirectly influence the number of acres planted, the mix of crops planted and the use of fertilizers for particular agricultural applications. In addition, several states are currently considering limitations on the use and application of fertilizers due to concerns about the impact of these products on the environment.

A decline in oil and gas drilling or a reduction in the use of potash in drilling fluids in the Permian Basin or Rocky Mountain regions may increase our operating costs and decrease our average net sales per ton of potash.

A significant portion of our sales consists of sales of standard potash for use in oil and gas drilling fluids in the Permian Basin and Rocky Mountain regions. If oil and gas drilling were to decline significantly, we would be required to compact our standard product in order to sell it into the agricultural market, which would increase our production costs. Furthermore, our net sales per ton for these additional agricultural tons would likely be lower than the industrial sales they would replace, as agricultural sales may require transportation to more distant delivery points. Alternative products that have some of the clay-inhibiting properties of potash in oil and gas drilling fluids are commercially available. As the price of potash increases, these alternative products may replace some of our sales of standard potash, which would reduce our industrial sales and result in the same increases in production costs and decreases in net sales per ton.

Some of our competitors have greater capital and human resources than we do, which may place us at a competitive disadvantage and adversely affect our sales and profitability.

We compete with a number of producers in North America and throughout the world. Some of these competitors may have greater total resources than we do. Competition in our product lines is based on a number of considerations, including product performance, transportation costs, brand reputation, price and quality of client service and support. To remain competitive, we need to invest continuously in production infrastructure, marketing and customer relationships. We may have to adjust the prices of some of our products to stay competitive. We may also need to borrow funds and become more highly leveraged. We may not have sufficient resources to continue to make such investments or maintain our competitive position relative to some of our competitors who have greater capital and human resources. To the extent other potash producers enjoy competitive advantages, the price of our products, our sales volumes and our profits could be materially adversely affected.

A shortage of railcars and trucks for carrying our products as well as increased transit time could result in customer dissatisfaction, loss of production or sales and higher transportation or equipment costs.

We rely heavily upon truck and rail transportation to deliver our products to our customers. In addition, the cost of transportation is an important component of the price of our products. Identifying and securing affordable and dependable transportation is important in supplying our customers and, to some extent, in the delivery to us of chemicals and other supplies and equipment for our mining operations. A shortage of railcars for carrying product as well as increased transit time in North America due to congestion in the rail system could prevent us from making timely delivery to our customers or lead to higher transportation costs, either of which could result in customer dissatisfaction or loss of sales. In addition, PCS, which markets our products outside North America, may have difficulty obtaining access to ships for sales of our products overseas. Higher costs for transportation services or an interruption or slowdown in these transport services due to high demand, labor disputes, adverse weather or other environmental events, or changes to rail systems, would negatively affect our ability to deliver products to our customers, which would harm our performance and operating results.

The seasonal demand for our products and the variations in our cash flows from quarter to quarter may have an adverse effect on our operating results and make the price of our common stock more volatile.

The fertilizer business is seasonal, with operating results that vary from quarter to quarter as a result of crop growing and harvesting seasons and weather conditions, as well as other factors. Over the last three years, we have averaged 28% of our annual potash sales volume during the three-month period from February through April, when the demand for fertilizer typically peaks. We and our customers generally build inventories during low-demand periods of the year in order to ensure timely product availability during peak sales seasons. The seasonality of crop nutrient demand results in our sales volumes and net sales revenue typically being the highest during the North American spring season and our working capital requirements typically being the highest just before the start of the spring season. Our quarterly financial results can vary significantly from one year to the next due to weather-related shifts in planting schedules and purchasing patterns. If seasonal demand exceeds our projections, our customers may acquire products from our competitors, and our profitability could be materially reduced as a result. If seasonal demand is less than we expect, we will be left with excess inventory and higher working capital and liquidity requirements.

We rely on our innovative senior management personnel for the development and execution of our business strategy, and the loss of any member of our senior management team may have a material adverse effect on our growth and operating results.

Our executives have an average of over 25 years of relevant industry experience. Our senior management team has developed and implemented first-of-their-kind processes and other innovative ideas that are largely responsible for the success of our business. The loss of the services of any of our key executives could prevent us from achieving our business strategies or limit our business growth and operating results. We do not currently maintain key person life insurance on any of our key executives.

Weakening of the Canadian dollar and Russian ruble against the U.S. dollar could lead to lower domestic potash prices, which would adversely affect our operating results, and fluctuations in these currencies may cause our operating results and our stock price to fluctuate.

The U.S. imports the majority of its potash from Canada and Russia. As the Canadian dollar, or the loonie, and the Russian ruble strengthen in comparison to the U.S. dollar, foreign suppliers realize a smaller margin in their local currencies unless they increase their nominal U.S. dollar prices. In 2007, the loonie and ruble strengthened to an average of $0.93565 and $0.03913, respectively, compared to the U.S. dollar. As of March 31, 2008, the loonie and ruble were trading at $0.9758 and $0.04256, respectively, against the U.S. dollar. The continued strengthening of the loonie and ruble thus tend to support higher U.S. potash prices, as Canadian and Russian potash producers attempt to maintain their margins. However, if the loonie and ruble were to weaken in comparison to the U.S. dollar, foreign competitors may choose to lower prices significantly to increase sales volumes. A decrease in the net realized sales price of our potash would adversely affect our operating results, and the potential for volatility in potash prices may cause our operating results to vary significantly from quarter to quarter, which may create volatility in our stock price.

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Existing and further oil and gas development in the Potash Area in New Mexico could result in methane gas leaking into our mines that could result in the loss of life and significant property damage, and require indefinite suspension of operations unless extensive modifications were made to the mines.

Our New Mexico operations are primarily on leased federal land administered by the Bureau of Land Management, or BLM, in the 497,000-acre Potash Area established by a 1986 order of the U.S. Secretary of the Interior. Under our leases, the BLM retains the right to permit other uses of the land on which our leases are located. The Potash Area also contains significant oil and gas deposits that are below our potash reserves, and approximately 3,000 oil and gas wells have been drilled in the Potash Area. Several oil and gas companies are actively seeking BLM and state permits to drill additional wells in the Potash Area.

Oil and gas drilling near our mines poses risks to our operations. The subsidence of the surface and underlying strata that occurs following completion of mining operations will damage the casing of any oil or gas well located within the subsidence area. That damage may result in methane gas escaping from the well and migrating through surrounding strata into our mines. Methane gas could also leak from a well located outside the subsidence area and migrate into a mine. We test our mines for methane gas daily; however, unlike coal mines which are constructed and equipped to handle the presence of methane gas, our mines are not constructed or equipped to deal with methane gas. Any intrusion of methane gas into our mines could cause an explosion resulting in loss of life and significant property damage and require suspension of all mining operations until the completion of extensive modifications and reequipping of the mine. The costs of modifying our mines and equipment could make it uneconomic to reopen our mines because our liability, casualty and business interruption insurance would not be adequate to cover such catastrophic events.

Existing and further oil and gas development in the Potash Area in New Mexico could prevent us from mining potash reserves or deposits within the necessary safety pillar around oil and gas wells.

The drilling of oil and gas wells in the Potash Area is regulated by the 1986 order of the U.S. Secretary of the Interior as to federal lands (which constitute the vast majority of the Potash Area). Similar State of New Mexico regulations govern state and fee lands in the Potash Area. The Secretary s order and related regulations, with certain exceptions, restrict oil and gas drilling that would result in the undue waste of potash or would constitute a safety hazard to potash miners. Drilling that does not immediately affect our current operations may limit our ability to mine valuable potash reserves or deposits in the future because safety considerations require that mining operations not be conducted close to a well, even if the well is inactive. As a result, we will be unable to mine potash located within the appropriate safety pillar around an oil or gas well. We review applications for permits to drill oil and gas wells as they are filed with the BLM and generally protest applications for drilling permits that we believe may impair our ability to mine our potash reserves or deposits. We may not prevail in any such protest or be able to prevent wells from being drilled in the vicinity of our potash reserves or deposits. Our potash reserves or deposits may be significantly impaired if, notwithstanding our protests and appeals, a sufficient number of wells are drilled through or near our potash reserves or deposits. We expect oil and gas companies to continue to seek drilling permits and to contest our efforts to restrict drilling within the Potash Area.

We have recently lobbied extensively to cause a reassessment by the BLM and Department of the Interior of their policies concerning granting of oil and gas drilling permits in the Potash Area in order to protect our existing operations and future potash reserves or deposits from the adverse effects of oil and gas drilling. In July 2007, the Department of the Interior said that it will conduct a new study on the safety of developing oil and gas wells in the Potash Area and that another study had been undertaken to update maps of the potash resource within the Potash Area. The outcome of these studies will affect the future issuance of drilling permits that could adversely affect our mining operations and the value of our potash reserves or deposits.

Our operations depend on our having received and maintained the required permits and approvals from and lease negotiations with governmental authorities.

We hold numerous governmental, environmental, mining and other permits and approvals authorizing operations at each of our facilities. A decision by a governmental agency to deny or delay issuing a new or renewed permit or approval, or to revoke or substantially modify an existing permit or approval, could prevent or limit our ability to continue operations at the affected facility and have a material adverse effect on our business, financial condition and operating results. Expansion of our existing operations also would require securing the necessary environmental and other permits and approvals, which we may not receive in a timely manner if at all. In addition, the federal government may require an environmental assessment or environmental impact statement as a condition of approving a project or permit, which could result in additional time delays and costs. Furthermore, our mining operations take place on land that is leased from federal and state governmental authorities. Expansion of our existing operations may require securing additional federal and state leases, which we may not obtain in a timely manner, if at all. In addition, our existing leases generally require us to commence mining operations within a specified time frame and to continue mining in order to retain the lease. The loss of a lease could adversely affect our ability to mine the associated reserves. Also, our existing leases require us to make royalty payments based on the revenue generated by the potash we produce from the leased land. The royalty rates are subject to change, which may lead to significant increases, at the time we renew our leases. As of December 31, 2007, approximately 46% of our state and federal lease acres at our New Mexico facilities (including leases at the HB and North Mines) and approximately 15% of our state and federal lease acres at our Utah operations will be up for renewal within the next five years. Increases in royalty rates would reduce our profit margins and, if such increases were significant, would adversely affect our operating results.

Our preliminary plans for reopening the HB Mine and developing additional strategic growth opportunities may require more time and greater capital spending than we expect.

We currently plan to reopen the HB Mine as a solution mine. We commissioned a feasibility study, which was completed in March 2008, for the purpose of publicly reporting the reserves related to this project. Reopening the mine will be subject to significant costs and risks. We will require site approval and various permits from the State of New Mexico and the Bureau of Land Management, which we may be unable to obtain in a timely manner or on reasonable terms, or at all. In addition, oil and gas lessees or other third parties in the region may oppose our permitting process, which may further delay or prevent the reopening of the mine. Even if we obtain all required approvals, it may be several years before the mine produces potash, and construction of the solar ponds and refurbishing of the mine facilities may take longer or cost significantly more than we expect. We may be unable to produce potash economically from the HB Mine if reopened, or our profitability from the project may be lower than we expect.

We are also considering various other potential opportunities for revenue and strategic growth, including potentially reopening the idled North Mine. These potential plans are at an early stage, and we may not actually proceed with any of them. If we do choose to proceed with any such opportunity, the project may not succeed, despite our having made substantial investments; it may cost significantly more than we expect; or we may encounter additional risks which we cannot anticipate at this time.

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The market for langbeinite is still developing and could be affected by new market entrants or the introduction of langbeinite alternatives.

Langbeinite, a low-chloride source of potassium, is produced by Intrepid Potash and Mosaic from the only known langbeinite reserves located in the Carlsbad, New Mexico region. The demand for langbeinite has been limited due mostly to its limited supply and availability, and it is difficult to determine how the supply, demand and pricing for langbeinite will develop. Furthermore, additional competition in the market for langbeinite and comparable products exists and may increase in the future. A German company is currently producing a low-chloride fertilizer similar to langbeinite, and Chinese producers are working on a project to synthesize langbeinite from brines, with a goal of producing significant amounts of langbeinite by 2010. We plan to sell a significant amount of langbeinite in China, and these sales may be reduced to the extent China is able to produce its own product internally. Other companies may currently or in the future seek to create and market chemically similar alternatives to langbeinite. The market for langbeinite and our langbeinite sales may be affected by the success of these and other competitive sources for langbeinite, which could materially adversely affect the viability of our langbeinite business and our operating results and financial condition.

As a potash-only producer, we are less diversified than nearly all of our competitors, and a decrease in the demand for potash and langbeinite or increase in potash supply could have a material adverse effect on our financial condition and results of operations.

We are dedicated exclusively to the production and marketing of potash and langbeinite, whereas nearly all of our competitors are diversified, primarily into other nitrogen and phosphate-based fertilizer businesses and other chemical and industrial businesses. As a result of our potash focus and domestic geographic focus, we would likely be impacted more acutely by factors affecting our industry or the regions in which we operate than we would if our business were more diversified and our sales more global. A decrease in the demand for potash and langbeinite could have a material adverse effect on our financial condition and results of operations. Similarly, a large increase in potash supply could also materially impact our financial condition more than our diversified competitors.

Inflows of water into our potash mines from heavy rainfall or groundwater could result in increased costs and production down time and may require us to abandon a mine, either of which could adversely affect our operating results.

Major weather events such as heavy rainfall can result in water inflows into our mines. In October 2006, water inflows from rainfall caused unused utilities in a mine shaft at our West Mine to break loose and block the mine shaft. As a result, we were forced to shut down the West Mine for 54 days to remove the utilities and improve water controls in the shaft. The shutdown significantly lowered our 2006 potash production from the West Mine. Additionally, the presence of water-bearing strata in many underground mines carries the risk of water inflows into the mines. If we experience additional water inflows at our mines in the future, our employees could be injured and our equipment and mine shafts could be seriously damaged. We might be forced to shut down the affected mine temporarily, potentially resulting in significant production delays, and spend substantial funds to repair or replace damaged equipment. Inflows may also destabilize the mine shafts over time, resulting in safety hazards for employees and potentially leading to the permanent abandonment of a mine. We do not carry insurance to cover the risks of water inflows.

Heavy fall precipitation or low evaporation rates at our Moab and Wendover facilities could delay our potash production at those facilities, which could adversely affect our sales and operating results.

Our facilities in Moab and Wendover, Utah use solar evaporation ponds to form potash crystals from brines. This process is limited by rainfall and evaporation rates. Heavy rainfall in September and

October, just after the evaporation season ends, would temporarily reduce the amount of potash we can produce by causing the potash crystals to dissolve. Lower than average temperatures and higher than average seasonal rainfall reduce evaporation rates, which also would temporarily limit the amount of potash we are able to produce and push that production into later quarters or years. If these weather conditions occur at either or both of our Moab and Wendover facilities, we would have less potash available for sale and our sales and operating results could be materially adversely affected. In addition, we plan to use solar evaporation ponds in connection with the reopening of the HB Mine. As the number of our solar ponds increases, our production risks related to rainfall and evaporation rates will increase.

Environmental laws and regulations may subject us to significant liability and require us to incur additional costs in the future.

We are subject to many environmental, health and safety laws and regulations, including laws and regulations relating to mine safety, mine land reclamation, remediation of hazardous substance releases, and the regulation of discharges into the soil, air and water. Operations by us and our predecessors have involved the historical use and handling of regulated substances, refined petroleum products, potash, salt, related potash and salt by-products, and process tailings. These operations resulted, or may have resulted, in soil, surface water and groundwater contamination. At some locations, there are areas where salt-processing waste, building materials (including asbestos-containing transite) and ordinary trash may have been disposed or buried, and have since been closed and covered with soil and other materials. Under environmental remediation laws such as the U.S. Comprehensive Environmental Response, Compensation, and Liability Act, or CERCLA, liability is imposed, without regard to fault or to the legality of a party s conduct, on certain categories of persons (known as potentially responsible parties) who are considered to have contributed to the release of hazardous substances into the environment. We may in the future incur material liabilities under CERCLA and other environmental remediation laws, with regard to our current or former facilities, adjacent or nearby third party facilities or off-site disposal locations. Under CERCLA, or its various state analogues, one party may, under some circumstances, be required to bear more than its proportional share of cleanup costs at a site where it has liability if payments cannot be obtained from other responsible parties. Liability under these laws involves inherent uncertainties.

Previously, governmental agencies have required us to undertake certain remedial activities to address identified site conditions. For example, we have worked with Utah officials to address asbestos-related issues at our Moab Mine. Many of our facilities also contain permitted asbestos landfills, some of which have been closed. Additionally, we are currently working with federal officials to resolve issues concerning the disposal of asbestos-containing transite at an unpermitted location at our West Mine, which may require additional removal of transite material, a land swap or another remedy.

Additionally, certain environmental laws, such as the U.S. Clean Water Act and the U.S. Clean Air Act, regulate and permit discharges of pollutants and contaminants into the environment. Violations of these environmental, health and safety laws are subject to civil, and in some cases criminal, sanctions. We may in the future incur material liabilities under the Clean Water Act, the Clean Air Act, or similar federal and state laws due to:

- changes in the interpretation of environmental laws;
- modifications to current environmental laws;
- the issuance of more stringent environmental laws in the future; or
- malfunctioning process or pollution control equipment.

For example, our water disposal processes rely on dikes and reclamation ponds which could breach or leak, resulting in a possible release into the environment. Moreover, although the North and

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East Mines in New Mexico and the Moab Mine in Utah are designated as zero discharge facilities under the applicable water quality laws and regulations, these mines may experience some discharges during significant rainfall events. Also, changes to existing environmental laws or permits, or the issuance of more stringent environmental laws or permits, could require additional equipment, facilities, or employees to address water disposal issues.

Mining and processing of potash also generates residual materials that must be managed both during the operation of the facility and upon facility closure. For example, potash tailings, consisting primarily of salt, iron and clay, are stored in surface disposal sites and require management. At least one of our New Mexico mining facilities, the HB Mine, may have issues regarding lead in the tailings pile. During the life of the tailings management areas, we have incurred and will continue to incur significant costs to manage potash residual materials in accordance with environmental laws and regulations and permit requirements.

As a potash producer, we currently are exempt from certain State of New Mexico mining laws related to reclamation obligations. If this exemption were to be eliminated or restricted in the future, we might be required to incur significant expenses related to reclamation at our Carlsbad, New Mexico facilities.

Government and public emphasis on environmental issues can be expected to result in future investments for environmental controls at ongoing operations, which will be charged against income from future operations. Present and future environmental laws and regulations applicable to our operations may require substantial capital expenditures and may have a material adverse effect on our business, financial condition and operating results. For more information, see Business Environmental, Health and Safety Matters beginning on page 107.

In connection with the transactions contemplated by the exchange agreement, we will assume past, present and future liabilities related to Intrepid Mining s business, and may be subject to liabilities of Intrepid Mining that are currently unknown and that may have a material adverse effect on our profitability, operating results and stock price.

Pursuant to the exchange agreement we will enter into with Intrepid Mining in connection with this offering, we will agree to assume (i) all amounts in excess of $18.9 million of Intrepid Mining s liability under its existing senior credit facility and (ii) all other liabilities and obligations of Intrepid Mining, as described in more detail under The Formation Transactions beginning on page 67. The liabilities we will assume include liabilities that may arise from circumstances existing on the closing of this offering that are currently unknown to us or Intrepid Mining. Any such unknown liabilities may be significant and may have a material adverse effect on our profitability and results of operations. The exchange agreement will not contain any representations or warranties concerning those liabilities. As a result, we will not be entitled to contractual indemnification from Intrepid Mining or its members for any losses that we incur related to liabilities assumed under the exchange agreement. We will be required to indemnify Intrepid Mining from any liability or obligation of Intrepid Mining that we assume. In addition, if any liabilities that we assume are not reflected on our balance sheet, we would be required to record a charge during each period that such liabilities became known, probable and estimable. Any such charges, if material, could have an unanticipated and significant adverse effect on our operating results and stock price.

Our indebtedness could adversely affect our financial condition and impair our ability to operate our business.

As of the completion of this offering, we expect to have no outstanding borrowings under our credit facility. Our credit facility will allow us to borrow up to $125 million. Our indebtedness could have important consequences, including the following:

- it may limit our ability to borrow money or sell additional shares of common stock to fund our working capital, capital expenditures and debt service requirements;
- it may limit our flexibility in planning for, or reacting to, changes in our business;
- we may be more highly leveraged than some of our competitors, which may place us at a competitive disadvantage;
- it may make us more vulnerable to a downturn in our business or the economy;
- it will require us to dedicate a substantial portion of our cash flow from operations to the repayment of our indebtedness, thereby reducing the availability of our cash flow for other purposes; and
- it may materially and adversely affect our business and financial condition if we are unable to service our indebtedness or obtain additional financing, as needed.

In addition, our credit facility will contain financial and other restrictive covenants that may limit our ability to engage in activities that may be in our long-term best interests. Our failure to comply with those covenants could result in an event of default which, if not cured or waived, could result in the acceleration of all of our debt. See Management s Discussion and Analysis of Financial Condition and Results of Operations beginning on page 45.

Mining is a capital-intensive business, and the inability to fund necessary or desirable capital expenditures could have an adverse effect on our growth and profitability.

Mining is a capital-intensive business. We anticipate making significant capital expenditures over the next several years in connection with the development of new projects such as reopening the HB Mine, the various expansions at our existing operating facilities and sustaining existing operations. Costs associated with capital expenditures have escalated on an industry-wide basis over the last several years, largely as a result of major factors beyond our control such as increases in the price of natural gas, steel and other commodities. As costs associated with capital expenditures continue to increase, we could have difficulty funding or be unable to fund needed or planned capital expenditures, which would limit the expansion of our production or the inability to sustain our existing operations at optimal levels. Increased costs for capital expenditures could also have an adverse effect on the profitability of our existing operations and returns from our new projects.

Market upheavals due to global pandemics, military actions, terrorist attacks and any global and domestic economic repercussions from those events could reduce our sales and revenues.

Global pandemics, actual or threatened armed conflicts, future terrorist attacks or military or trade disruptions affecting the areas where we or our competitors do business may disrupt the global market for potash. As a result, our competitors may increase their sales efforts in our geographic markets and pricing of potash may suffer. If this occurs, we may lose sales to our competitors or be forced to lower our prices, which would reduce our revenues. In addition, due to concerns related to terrorism or the potential use of certain fertilizers as explosives, local, state and federal governments could implement new regulations impacting the production, transportation, sale or use of potash. Any such regulations could result in higher operating costs or limitations on the sale of our potash and could result in significant unanticipated costs, lower revenues and reduced profit margins.

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We are a holding company with no operations of our own and depend on our subsidiaries for cash.

Because our operations are conducted through our subsidiaries, our ability to make payments on our indebtedness and pay dividends, if any, to our stockholders is dependent on the earnings and the distribution of funds from our subsidiaries. None of our subsidiaries is obligated to make funds available to us for payment on our indebtedness or to pay any dividends to holders of our common stock. Future financing arrangements of our subsidiaries, such as project financing, may significantly restrict or prohibit our subsidiaries from paying dividends or otherwise transferring assets to us.

If we are unsuccessful in negotiating new collective bargaining agreements, we may experience significant increases in the cost of labor or a disruption in our Wendover operations.

As of March 31, 2008, we had 734 employees. Approximately 5% of our workforce, consisting solely of employees at our Wendover Facility, is represented by labor unions. Our collective bargaining agreement with our employees in Wendover will expire on May 31, 2008. Although we believe that our relations with our employees are good, as a result of general economic, financial, competitive, legislative, political and other factors beyond our control, we may not be successful in negotiating new collective bargaining agreements. Such negotiations may result in significant increases in the cost of labor and a breakdown in such negotiations could disrupt our Wendover operations. If employees at any of our other facilities were to unionize in the future, these risks would increase.

Risks Related to This Offering

There is no existing market for our common stock and we do not know if one will develop. Even if a market does develop, the stock prices in the market may not exceed the offering price.

Prior to this initial public offering, there has not been a public market for our common stock. Furthermore, because current members of Intrepid Mining will beneficially own approximately 59.9% of our common stock immediately following this offering, only a limited number of our shares are likely to be actively traded and an active market in our shares may not develop. We cannot predict the extent to which investor interest in our company will lead to the development of an active trading market on the NYSE or otherwise, or how liquid that market may become. If an active trading market does not develop, you may have difficulty selling any shares that you buy.

The initial public offering price for the common stock was determined by negotiations among us and the representatives of the underwriters and may not be indicative of prices that will prevail in the open market following this offering. Consequently, you may not be able to sell shares of our common stock at prices equal to or greater than the price you pay in this offering.

Our common stock price may be volatile and you may lose all or part of your investment.

Securities markets worldwide experience significant price and volume fluctuations in response to general economic and market conditions and their effect on various industries. This market volatility could cause the price of our common stock to decline significantly and without regard to our operating performance, and you may not be able to resell your shares at or above the offering price. Those fluctuations could be based on various factors in addition to those otherwise described in this prospectus, including:

- our operating performance and the performance of our competitors;

- the public s reaction to our press releases, our other public announcements and our filings with the SEC;

- changes in earnings estimates or recommendations by research analysts who follow Intrepid Potash or other companies in our industry;

- variations in general economic, market and political conditions;

- the number of shares to be publicly traded after this offering;

- actions of our current stockholders, including sales of common stock by current members of Intrepid Mining or our directors and executive officers;

- the arrival or departure of key personnel; and

- other developments affecting us, our industry or our competitors.

In addition, in recent years the stock market has experienced significant price and volume fluctuations. These fluctuations may be unrelated to the operating performance of particular companies. These broad market fluctuations may cause declines in the market price of our common stock. The price of our common stock could fluctuate based upon factors that have little or nothing to do with our company or its performance, and those fluctuations could materially reduce our common stock price.

If securities or industry analysts do not publish research or reports about us, our business or our market, or if they adversely change their recommendations regarding our stock, our stock price and trading volume could decline.

The trading market for our common stock is influenced by the research and reports that industry or securities analysts publish about us, our business and our market. If one or more of the analysts who cover us change their recommendation regarding our stock adversely, our stock price would likely decline. If one or more of these analysts cease coverage of our company or fail to regularly publish reports on us, we could lose viability in the financial markets, which in turn could cause our stock price or trading volume to decline.

Future sales of our common stock, or the perception that such sales may occur, could depress our common stock price.

Sales of a substantial number of shares of our common stock, or the perception that such sales may occur, following this offering could depress the market price of our common stock. This would include sales by current members of Intrepid Mining. Under our restated certificate of incorporation, we will be authorized to issue up to 100,000,000 shares of common stock, of which 74,845,357 shares will be outstanding after completion of this offering, excluding any restricted stock issued under our 2008 Equity Incentive Plan. Shares of our common stock held by our affiliates will continue to be subject to the volume and other restrictions of Rule 144 under the U.S. Securities Act of 1933, or the Securities Act. We and all of our executive officers and directors, as well as the current members of Intrepid Mining, will enter into lock-up agreements described under the caption Underwriting . Of the shares outstanding after completion of this offering, 30,000,000 shares will be freely tradable after the expiration date of the lock-up agreements, excluding any shares acquired by persons who may be deemed to be our affiliates. Each of the current members of Intrepid Mining and their affiliates will have the ability to cause us to register, after the expiration date of such member s lock-up agreement, some or all of the shares held by such member and its affiliates, as described under Certain Relationships and Related Party Transactions Registration Rights Agreement . Goldman, Sachs & Co. may, in its sole discretion and at any time without notice, release all or any portion of the shares subject to the lock-up. We cannot predict the size of future issuances of our common stock or the effect, if any, that future sales and issuances of shares of our common stock would have on the market price of our common stock.

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In addition, immediately following this offering, we intend to file a registration statement registering under the Securities Act the shares of common stock reserved for issuance under our 2008 Equity Incentive Plan. See the information under the heading Shares Eligible for Future Sale for a more detailed description of the shares that will be available for future sales upon completion of this offering.

We may issue additional securities, including securities that are senior in right of dividends, liquidation and voting to the common stock, without your approval, which would dilute your existing ownership interests.

Our restated certificate of incorporation will allow us to issue up to 25,154,643 additional shares of common stock and up to 20,000,000 shares of preferred stock at any time without the approval of our stockholders, except as may be required by applicable NYSE rules. Our board of directors may approve the issuance of preferred stock with terms that are senior to our common stock in right of dividends, liquidation or voting. The issuance by us of additional common shares or other equity securities of equal or senior rank will have the following effects:

- our stockholders proportionate ownership interest in us will decrease;
- the relative voting strength of each previously outstanding common share may be diminished; and
- the market price of the common stock may decline.

We will enter into a director designation and voting agreement with our original stockholders and, in the aggregate, our original stockholders will have sufficient voting power to control decisions that require the approval of our stockholders.

Immediately following the completion of this offering, our original stockholders, in the aggregate, will own approximately 59.9% of our common stock, or approximately 53.9% if the underwriters option to purchase additional shares is exercised in full. We will enter into a director designation and voting agreement with our original stockholders, wherein they will each agree to designate one candidate for nomination and election to the board and to vote their shares in favor of the others candidates and we will agree to use our best efforts to assure that such designees are included in the slate of nominees to the board and recommended for election. As a result of the director designation and voting agreement and the voting power of the shares they hold, our original stockholders will be able to control the election of three of the members of our board without the vote of any other stockholder. Furthermore, our original stockholders, in the aggregate, will continue to have the ability to approve any transaction that requires the approval of stockholders, regardless of whether our other stockholders believe that any such transaction is in their own best interests.

Non-U.S. holders may be subject to U.S. taxation under the Foreign Investment in Real Property Tax Act.

We believe that upon completion of the formation transactions, we will be a United States real property holding corporation for U.S. federal income tax purposes. As a result, under U.S. federal income tax laws enacted as part of the Foreign Investment in Real Property Tax Act, non-U.S. holders of our common stock may be subject to U.S. federal withholding tax or U.S. federal income tax, or both, and may be required to file U.S. tax returns with respect to gain on the disposition of, and certain distributions with respect to, our common stock. Non-U.S. holders are urged to consult their own tax advisors regarding the U.S. federal income tax consequences that may arise from our expected characterization as a United States real property holding corporation . See the discussion under the headings Material U.S. Federal Income Tax Considerations Non-U.S. Holders Distributions and Material U.S. Federal Income Tax Considerations Non-U.S. Holders Dispositions .

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We will incur increased costs as a result of being a publicly-traded company.

We have no history operating as a publicly-traded company. As a publicly-traded company, we will incur significant legal, accounting and other expenses that we would not incur as a private company. In addition, the Sarbanes-Oxley Act of 2002, as well as related rules implemented by the SEC and the NYSE, have required changes in corporate governance practices of publicly-traded companies. We expect these new rules and regulations to increase our legal and financial compliance costs and to make some activities more time-consuming and costly. For example, as a result of becoming a publicly-traded company, we will be required to have at least three independent directors, create additional board committees and adopt policies regarding internal controls and disclosure controls and procedures, including the preparation of reports on internal control over financial reporting. In addition, we will incur additional costs associated with our publicly-traded company reporting requirements. We also expect these new rules and regulations to make it more difficult and more expensive for us to obtain director and officer liability insurance and we may be required to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. As a result, it may be more difficult for us to attract and retain qualified persons to serve on our board of directors or as executive officers. We estimate that we will incur $2.0 million of incremental costs per year associated with being a publicly-traded company; however, it is possible that our actual incremental costs of being a publicly-traded company will be higher than we currently estimate.

We will not be fully subject to the requirements of Section 404 of the Sarbanes-Oxley Act of 2002 until the end of 2009. If we fail to maintain an effective system of internal controls, we may not be able to accurately report our financial results or prevent fraud and, as a result, our business could be harmed and current and potential stockholders could lose confidence in us, which could cause our stock price to fall.

We will be required to document our system and process evaluation and testing (and any necessary remediation) to comply with the management certification and auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002, which we expect will first apply to us for our fiscal year ended December 31, 2009. As a result, we expect to incur substantial additional expenses and diversion of management s time. We cannot be certain as to the timing of completion of our evaluation, testing and remediation actions or their effect on our operations. If we are not able to implement the requirements of Section 404 in a timely manner or with adequate compliance, we may not be able to accurately report our financial results or prevent fraud and might be subject to sanctions or investigation by regulatory authorities, such as the SEC or the NYSE. Any such action could harm our business or investors confidence in us, and could cause our stock price to fall.

You will experience immediate and substantial dilution in net tangible book value per share of common stock.

The initial public offering price of the common stock will be substantially higher than the pro forma combined net tangible book value per share of our outstanding common stock. If you purchase shares of our common stock, you will incur immediate and substantial dilution in net tangible book value in the amount of $25.78 per share. See Dilution .

We do not intend to pay dividends for the foreseeable future.

Other than the formation distribution, we have never declared or paid any dividends on our common stock. For the foreseeable future, we intend to retain any earnings to finance the development and expansion of our business, and we do not anticipate paying any cash dividends on our common stock. See Dividend Policy and The Formation Transactions .

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Provisions in our charter documents and Delaware law may delay or prevent our acquisition by a third party.

We are a Delaware corporation and the anti-takeover provisions of Delaware law impose various barriers to the ability of a third party to acquire control of us, even if a change of control would be beneficial to our existing stockholders. In addition, our restated certificate of incorporation and restated bylaws will contain several provisions that may make it more difficult for a third party to acquire control of us without the approval of our board of directors. These provisions may make it more difficult or expensive for a third party to acquire a majority of our outstanding common stock. Among other things, these provisions:

- authorize us to issue preferred stock that can be created and issued by the board of directors without prior stockholder approval, except as may be required by applicable NYSE rules, with rights senior to those of common stock;
- do not permit cumulative voting in the election of directors, which would otherwise allow less than a majority of stockholders to elect director candidates;
- prohibit stockholders from calling special meetings of stockholders;
- prohibit stockholder action by written consent, thereby requiring all stockholder actions to be taken at a meeting of our stockholders;
- require vacancies and newly created directorships on the board of directors to be filled only by a majority of the directors then serving on the board;
- establish advance notice requirements for submitting nominations for election to the board of directors and for proposing matters that can be acted upon by stockholders at a meeting; and
- classify our board of directors so that only some of our directors are elected each year.

These provisions also may delay, prevent or deter a merger, acquisition, tender offer, proxy contest or other transaction that might otherwise result in our stockholders receiving a premium over the market price for their common stock. See Description of Capital Stock Anti-Takeover Effects of Certain Provisions of Delaware Law, the Certificate of Incorporation and the Bylaws .

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FORWARD-LOOKING STATEMENTS

Some of the statements under Summary , Risk Factors , Management s Discussion and Analysis of Financial Condition and Results of Operations , Business and elsewhere in this prospectus constitute forward-looking statements. In some cases, you can identify these statements by forward-looking words such as anticipate , believe , could , estimate , expect , intend , may , plan , pot will and would or similar words. You should read statements that contain these words carefully because they discuss our future expectations, contain projections of our future operating results or of our financial position or state other forward-looking information. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. You should not place undue reliance on these forward-looking statements, which apply only as of the date of this prospectus. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by such forward-looking statements. These risks and uncertainties include, but are not limited to the following:

- changes in the price of potash or langbeinite;
- operational difficulties at our facilities;
- changes in demand and/or supply for potash or langbeinite;
- changes in our reserve estimates;
- our ability to achieve the initiatives of our business strategy, including but not limited to the development of the HB Mine as a solution mine;
- changes in the prices of our raw materials, including but not limited to the price of natural gas;
- fluctuations in the costs of transporting our products to customers;
- changes in labor costs and availability of labor with mining expertise;
- the impact of federal, state or local government regulations, including but not limited to environmental and mining regulations;
- competition in the fertilizer industry;
- declines in U.S. agricultural production;
- declines in oil and gas drilling;

- changes in economic conditions;
- adverse weather events at our facilities;
- our ability to comply with covenants inherent in our current and future debt obligations to avoid defaulting under those agreements; and
- other risks described under Risk Factors .

This list of factors that may affect future performance and the accuracy of forward-looking statements is illustrative but not exhaustive. Accordingly, all forward-looking statements should be evaluated with an understanding of their inherent uncertainty. Before you invest in our common stock, you should be aware that the occurrence of the events described in Risk Factors and elsewhere in this prospectus could have a material adverse effect on our business, operating results and financial position.

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USE OF PROCEEDS

We estimate that we will receive net cash proceeds from this offering of approximately $787.1 million, after deducting estimated underwriting discounts and commissions and other expenses of the offering payable by us. The net proceeds reflect all offering-related expenses except for $1.7 million of expenses which were paid in 2007. For purposes of estimating our net proceeds, we have assumed that the initial public offering price of the shares of common stock will be $28.00, which is the midpoint of the price range set forth on the cover page of this prospectus, and no exercise of the underwriters option to purchase additional shares of common stock. A $1.00 increase (decrease) in the assumed initial public offering price per share would increase (decrease) net proceeds to us from this offering by approximately $28.2 million, after deducting underwriting discounts and commissions and estimated offering expenses payable by us, and would increase (decrease) the amount of net proceeds payable to Intrepid Mining pursuant to the exchange agreement by an equal amount. Assuming that the underwriters exercise their option to purchase additional shares in full, a $1.00 increase (decrease) in the assumed initial public offering price would increase (decrease) net proceeds to us from the exercise of the option to purchase additional shares by approximately $4.2 million, after deducting underwriting discounts and commissions, and would increase (decrease) the cash payable to Intrepid Mining pursuant to the formation distribution by an equal amount.

We expect to apply the net proceeds from this offering as follows:

- approximately $645.1 million (approximately 82.1% of the net proceeds from this offering) will be paid to Intrepid Mining (together with 40,339,000 shares of our common stock) in exchange for all of Intrepid Mining s assets other than cash;

- based on outstanding amounts as of December 31, 2007, approximately $82.5 million (approximately 10.5% of the net proceeds from this offering) will be used by us for repayment of debt assumed from Intrepid Mining pursuant to the exchange agreement, leaving us with no outstanding debt; and

- the remainder of the net proceeds, $59.5 million of cash in the December 31, 2007 pro forma combined as adjusted balance sheet, will be used to fund production expansions and other growth opportunities and for general corporate purposes.

We will assume (i) all amounts in excess of $18.9 million of Intrepid Mining s liability under its existing senior credit facility and (ii) all other liabilities and obligations of Intrepid Mining, as described in the exchange agreement discussed under The Formation Transactions . As of December 31, 2007, the total debt outstanding under the existing senior credit facility was $101.4 million, which bore interest at a weighted average interest rate of 6.62%. As of March 31, 2008, Intrepid Mining had $101.9 million outstanding under the existing senior credit facility. The $125.0 million revolving portion of the existing senior credit facility matures on March 9, 2012, and the $50.0 million term loan portion matures on March 9, 2014, with required payments of $1.25 million due quarterly until maturity. As of the date of this prospectus, we have received approval to further amend the facility to accommodate the repayment and cancellation of the term loan. With the repayment of the term loan, we will have full availability under our $125 million revolving senior credit facility. The existing senior credit facility was refinanced on March 9, 2007 to permit the redemption by Intrepid Mining of the membership interests of Long Canyon, LLC and to provide available credit for our capital spending program. The net proceeds we receive from the exercise of the option to purchase additional shares will be used to pay the formation distribution to Intrepid Mining. Any amount of the formation distribution that is not paid in cash will be paid in shares of our common stock.

After the completion of this offering, Intrepid Mining will liquidate and distribute its remaining assets, including the cash and common stock received pursuant to the exchange agreement and the right to receive the formation distribution, to the current members of Intrepid Mining.

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DIVIDEND POLICY

With the exception of the dividend described below, we have never declared or paid any dividends on our common stock. We anticipate that we will retain any future earnings for the operation and expansion of our business. Accordingly, we do not anticipate declaring or paying any cash dividends on our common stock in the foreseeable future.

Any future determination relating to our dividend policy will be made at the discretion of our board of directors and will depend on then existing conditions, including our financial condition, results of operations, contractual restrictions, including our credit agreement, capital requirements, business prospects and other factors our board of directors may deem relevant.

As described under The Formation Transactions , we will declare a dividend to Intrepid Mining before the closing of this offering. This dividend, which we refer to in this prospectus as the formation distribution , will be paid in 4,500,000 shares of our common stock; provided, however, that for each share of our common stock purchased by the underwriters pursuant to their option to purchase 4,500,000 additional shares, the number of shares payable pursuant to the formation distribution will be reduced, one-for-one, and in lieu of such shares, we will pay cash in an amount equal to the net proceeds, before offering expenses but after underwriting discounts and commissions, we receive from the exercise of the underwriters option to purchase additional shares. The formation distribution will be payable to Intrepid Mining, the holder of record of the common stock prior to this offering, upon the earlier of the expiration or the exercise of the option to purchase additional shares.

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CAPITALIZATION

The following table sets forth as of December 31, 2007:

our pro forma combined cash and cash equivalents and capitalization; the pro forma combined amounts represent the combined balance sheets of Intrepid Potash and Intrepid Mining; and

our pro forma combined cash and cash equivalents and capitalization on an as adjusted basis reflecting (a) the formation transactions, (b) the sale of 30,000,000 shares of common stock in this offering by us at an initial public offering price of $28.00 per share, which is the midpoint of the price range set forth on the cover page of this prospectus, after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us, (c) the repayment of debt, and (d) other related adjustments as described in the footnotes to the Unaudited Pro Forma Combined As Adjusted Balance Sheet on page 43.

You should read this table together with the sections of this prospectus entitled Use of Proceeds beginning on page 32, the Unaudited Pro Forma Combined As Adjusted Financial Information beginning on page 41, and Management s Discussion and Analysis of Financial Condition and Results of Operations beginning on page 45, as well as our financial statements and related notes and the other financial information appearing elsewhere in this prospectus. The data assume that there has been no exercise, in whole or in part, of the underwriters option to purchase additional shares of our common stock in this offering and that the formation distribution payable to Intrepid Mining is paid in 4,500,000 shares of our common stock.

	December 31, 2007	
	Pro Forma Combined	Pro Forma Combined As Adjusted
	(in thousands)	
Cash and cash equivalents	$ 1,961	$ 59,517(1)
Total debt, including current portion	$ 101,355	$ 5(2)
Members equity	10,397	(3)
Stockholders equity:		
Common stock, $0.001 par value; 1,000 shares authorized, 1,000 shares issued and outstanding actual, 74,845,357 shares issued and outstanding as adjusted		75(3)
Additional paid-in capital	1	440,665(3)
Accumulated other comprehensive loss		(638)(3)
Total stockholders equity	10,398	440,102(3)
Total capitalization	$ 111,753	$ 440,107

(1) The $59.5 million balance consists of net cash proceeds of $787.1 million from this offering, less $1.7 million paid in 2007, less the $645.1 million distribution to Intrepid Mining, and less $82.5 million for the repayment of outstanding bank debt. The pro forma combined as adjusted cash and cash equivalents excludes $2.0 million of cash that will be retained by Intrepid Mining.

(2) The pro forma combined as adjusted debt is net of the repayment of $82.5 million of bank debt and the $18.9 million of bank debt retained by Intrepid Mining. The remaining amount is a capital lease.

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(3) The pro forma combined as adjusted total stockholders equity is comprised of the following elements:

Contribution of members equity	$ 10.4
Net proceeds from the offering, less $1.7 million paid in 2007	785.4
Distribution paid to Intrepid Mining of $645.1 million excluding $18.9 million in debt retained by Intrepid Mining	(626.2)
Cash retained by Intrepid Mining	(2.0)
Deferred tax adjustment for step-up in tax basis	273.0
Other adjustment	(0.5)
	$ 440.1

A $1.00 increase (decrease) in the assumed initial public offering price per share would increase (decrease) net proceeds to us from this offering by approximately $28.2 million, after deducting underwriting discounts and commissions and estimated offering expenses payable by us, and would increase (decrease) the amount of net proceeds payable to Intrepid Mining pursuant to the exchange agreement by an equal amount, resulting in no change to total stockholders equity or total capitalization.

The outstanding share information as of December 31, 2007 shown in the table above excludes 5,000,000 shares of common stock to be reserved for issuance under our 2008 Equity Incentive Plan. As of December 31, 2007, no options to purchase shares of common stock were outstanding.

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DILUTION

If you purchase our common stock in the offering, you will suffer an immediate and substantial dilution in net tangible book value per share. Dilution is the amount by which the initial public offering price paid by purchasers of our common stock exceeds the net tangible book value per share of our common stock after the offering. Net tangible book value represents the amount of our total tangible assets reduced by our total liabilities. Tangible assets equal our total assets less intangible assets. Net tangible book value per share represents our net tangible book value divided by the number of common shares outstanding. The number of shares of our common stock outstanding after this offering will be 74,845,357 (including 4,500,000 shares that will be sold to the underwriters pursuant to the exercise of their option to purchase additional shares or, to the extent the option to purchase additional shares is not exercised, distributed to the current members of Intrepid Mining pursuant to the formation distribution, but excluding 540,625 shares of unvested restricted stock that will be granted by Intrepid Potash on or around the completion of this offering). As of December 31, 2007, our pro forma combined net tangible book value was $9.0 million and our pro forma combined net tangible book value per share was $0.12.

After giving effect to the sale of 30,000,000 shares of common stock in the offering at an initial public offering price of $28.00 per share (the midpoint of the price range set forth on the cover page of this prospectus), the distribution of 4,500,000 shares of common stock to the current members of Intrepid Mining pursuant to the formation distribution, the formation transactions and the application of the estimated net proceeds from the offering, our pro forma adjusted net tangible book value as of December 31, 2007 would have been $166.2 million, or $2.22 per share.(1) This represents an immediate increase in net tangible book value of $2.10 per share to the original stockholders and an immediate dilution of $25.78 per share to new investors purchasing shares in the offering.(2) The following table illustrates this per share dilution:

Assumed initial public offering price per share		$ 28.00
Pro forma combined net tangible book value per share as of December 31, 2007	$ 0.12	
Increase in net tangible book value per share attributable to new investors	10.49	
Decrease in net tangible book value per share distributed to existing stockholders	(8.39)	
Pro forma combined as adjusted net tangible book value per share after the offering and the formation transactions		2.22
Pro forma dilution per share to new investors		$ (25.78)

A $1.00 increase (decrease) in the assumed initial public offering price per share would result in no change to our net tangible book value per share after the offering, and would increase (reduce) dilution per share to new investors by approximately $0.94, after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us. Assuming that the underwriters exercise their option to purchase additional shares in full, a $1.00 increase (decrease) in the assumed initial public offering price would increase (decrease) net proceeds to us

from the exercise of the option to purchase additional shares by approximately $4.2 million, after

(1) A 10% increase in the number of shares of common stock, assuming an initial public offering price of $28.00 (the midpoint of the price range set forth on the cover page of this prospectus), would result in no change to our net tangible book value as of December 31, 2007.
(2) A 10% increase in the number of shares of common stock sold, assuming an initial public offering price of $28.00 (the midpoint of the price range set forth on the cover page of this prospectus), would result in no change to our net tangible book value per share.

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deducting the estimated underwriting discounts and commissions, and would increase (decrease) the cash payable to Intrepid Mining pursuant to the formation distribution by an equal amount. Any amount of the formation distribution payable to Intrepid Mining that is not paid in cash will be paid in shares of our common stock.

On or around the date of completion of this offering, we will issue 540,625 shares of restricted common stock to employees and consultants and 5,357 shares of stock to non-employee directors pursuant to the 2008 Equity Incentive Plan. This number of shares has been determined by assuming an initial public offering price of $28.00 per share (the midpoint of the price range set forth on the cover page of this prospectus). This total number of shares includes a total of 198,214 restricted shares valued at $5.6 million that will vest in early January 2009, a total of 342,411 restricted shares valued at $9.6 million that will vest in four equal installments over the first four anniversary dates of the completion of this offering and a grant of 5,357 shares to our non-employee directors which are unrestricted and will be awarded upon the completion of the offering. To the extent these restricted shares vest, there will be further dilution to new investors over time, but not immediately as services must be performed to earn these shares.

The following table illustrates, on the pro forma combined as adjusted basis described above as of December 31, 2007, the total number of shares held, total consideration paid and average price per share paid by existing stockholders and by new investors for the common stock, assuming the sale of shares of common stock in the offering at an initial public offering price of $28.00 per share, which is the midpoint of the price range set forth on the cover page of this prospectus:

	Assuming No Exercise of Underwriters Option				
	Shares Held		Total Consideration		Average Price
	Number	Percent	Amount (dollars in thousands)	Percent	Per Share
Existing stockholders	44,840,000	59.9%	$ (634,731)	NM%	$ (14.16)
New investors	30,000,000	40.1	840,000	NM	28.00
Total	74,840,000	100.0%	$ 205,269	100.0%	$ 2.74

	Assuming Full Exercise of Underwriters Option				
	Shares Held		Total Consideration		Average Price
	Number	Percent	Amount (dollars in thousands)	Percent	Per Share
Existing stockholders	40,340,000	53.9%	$ (753,171)	NM%	$ (18.67)
New investors	34,500,000	46.1	966,000	NM	28.00
Total	74,840,000	100.0%	$ 212,829	100.0%	$ 2.84

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SELECTED HISTORICAL AND PRO FORMA COMBINED AS ADJUSTED FINANCIAL AND OPERATING DATA

The following tables show selected historical financial and operating data of Intrepid Mining and pro forma combined as adjusted financial and operating data of Intrepid Mining and Intrepid Potash for the periods and as of the dates indicated. The historical financial statements included in this prospectus reflect the results of operations of Intrepid Mining. The selected historical financial data as of December 31, 2007 and 2006 and for the years ended December 31, 2007, 2006 and 2005 have been derived from Intrepid Mining s audited consolidated financial statements and related notes included elsewhere in this prospectus. The following selected historical financial data as of December 31, 2005, 2004 and 2003 and for the years ended December 31, 2004 and 2003 have been derived from Intrepid Mining s audited consolidated financial statements, which are not included in this prospectus.

The selected pro forma combined as adjusted financial and operating data for the year ended December 31, 2007 is derived from the unaudited pro forma combined as adjusted financial statements of Intrepid Mining and Intrepid Potash. The pro forma adjustments have been prepared as if certain transactions to be effected upon completion of this offering had taken place on December 31, 2007, in the case of the pro forma combined as adjusted balance sheet, or as of January 1, 2007, in the case of the pro forma combined as adjusted statements of operations for the year ended December 31, 2007. The transactions reflected in the pro forma adjustments assume that Intrepid Potash will complete its initial public offering of common stock, receive a transfer of all of the nonmonetary assets of Intrepid Mining, and assume (i) all amounts in excess of $18.9 million of Intrepid Mining s liability under its existing senior credit facility and (ii) all other liabilities and obligations of Intrepid Mining in exchange for stock and cash, as described in the exchange agreement discussed under The Formation Transactions . The pro forma combined as adjusted financial information should not be relied upon as being indicative of Intrepid Potash or Intrepid Mining s results of operations or financial condition had the transactions been completed on January 1, 2007, with respect to the pro forma combined as adjusted statements of operations, or as of December 31, 2007, with respect to the pro forma combined as adjusted balance sheet.

You should read the selected historical consolidated financial and operating data and the pro forma combined as adjusted financial information in conjunction with Management s Discussion and Analysis of Financial Condition and Results of Operations , the Unaudited Pro Forma Combined Financial Information and the historical financial statements and related notes of Intrepid Mining and Intrepid Potash appearing elsewhere in this prospectus.

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	Pro Forma Combined As Adjusted December 31, 2007 (unaudited)	Year Ended December 31,				
		2007	2006	2005	2004	2003
		(in thousands, except per share data)				
Statement of Operations Data[1][2]:						
Sales	$ 213,459	$ 213,459	$ 152,709	$ 151,280	$ 111,490	$ 13,262
Freight costs	21,095	21,095	12,178	9,519	10,039	1,585
Warehousing and handling costs	5,479	5,479	3,879	2,759	1,997	300
Cost of goods sold[3]	134,387	134,387	110,995	97,103	67,334	6,473
Gross margin	52,498	52,498	25,657	41,899	32,120	4,904
Selling and administrative	24,030	15,997	10,054	7,530	7,065	1,958
Other operating net[4]	190	190	(4,386)	329	327	279
Operating income	28,278	36,311	19,989	34,040	24,728	2,667
Interest expense	170	9,350	2,907	1,473	1,802	612
Other non-operating[5]	(2,723)	(2,723)	(7,016)	(47)	(195)	(64)
Income from continuing operations	30,831	$ 29,684	$ 24,098	$ 32,614	$ 23,121	$ 2,119
Pro forma income tax[6]	12,178					
Pro forma income from continuing operations	$ 18,653					
Pro Forma Share and Per Share Data (unaudited)[7]:						
Pro forma net income per share:						
Basic	$ 0.25					
Diluted	$ 0.25					
Pro forma weighted average shares outstanding:						
Basic	74,911,428					
Diluted	75,385,982					

	Pro Forma Combined As Adjusted December 31, 2007 (unaudited)	As of December 31,				
		2007	2006	2005	2004	2003
		(in thousands)				
Selected Balance Sheet Data:						
Cash and cash equivalents	$ 59,517	$ 1,960	$ 286	$ 157	$ 2,169	$ 452
Total current assets	103,283	47,447	50,853	29,124	33,726	6,795
Total assets	475,082	146,727	129,314	106,506	90,310	24,083
Total current liabilities	25,316	30,315	24,112	19,061	24,578	1,754
Total debt[8][9]	5	101,355	132,189	37,156	36,387	12,379
Stockholders equity (deficit)[9]	440,102	10,397	(31,458)	42,485	23,192	7,369

Year Ended December 31,

	Pro Forma Combined As Adjusted December 31, 2007 (unaudited)	2007	2006	2005	2004	2003
			(in thousands)			
Other Financial Data:						
EBITDA[10]	$ 40,405	$ 48,502	$ 35,033	$ 39,580	$ 28,445	$ 4,009
Depreciation, depletion, amortization and accretion	9,404	9,468	8,028	5,493	3,522	1,278
Capital expenditures	(31,168)	(31,168)	(12,391)	(21,733)	(8,936)	(3,020)
Acquisition costs					(38,473)	

(footnotes on following page)

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(1) In early 2004, we acquired the potash assets of Mississippi Potash, Inc., Reilly Chemical, Inc. and Eddy Potash, Inc. As a result, the magnitude of the operations, assets and liabilities, and cash-flows all increased significantly relative to those in 2003.
(2) In 2006, the results of operations were depressed principally by the ramp-up of a new plant, a partially insured business interruption at the West Mine, and insured property damage arising from severe wind damage to the warehouse at the East Mine.
(3) When by-product inventories are sold, a by-product credit to the cost of goods sold is recognized.
(4) 2007 and 2006 Other operating net includes $0.4 million and $4.9 million, respectively, in business interruption insurance settlements. See note (2).
(5) 2007 and 2006 Other non-operating includes $3.2 million and $6.7 million, respectively, in property damage settlements. See note (2).
(6) A pro forma provision for income taxes at statutory rates has been made in the financial statements on the assumption that Intrepid Mining was a taxable entity for the respective period presented. As a limited liability company, Intrepid Mining s taxable income was included in its members income tax returns whereas Intrepid Potash will be subject to income tax as a corporation.
(7) Pro forma net income per share is based on the weighted average number of shares of common stock outstanding after giving effect to the offering, assuming that the offering had occurred as of the beginning of the earliest period presented. Basic shares include the estimated 74,845,357 shares that will be outstanding at the initial public offering, plus the 66,071 weighted average shares that relate to stock awards with a vesting period of less than one year. The adjustment for diluted shares includes the impact of the number of the remaining nonvested shares that are expected to be awarded upon the completion of the initial public offering. The diluted weighted average shares total 75,385,982 shares.
(8) In most periods, we have reduced our revolving debt rather than maintaining large cash balances.
(9) On December 28, 2006, a member s interest was redeemed at a cost of $100 million, which included a $95 million note paid in March 2007. The redemption was recognized as an equity distribution resulting in a members deficit as of December 31, 2006.
(10) We define EBITDA as income from continuing operations before interest, income taxes, depreciation, depletion, amortization and accretion. EBITDA is used as a supplemental financial measure by our management and by external users of our financial statements to assess:
    - the financial performance of our assets without regard to financing methods, capital structure or historical cost basis;
    - our operating performance and return on capital as compared to other companies in the fertilizer business, without regard to financing or capital structure; and
    - the viability of acquisitions and capital expenditure projects and the overall rates of return on alternative investment opportunities.

The economic substance behind management s use of EBITDA is to measure the ability of our assets to generate cash sufficient to be utilized for capital investment, pay interest costs, support our indebtedness and pay dividends, if any, to our investors.

The GAAP measure most directly comparable to EBITDA is income from continuing operations. Our non-GAAP financial measure of EBITDA should not be considered as an alternative to GAAP income from continuing operations. EBITDA is not a presentation made in accordance with GAAP and has important limitations as an analytical tool. You should not consider EBITDA in isolation or as a substitute for analysis of our results as reported under GAAP. Because EBITDA excludes some, but not all, items that affect income from continuing operations and is defined differently by different companies in our industry, our definition of EBITDA may not be comparable to similarly titled measures of other companies.

Management compensates for the limitations of EBITDA as an analytical tool by reviewing the comparable GAAP measures, understanding the differences between the measures and incorporating this information into management s decision-making processes.

EBITDA is calculated and reconciled to income from continuing operations in the table below:

	Pro Forma Combined As Adjusted December 31, 2007 (unaudited)	Year Ended December 31, 2007	2006	2005	2004	2003
			(in thousands)			
Calculation of EBITDA:						
Income from continuing operations	$ 18,653	$ 29,684	$ 24,098	$ 32,614	$ 23,121	$ 2,119

Income tax provision	12,178					
Interest net	170	9,350	2,907	1,473	1,802	612
Depreciation, depletion, amortization and accretion	9,404	9,468	8,028	5,493	3,522	1,278
EBITDA	$ 40,405	$ 48,502	$ 35,033	$ 39,580	$ 28,445	$ 4,009

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Unaudited Pro Forma Combined As Adjusted Financial Information

Intrepid Potash was incorporated in the state of Delaware on November 19, 2007 for the purpose of completing its initial public offering and exchanging stock and cash for all of the nonmonetary assets of Intrepid Mining and assuming all amounts in excess of $18.9 million of Intrepid Mining s liability under its existing senior credit facility and all other liabilities and obligations of Intrepid Mining, as described in the exchange agreement discussed under The Formation Transactions . Intrepid Potash intends to continue the business of Intrepid Mining in corporate form. The transfer of the nonmonetary assets from Intrepid Mining will be accounted for at historical cost because the members of Intrepid Mining will receive common stock of Intrepid Potash in connection with its initial public offering and in exchange for a controlling interest in Intrepid Potash.

The following unaudited pro forma combined as adjusted balance sheet and statement of operations as of and for the year ended December 31, 2007 present the combined results of operations and financial position of Intrepid Potash assuming the offering and related transactions described below had become effective as of January 1, 2007 with respect to the pro forma combined as adjusted statements of operations, and as of December 31, 2007 with respect to the pro forma combined as adjusted balance sheet. The pro forma adjustments are based on available information and upon assumptions that management believes are reasonable to reflect, on a pro forma basis, the impact of the historical adjustments listed below and the transaction adjustments listed below on the historical financial information of Intrepid Potash and Intrepid Mining. The adjustments as set forth below are described in detail in the notes to the unaudited pro forma combined as adjusted statements of operations and the unaudited pro forma combined as adjusted balance sheet.

Pro forma transaction adjustments include those to reflect:

- the net cash proceeds of $787.1 million raised from the initial public offering of the common stock of Intrepid Potash, less $1.7 million of expenses paid in 2007;

- the transfer of all of the nonmonetary assets of Intrepid Mining in exchange for $645.1 million, 40,339,000 shares of common stock and the assumption of (i) $82.5 million of Intrepid Mining s liability under its existing senior credit facility and (ii) all other liabilities and obligations of Intrepid Mining, including but not limited to those set forth on its balance sheet. The assets and liabilities have been recorded at the historical cost basis of Intrepid Mining;

- the issuance of 4,500,000 shares in connection with the formation distribution;

- the subsequent repayment of approximately $101.4 million of debt, inclusive of debt retained by Intrepid Mining, with the proceeds and the reduction in interest expense and increase in commitment fees as a result of the debt reduction;

- the determination of the tax effects of all changes in the tax basis of the assets and liabilities exchanged;

- the calculation of income tax provisions as if the entity had been subject to federal and state income taxes for the respective periods at the applicable statutory rates;

- the elimination of the loan fee on the term loan facility; and

- the 2008 Equity Incentive Plan expense of approximately $8.1 million.

You should read this unaudited pro forma combined as adjusted financial information together with the other information contained in this prospectus, including Business , The Formation Transactions , Management s Discussion and Analysis of Financial

Condition and Results of Operations , the audited historical financial statements and the notes thereto of Intrepid Potash and Intrepid Mining included elsewhere in this prospectus.

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The unaudited pro forma combined as adjusted financial information is for informational purposes only and does not purport to reflect the results of operations or financial condition of Intrepid Potash and Intrepid Mining that would have occurred had they been combined during the periods presented. The pro forma combined as adjusted financial information should not be relied upon as being indicative of Intrepid Potash or Intrepid Mining s results of operations or financial condition had the transactions been completed on January 1, 2007, with respect to the pro forma combined as adjusted statements of operations, and as of December 31, 2007, with respect to the pro forma combined as adjusted balance sheet. The pro forma combined as adjusted financial information also does not project the results of operations or financial condition for any future period or date.

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	As of December 31, 2007			
	Intrepid Potash, Inc.	Intrepid Mining LLC	Pro Forma Adjustments	Pro Forma Combined As Adjusted
	(unaudited) (in thousands)			
Balance Sheet Data:				
Current Assets				
Cash and cash equivalents	$ 1	$ 1,960	$ 787,095(1) (645,129)(2) (82,450)(3) (1,960)(4)	$ 59,517
Accounts receivable				
Trade		23,251		23,251
Other		264		264
Related parties		248		248
Inventory, net		18,501		18,501
Prepaid expenses and other current assets		3,223	(1,721)(5)	1,502
Total current assets	1	47,447	55,835	103,283
Property, plant and equipment, net		63,519		63,519
Mineral properties and development costs, net		23,255		23,255
Long-term parts inventory, net		4,634		4,634
Other assets		7,872	(475)(6)	7,397
Deferred tax assets, net(4)			272,994(7)	272,994
Total assets	$ 1	$ 146,727	$ 328,354	$ 475,082
Current Liabilities				
Accounts payable	$	$ 7,998	$	$ 7,998
Accrued liabilities		16,532		16,532
Current installments of long-term debt		5,005	(5,000)(3)	5
Other current liabilities		781		781
Total current liabilities		30,316	(5,000)	25,316
Long-term debt, net of current installments		96,350	(96,350)(3)	
Accrued pension liability		646		646
Asset retirement obligation		7,779		7,779
Other non-current liabilities		1,239		1,239
Total non-current liabilities		106,014	(96,350)	9,664
Members Equity		10,397	(10,397)	
Stockholders Equity at par value of $0.001			75	75
Additional Paid-In Capital in excess of par	1		440,664	440,665
Accumulated other comprehensive loss			(638)	(638)
Total Members /Stockholders Equity	1	10,397	429,704(1)(2)(3)(4)(5)(6)(7)	440,102
Total Liabilities and Members /Stockholders Equity	$ 1	$ 146,727	$ 328,354	$ 475,082

(1) To reflect the net proceeds of $787.1 million, prior to deduction of $1.7 million for prepaid expenses, raised from the completion of this offering at an assumed price of $28.00 per share (the midpoint of the price range set forth on the cover page of this prospectus), net of estimated underwriting discounts and commissions and estimated offering costs of $52.9 million, exclusive of $1.7 million of prepaid expenses.

(2) To reflect the payment of $645.1 million, the issuance of 44,840,000 shares of common stock to the members of Intrepid Mining, (including 4,500,000 shares distributed subject to the underwriters option to purchase additional shares) and the assumption of (i) $82.5 million of Intrepid Mining s liability under its existing senior credit facility and (ii) all other liabilities and obligations of Intrepid Mining, including but not limited to those set forth on its balance sheet, pursuant to the exchange agreement in exchange for all of the assets of Intrepid Mining other than cash.

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(3) To reflect the payment of $82.5 million under Intrepid Mining s existing senior credit facility, with proceeds of the offering. Payment of $18.9 million is also made by Intrepid Mining.
(4) To reflect cash retained by Intrepid Mining.
(5) To reflect application of $1.7 million of prepaid transaction expenses to equity issued.
(6) Elimination of capitalized term loan bank fee.
(7) To establish the net deferred tax asset for the book and tax basis difference generated as a result of the transfer to Intrepid Potash, a taxable entity, of substantially all of the assets and liabilities of Intrepid Mining, a nontaxable entity. The federal income tax basis of the assets transferred to Intrepid Potash pursuant to the exchange agreement discussed under The Formation Transactions will, in the aggregate, equal Intrepid Mining s existing tax basis in the assets, increased by the amount of taxable gain recognized by Intrepid Mining in connection with the formation transactions generally, the amount of cash received by Intrepid Mining plus the amount of the formation distribution. We expect to allocate the increase in tax basis to our property, plant and equipment and our mineral leasehold interests. As to the allocation to the mineral leasehold interests, we anticipate that percentage depletion with respect to our mineral leasehold interests will exceed cost depletion in each taxable year. Consequently, we do not expect the increased tax basis to result in any increase in federal cost recovery deductions with respect to our mineral leasehold interests.

	Year Ended December 31, 2007			
	Intrepid Potash, Inc.	Intrepid Mining LLC	Pro Forma Adjustments (unaudited)	Pro Forma Combined As Adjusted
	(in thousands)			
Statement of Operations Data:				
Sales	$	$ 213,459	$	$ 213,459
Less: Freight costs		21,095		21,095
Warehousing and handling costs		5,479		5,479
Cost of goods sold		134,387		134,387
Gross margin		52,498		52,498
Selling and administrative		15,997	8,033(8)	24,030
Accretion of asset retirement obligation		579		579
Business interruption insurance settlements		(389)		(389)
Operating income		36,311	(8,033)	28,278
Other income (expense)				
Interest expense		(9,350)	9,180(9)	(170)
Insurance settlements in excess of property losses[10]		3,202		3,202
Other income (expense)		(479)		(479)
Net income before taxes		29,684	1,147	30,831
Income taxes			12,178(11)	12,178
Net income	$	$ 29,684	$ (11,031)	$ 18,653
Earnings Per Share:				
Basic				$ 0.25
Diluted				$ 0.25
Weighted Average Shares Outstanding				
Basic				74,911,428
Diluted				75,385,982

(8) Represents $8.1 million for 2008 Equity Incentive Plan expense, and a reduction of $0.1 million in amortization expense resulting from the elimination of the loan fee on the term loan facility.

(9) Represents the interest expense reduction, net of an increase in commitment fees, related to the payment of $101.4 million of indebtedness, inclusive of debt retained by Intrepid Mining, under the existing senior credit facility. The interest rate applicable to the revolving and term loans is assumed to be the average rate for the periods presented. For further discussion of the existing senior credit facility, please see notes to historical financial statements and Management s Discussion and Analysis of Financial Condition and Results of Operations .

(10) Intrepid Mining includes a $3.2 million gain on insurance settlements related to the destruction of a warehouse, which did not result from operating activities.

(11) Represents the adjustment necessary for the respective period to record estimated federal and state income taxes on the income of Intrepid Mining as if Intrepid Mining had been a taxable entity during the period. The assumed tax rate is the statutory rate, and it does not include any adjustment for permanent differences.

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MANAGEMENT S DISCUSSION AND ANALYSIS OF

FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis together with our consolidated financial statements and related notes and the other financial information that appear elsewhere in this prospectus. This discussion contains forward-looking statements that are subject to risks, uncertainties and assumptions, including those discussed under Risk Factors beginning on page 15. Our actual results may differ materially from those expressed in or implied by these forward-looking statements. See Forward-Looking Statements for information about such statements beginning on page 31.

Overview

Our Company

We are the largest producer of muriate of potash (MOP, or potassium chloride) in the U.S. and are dedicated to the production and marketing of potash and langbeinite (sulfate of potash magnesia), another mineral containing potassium. Potassium is one of the three primary nutrients essential to plant formation and growth. Since 2004, we have supplied, on average, 1.5% of world potash consumption and 8.5% of U.S. consumption annually, and we have supplied a considerably higher proportion of the potash consumed in the southwestern and western U.S., our core markets. We are one of two exporting producers of langbeinite, a low-chloride fertilizer that is better suited than MOP for chloride-sensitive crops. We also produce salt, magnesium chloride and metal recovery salts from our potash mining processes. We own five active potash production facilities three in New Mexico and two in Utah and we have the nameplate capacity to produce 1,200,000 tons of potash and 250,000 tons of langbeinite annually. We own two development assets in New Mexico the HB Mine, which is an idled potash mine that we are in the process of reopening as a solution mine, and the North Mine. Based on our five-year operating plan, we expect that expansion opportunities at our operating facilities and the HB Mine will increase production by an aggregate of over 370,000 tons of potash and langbeinite annually.

Our History

Our management team formed Intrepid Oil & Gas, LLC on August 30, 1996, for the purpose of acquiring oil and gas leases near Moab, Utah. While mapping the area for potential oil and gas resources, we learned about the substantial local potash deposits and discovered that the only operating potash mine in the area, which was then in decline, was scheduled to close. We determined that the decline in production in Moab could be reversed by applying horizontal drilling technology, commonly used in the oil and gas industry, to create potash solution mining caverns. This represented a new approach to potash mining. Our management team formed Intrepid Mining on January 26, 2000, for the purpose of acquiring Moab Salt, Inc. from PCS for cash consideration of approximately $3 million, plus the assumption of certain liabilities and closing costs for total consideration of approximately $14.8 million. We renamed the company Intrepid Potash Moab, LLC.

We observed that potash from Moab shared markets with potash produced in Carlsbad, New Mexico and in Wendover, Utah. Accordingly, we formulated a strategy to acquire assets in those areas in order to consolidate marketing efforts and effect operating synergies.

On February 29, 2004, Intrepid Mining acquired substantially all of the assets of Mississippi Potash, Inc. and Eddy Potash, Inc. from Mississippi Chemical Company for $36.6 million. These assets included the operating East and West potash mines, the North Facility compaction plant and the idled HB and North Mines, all located near Carlsbad, New Mexico. Mississippi Chemical, which filed for bankruptcy in May 2003, had long since been unable to re-invest in or properly maintain the properties due to cash flow constraints stemming from its then-failing nitrogen fertilizer business.

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Effective April 1, 2004, Intrepid Mining purchased the potash assets of Reilly Chemical, Inc. through its wholly-owned subsidiary, Intrepid Wendover, for $10.7 million. The acquired assets included a natural brine and potash production facility on the Bonneville Salt Flats of Utah. Reilly Chemical operated a diversified business providing specialty chemicals for the agriculture, nutrition, pharmaceutical and medical, personal care, plastics, coatings and industrial markets. We saw the opportunity to use better technology, not employed by Reilly Chemical, to improve production at Wendover.

During 2006, Intrepid Mining sold substantially all of its oil and gas assets. The remaining equity interests in its wholly-owned oil and gas subsidiary, Intrepid Oil & Gas, LLC, were distributed to the members of Intrepid Mining in 2007.

Intrepid Potash was formed as a Delaware corporation on November 19, 2007 and, in connection with the completion of this offering, will receive a transfer of all of the nonmonetary assets of Intrepid Mining and will assume (i) all amounts in excess of $18.9 million of Intrepid Mining s existing liability under its existing senior credit facility and (ii) all other liabilities and obligations of Intrepid Mining, as described in the exchange agreement discussed under The Formation Transactions . Intrepid Mining will repay the $18.9 million that is not assumed by Intrepid Potash from the cash proceeds received from Intrepid Potash pursuant to the terms of the exchange agreement.

Our Products and Markets

Our two primary products are potash (MOP) and langbeinite (sulfate of potash magnesia). In 2007, we derived 90% of our net sales and 92% of our gross margin from potash.

Our potash is marketed for sale into three primary markets: the agricultural market as a fertilizer, the industrial market as a component in drilling fluids for oil and gas exploration and the animal feed market as a nutrient. The agricultural market represented approximately 64% of our sales in 2007, with sales to industrial and feed markets accounting for 30% and 6% of our sales, respectively. Our primary regional markets include agricultural areas west of the Mississippi River, oil and gas exploration areas in the Rocky Mountains and the Permian Basin and feedlots in Texas and other western states. In 2007, 97% of our potash sales volume was derived from sales within the U.S.

We are one of only two companies in the world that have economic reserves of langbeinite and produce langbeinite for export, the other being Mosaic. We began producing langbeinite in late 2005 and are working to expand our production and increase demand. Although Mosaic has sold langbeinite from the Carlsbad, New Mexico region since the 1950s, we believe that our entry into the market as a second producer has increased growers willingness to use langbeinite. Langbeinite is marketed into two primary markets: the agricultural market as a fertilizer and the animal feed market as a nutrient. We market langbeinite throughout the world, including through an exclusive marketing agreement with PCS for sales outside North America. In 2007, 60% of our langbeinite sales volume was sold in the U.S. and the remaining 40% was exported.

Key Industry Factors

We operate in a highly competitive, global industry. Potash and langbeinite are globally-traded commodities and, as a result, we compete on the basis of delivered price, timely service and product quality. Moreover, our operating results are influenced by a broad range of factors, including those outlined below.

Fertilizer Demand

Global fertilizer demand has been driven primarily by population growth, changes in dietary habits, planted acreage, crop yields, grain inventories, application rates, global economic conditions,

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weather patterns and farm sector income. We expect these key variables to continue to have a significant impact on fertilizer demand for the foreseeable future. Sustained income growth and agricultural policies in the developing world also affect demand for fertilizer. As incomes grow, diets become more diverse, nutritious and protein-rich, primarily through increased meat consumption. Producing meat from livestock and poultry requires large amounts of grain for feed. Fertilizer demand is also affected by other geopolitical factors like temporary disruptions in fertilizer trade related to government intervention and changes in the buying patterns of key consuming countries.

Potash Supply

Economically recoverable potash deposits occur rarely. Virtually all potash is extracted from twenty commercial deposits located in twelve countries. According to the IFA, in 2007, six of these countries (Canada, Russia, Belarus, Germany, Israel and Jordan) accounted for approximately 87% of the world s aggregate potash production. Companies in Canada and the former Soviet Union lead the global potash market due to the size and grade of their reserves, among other factors. The addition of new potash production is difficult because currently unexploited deposits are rare, deep in the earth and are often located in remote areas which would require significant capital investment to exploit. The most recently constructed operating mine in the world was opened in 1987. New potash supply projects are being developed primarily at areas of existing production, but are expected to take several years to become fully operational. Additional challenges faced by potash producers include mine flooding risks, aging facilities, depleting ore reserves and increasing transportation costs.

Energy Demand

Energy prices and consumption affect the potash industry in several ways. Growing demands upon existing energy supplies have supported the development of biofuels, which currently rely upon agricultural products as feedstocks. As demand and prices for these feedstocks increase, the use of fertilizer becomes more economically attractive. In addition, energy prices affect the global levels of oil and gas drilling, which often consumes potash as a drilling fluid additive. Increases in fuel prices increase the cost of transporting potash from producing to consuming regions. Increases in natural gas prices also increase the cost of producing potash.

Foreign Currency Fluctuations

Currency fluctuations can play a role in potash pricing. As the currencies of exporting countries strengthen, producers in those countries realize less sales revenue per ton when prices denominated in the recipient country s currency are translated back into the exporter s stronger currency. If this occurs during a period of strong potash demand, exporting producers tend to raise their potash prices in the recipient country s currency to maintain margins in their own currency. For example, as the loonie and ruble have recently strengthened in a period of high demand, U.S. dollar prices from those exporting producers have increased. Conversely, if the currencies of exporting countries weaken, producers from those countries realize higher sales revenue per ton on exports when prices denominated in the recipient country s currency are translated back into the exporter s weaker currency. If this occurs in a period of slow demand, exporters could choose to lower prices to increase export volumes.

Governmental Policies

Increased recognition of the benefits of balanced fertilizer use by growers and governmental support thereof directly affects the applications rates and usage of fertilizer in the developing world. The potash market is a global market experiencing demand growth in developing countries such as China, India and Brazil. The governmental policies of these and other countries have recently been supportive of agricultural policies that promote balanced fertilization, which has led to increases in potash demand.

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Factors Affecting Our Results

Sales

Our gross sales are derived from the sales of potash and langbeinite and are determined by the quantities of fertilizers we sell and the selling price we realize. We quote prices to customers both on a delivered basis and on the basis of pick-up at our plants and warehouses. Freight costs are incurred only on a portion of our sales. Many of our customers arrange and pay for their own freight. When we arrange and pay for freight, our quotes and billings are based on expected freight costs to the points of delivery. Our gross sales include the freight that we bill, but we do not believe gross sales provides an accurate measurement of our performance in the market due to the inclusion of freight billings. We view net sales, which is gross sales less freight costs, as the key performance indicator. We primarily utilize net sales per ton in the analysis of our sales trends in order to remove the effect of freight costs on pricing.

The volumes we sell are determined by our production capabilities and by demand for our products. Our selling prices and product mix are determined by a combination of global and regional supply and demand factors. The domestic price of potash is impacted by international price movements and to a large extent by Canadian and Russian producers that have a dominant share of the world market and that export to the domestic market. We benchmark our prices to international prices and have benefited from the weakening dollar. During 2007 and 2008 to date, we have been able to raise prices because of strong demand.

Potash prices increased throughout 2007 and this trend is continuing into 2008 due primarily to potash demand increasing faster than potash supply. Fertecon forecasts a total 3.5% annual demand growth rate from 2007 to 2011, which would require an average of 1.3 million additional tons of K_2O every year to meet this future demand. However, potash suppliers are currently producing near their practical limits and announced expansions are not sufficient to keep pace with expected demand. As a result, we believe the global potash market will remain tight through at least 2011.

Domestic potash pricing is influenced by the interaction of global supply and demand; ocean, land and barge freight rates; and currency fluctuations. Our posted price (FOB the mine) for red granular potash in Carlsbad, New Mexico has increased 132% from $217 per ton on September 30, 2007 to $503 per ton as of April 1, 2008. Our posted price (FOB the mine) of granular langbeinite in Carlsbad has increased 45% from $146 per ton on September 30, 2007 to $211 per ton as of April 1, 2008. Actual prices realized in the market vary due to the timing and receipt of orders, among other factors.

Warehousing and Handling Costs

Warehousing and handling costs are costs incurred for storing finished products at our plants and loading trucks and railcars for shipment. These costs also include external warehousing costs. Warehousing and handling costs are most affected by labor costs, dust control chemicals and depreciation of our warehouse assets.

Cost of Goods Sold

Our cost of goods sold reflects the costs to produce our potash and langbeinite products, less credits generated from the sale of our by-products. With limited exceptions, our costs do not change proportionally with production volumes, as most of our costs are determined by factors other than incremental production. We refer to this in period-over-period comparisons below as costs being more fixed than variable in nature. Our production costs, however, have increased due primarily to inflation and additions to our fixed costs, primarily in the form of additional labor headcount. Our potash production results in the joint production of by-products, which are salt, magnesium chloride and metal

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recovery salts. Sales of these by-products are recorded as a by-product credit that reduces the cost of goods sold.

Primary production costs include direct labor and benefits, maintenance materials, contract labor and materials for operating or maintenance projects, natural gas, electricity, operating supplies, chemicals, depreciation and depletion, royalties, leasing costs and plant overhead expenses. The cost of our labor, maintenance materials, operating supplies, and chemicals have increased with inflation in the mining sector. For example, according to Mining Cost Service, published in 2007 by InfoMine USA, Inc., mill operating costs have increased by approximately 24% from 2004 to 2007. We expect our future production cost inflation to continue to be influenced by inflation in the mining sector, as well as inflation trends for natural gas and electricity. We also expect our labor costs may continue to increase in Carlsbad, New Mexico as long as the demand for skilled labor remains high due to the strength of the potash, oil and gas and nuclear waste storage industries.

From January 2004 through December 2007, we added to our fixed costs primarily at our Carlsbad facilities. We increased our maintenance expenditures due to the age and condition of our plants and equipment and the extent to which prior owners had not performed periodic maintenance. We also added labor primarily to address our maintenance backlog, increase the reliability of our production and staff the langbeinite facility. We expect to continue this trend in 2008 by adding additional personnel to increase the reliability and productivity of our operations. We believe that our existing operating facilities will be fully staffed by the end of 2008.

We pay royalties to federal, state and private lessors under our mineral leases, and such taxes are a percentage of net sales of minerals extracted and sold from the applicable lease. In some cases, federal royalties for potash are paid on a sliding-scale basis that varies with the grade of ore extracted.

We have purchased natural gas derivatives in the past. Based on our analysis of the supply and pricing fundamentals for natural gas in our operating regions, we have chosen not to have any derivative contracts in place for 2008. However, we will continue to evaluate the possibility of entering into such arrangements in the future. Fluctuations in natural gas prices may continue to affect our operating results.

In the past, we have used operating leases to finance some of our mining equipment. Operating lease payments are accounted for as a cost of goods sold. We do not plan to use operating leases in this manner in the future. As a result, operating lease payments related to production assets will decrease over time as the leases expire or as we make decisions to buy-out the leases. We intend, however, to purchase mining equipment in the future, which would result in higher depreciation expense that would largely offset lease costs in our cost of goods sold.

Selling and Administrative Expenses

Our selling and administrative expenses consist primarily of personnel and related costs; company airplane costs; costs related to arranging truck and rail transportation; legal, accounting and other professional fees; sales and public relations expenses; and costs related to our information and technology systems. Because our facilities are difficult to reach by commercial aviation, we operate a company airplane in the management of our facilities.

We anticipate an increase in selling and administrative expenses after this offering. These expenses will include additional legal and corporate governance expenses, additional accounting staff costs, director compensation, exchange listing fees, transfer agent and stockholder-related fees and increased premiums for director and officer liability insurance coverage.

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Other Income (Expense)

Other income (expense) consists primarily of interest and financing expenses. Other income (expense) also includes insurance proceeds in excess of property losses, gain (loss) on sale or disposition of assets, investment income, unrealized gains (losses) on investments, and other costs that do not relate directly to our core operations. In 2008, we may receive additional insurance proceeds in excess of our property losses related to the reconstruction of the warehouse at our East Mine.

Provision for Income Taxes

As a limited liability company, Intrepid Mining did not pay federal or state income taxes. The taxable income or loss of Intrepid Mining has historically been included in the state and federal tax returns of its members.

Intrepid Potash is a corporation that will be required to pay federal and state income taxes on its taxable income. The federal income tax basis of the assets transferred to Intrepid Potash pursuant to the exchange agreement discussed under The Formation Transactions will, in the aggregate, equal Intrepid Mining s existing tax basis in the assets, increased by the amount of taxable gain recognized by Intrepid Mining in connection with the formation transactions generally, the amount of cash received by Intrepid Mining plus the amount of the formation distribution. We expect to allocate the increase in tax basis to our property, plant and equipment and our mineral leasehold interests. As to the allocation to the mineral leasehold interests, we anticipate that percentage depletion with respect to our mineral leasehold interests will exceed cost depletion in each taxable year. Consequently, we do not expect the increased tax basis to result in any increase in federal cost recovery deductions with respect to our mineral leasehold interests.

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Results of Operations

The following table presents selected operations data for the years ended December 31, 2007, 2006 and 2005.

	Year Ended December 31,		
	2007	2006	2005
		(in thousands)	
Sales	$ 213,459	$ 152,709	$ 151,280
Less: Freight costs	21,095	12,178	9,519
Net sales	192,364	140,531	141,761
Less: Warehousing and handling costs	5,479	3,879	2,759
Cost of goods sold	134,387	110,995	97,103
Gross Margin	52,498	25,657	41,899
Selling and administrative	15,997	10,054	7,530
Accretion of asset retirement obligation	579	541	329
Business interruption insurance settlements	(389)	(4,927)	
Operating Income	36,311	19,989	34,040
Other Income (Expense):			
Interest expense	(9,350)	(2,907)	(1,473)
Insurance proceeds in excess of property losses	3,202	6,665	
Other income (expense)	(479)	351	47
Income from Continuing Operations	29,684	24,098	32,614
Discontinued Operations:			
Income from operations of discontinued oil and gas activities		2,407	1,849
Gain from sale of discontinued oil and gas assets		9,517	
		11,924	1,849
Net Income	$ 29,684	$ 36,022	$ 34,463

Year Ended December 31, 2007 Compared to Year Ended December 31, 2006

Operating Results

For the year ended December 31, 2007, we benefited from tight global supply conditions resulting from strong potash demand. Domestic sales of potash in 2007 increased primarily due to increased demand resulting from high agricultural commodity prices and resulting increases in fertilizer application rates. Gross margin increased $26.8 million, or 105%, from $25.7 million for the year ended December 31, 2006 to $52.5 million for the year ended December 31, 2007 due primarily to increased production volumes and price increases. Operating income increased $16.3 million, or 82%, from $20.0 million for the year ended December 31, 2006 to $36.3 million for the year ended December 31, 2007.

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Net Sales and Freight Costs

The following table presents potash and langbeinite sales and production for the subject periods.

	Year Ended December 31, 2007	Year Ended December 31, 2006	Change	% Change
Net sales of potash (in millions)	$ 173.5	$ 130.3	$ 43.2	33%
Net sales of langbeinite (in millions)	$ 18.9	$ 10.2	$ 8.7	85%
Sales volume of potash (thousands of tons)	893	729	164	22%
Sales volume of langbeinite (thousands of tons)	158	95	63	66%
Net sales per ton of potash ($/ton)	$ 194	$ 179	$ 15	8%
Net sales per ton of langbeinite ($/ton)	$ 119	$ 107	$ 12	11%
Production of potash (thousands of tons)	877	725	152	21%
Production of langbeinite (thousands of tons)	177	156	21	13%

Net sales of potash increased $43.2 million, or 33%, from $130.3 million for the year ended December 31, 2006 to $173.5 million for the year ended December 31, 2007 due primarily to increased sales volumes resulting from strong potash demand, increased production and inventory draw-downs. Production of potash increased by approximately 152,000 tons, or 21%, in the 2007 period compared to the 2006 period. In October and November 2006, the West Mine shaft disruption discussed below in Business Interruption Insurance Settlements reduced our production by an estimated 67,000 tons. During 2007, production returned to normal levels at the West Mine. The balance of the increased production in 2007 was due primarily to improved plant operating rates and productivity resulting from our maintenance and capital improvements. Net sales of langbeinite increased $8.7 million, or 85%, from $10.2 million for the year ended December 31, 2006 to $18.9 million for the year ended December 31, 2007 due primarily to the same factors that increased potash sales. Production of langbeinite increased 13% in the 2007 period compared to the 2006 period due primarily to improved operating rates at the dual potash and langbeinite plant.

Freight costs increased $8.9 million, or 73%, for the year ended December 31, 2007 compared to the year ended December 31, 2006 due primarily to increases in fuel and freight rates, a 63,000 ton increase in langbeinite sales volumes (which have a wider geographic distribution) and a 164,000 ton increase in potash sales volumes.

Warehousing and Handling Costs

Warehousing and handling costs increased $1.6 million, or 41%, for the year ended December 31, 2007 compared to the year ended December 31, 2006. Labor and maintenance material expenses increased primarily due to increased staffing levels and to address maintenance backlogs.

Cost of Goods Sold

The following table presents our cost of goods sold for potash and langbeinite for the subject periods.

	Year Ended December 31, 2007	Year Ended December 31, 2006	Change	% Change
Cost per ton of potash sold(1)	$ 135	$ 141	$ (6)	(4)%
Cost per ton of langbeinite sold(2)	$ 87	$ 88	$ (1)	(1)%

(1) Per ton potash costs include $7.16 and $7.81 of depreciation expense in 2007 and 2006, respectively.
(2) Per ton langbeinite costs include $11.51 and $12.93 of depreciation expense in 2007 and 2006, respectively.

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The cost of goods sold per ton of potash decreased $6, or 4%, from $141 per ton for the year ended December 31, 2006 to $135 per ton for the year ended December 31, 2007. Potash costs per ton decreased in 2007 due primarily to a 21% increase in production as our fixed costs were spread over a larger number of units of production. The total cost of goods sold of our langbeinite decreased $1 per ton, or 1%, from $88 per ton for the year ended December 31, 2006 to $87 per ton for the year ended December 31, 2007.

Cost of goods sold increased $23.4 million, or 21%, from $111.0 million in 2006 to $134.4 million in 2007. Costs that increased materially during the year ended December 31, 2007 compared to the year ended December 31, 2006 included labor and contractor, chemical, royalty, operating supply, and operating lease expenses. Labor and contractor costs increased $7.9 million, or 24%, in 2007 due to contract maintenance projects, wage increases and the addition of personnel to attain appropriate staffing levels and address maintenance backlogs. Chemical costs increased $2.2 million, or 42%, in 2007 due primarily to chemical additive testing to increase potash recoveries at the East Mine. Royalty expense increased $2.1 million, or 43%, in 2007 due to increased sales revenue and higher langbeinite sales, which incur a slightly higher average royalty than potash sales. Operating supply costs increased $1.9 million, or 30%, in 2007 principally due to the increased volume of production. Operating lease and rental expenses increased $1.3 million, or 50%, in 2007 due to new mining equipment financed using operating leases.

Non-cash changes in the fair value of our natural gas derivative contracts decreased cost of goods sold by $4.5 million for the year ended December 31, 2007 compared to the year ended December 31, 2006. An unrealized loss of $2.3 million was recorded in 2006 compared to an unrealized gain of $2.2 million in 2007.

By-product sales credits reduced cost of goods sold by $7.8 million and $6.9 million in the years ended December 31, 2007 and December 31, 2006, respectively.

Selling and Administrative Expenses

Selling and administrative expenses increased $5.9 million, or 59%, from $10.1 million for the year ended December 31, 2006 to $16.0 million for the year ended December 31, 2007. Selling and administrative expenses increased in 2007 due primarily to legal and lobbying fees, additional sales, administrative and management staff, and larger aggregate salaries and bonuses paid to the management team. We are a party to various legal proceedings that challenge decisions of the Bureau of Land Management, or BLM, relating to oil and gas drilling in the Potash Area in southeastern New Mexico, where our New Mexico mines are located. We refer to this as the Potash Area dispute in New Mexico . We are attempting to cause the BLM to more accurately map and protect the potash resource, conduct a comprehensive safety study as to oil and gas drilling around our mines and limit drilling in areas that we believe contain potash deposits.

Business Interruption Insurance Settlements

East Mine wind-shear event: In April 2006, a wind-shear struck the product warehouse at the East Mine in Carlsbad, New Mexico resulting in a property loss claim. Inventory losses resulting from the outdoor storage of product because of the damage to the warehouse were subsequently recovered from the insurance property loss claim. In the years ended December 31, 2007 and 2006, we also received settlements of $0.4 million and $0.9 million, respectively, for lost gross margin on the langbeinite inventory destroyed when the East Mine warehouse was damaged. We refer to this event as the East Mine wind-shear event and to the resulting claim as the East Mine wind-shear claim .

West Mine shaft disruption: In October 2006, unused utilities in the West Mine production shaft broke loose due to an increase in groundwater flows into the shaft resulting from heavy rains from

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Hurricane John. We incurred a 54-day shutdown to remove all the unused utilities and to improve groundwater capture and conveyance systems in the shaft. Under the terms of our business interruption insurance policy, the first 30 days of the interruption were not covered by insurance. We refer to this event as the West Mine shaft disruption and to the resulting business interruption insurance claim as the West Mine shaft claim . We estimate that during the 54-day shutdown period and a brief ramp-up period after the event we should have produced approximately 67,000 additional tons of potash with a market value of approximately $11.8 million, only $4.0 million of which was reimbursed after our 30-day deductible under the terms of our insurance policy. The $4.0 million reimbursement was recognized within Business interruption insurance settlements .

Other Income (Expense)

Other expenses increased $10.7 million, or 261%, from net income of $4.1 million for the year ended December 31, 2006 to a net expense of $6.6 million for the year ended December 31, 2007 due primarily to an increase in interest expense. Interest expense increased $6.4 million, or 222%, in the 2007 period due primarily to higher net borrowing against our existing senior credit facility in order to redeem the membership interest of Long Canyon, LLC for $100.0 million.

For the years ended December 31, 2007 and 2006, insurance settlements in excess of property losses of $3.2 million and $6.7 million, respectively, were recognized for proceeds received in connection with the East Mine wind-shear claim. The warehouse s replacement cost is expected to be approximately $22.0 million. Additional insurance payments to reconstruct the warehouse are contingent upon review by the insurer and will be recognized as settlements are agreed upon.

Discontinued Operations

During the last quarter of 2006, we sold substantially all of our oil and gas assets. Income from discontinued operations of these oil and gas activities was $2.4 million for the year ended December 31, 2006.

Year Ended December 31, 2006 Compared to Year Ended December 31, 2005

Operating Results

Operating results declined in 2006 compared to 2005 due primarily to declines in production resulting from two disruptions discussed in the following paragraphs, partially offset by higher (10%) potash prices in 2006. Specifically, we produced approximately 172,000 fewer tons of potash and sold approximately 140,000 fewer tons of potash in 2006 than we did in 2005. As most of our production costs are more fixed than variable in nature relative to production levels, production costs did not decrease ratably despite the lower production levels. Cost of goods sold increased by $13.9 million, or 14%, from $97.1 million in 2005 to $111.0 million in 2006. As a result, gross margins decreased $16.2 million, or 39%, from $41.9 million for the year ended December 31, 2005 to $25.7 million for the year ended December 31, 2006 due primarily to decreased sales volumes resulting from two production disruptions. Operating income decreased $14.0 million, or 41%, from $34.0 million in 2005 to $20.0 million in 2006, reflecting lower sales volumes and increased cost of goods sold and selling and administrative expenses.

Potash production at the West Mine decreased 93,000 tons, or 23%, from 398,000 tons in 2005 to 305,000 tons in 2006 due primarily to the West Mine shaft disruption. We estimate that during the 54-day shutdown period and a brief ramp-up period after the event we should have produced approximately 67,000 additional tons with a market value of approximately $11.8 million, only $4.0 million of which was reimbursed after our 30-day deductible under the terms of our insurance policy.

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East Mine plant ramp-up disruption: Potash production at the East Mine decreased 83,000 tons, or 24%, in 2006 compared to 2005 due primarily to the October 2005 commissioning of the dual potash and langbeinite facility. Implementing the new milling process at this facility, which is a first-of-its-kind process, involved operational inefficiencies which resulted in lower operating rates in the last quarter of 2005 and through the first three quarters of 2006. This investment in the East Mine allowed us to mine a mixed ore body containing both potash and langbeinite. We refer to this production disruption as the East Mine plant ramp-up disruption . While potash production decreased, langbeinite production increased 141,000 tons in 2006, resulting in a net sales increase of approximately $300,000. The addition of the langbeinite plant, as noted above, did result in the increase of certain elements of cost of goods sold.

Net Sales and Freight Costs

The following table presents potash and langbeinite sales and production for the subject years.

	Year Ended December 31, 2006	Year Ended December 31, 2005	Change	% Change
Net sales of potash (in millions)	$ 130.3	$ 141.1	$ (10.8)	(8)%
Net sales of langbeinite (in millions)	$ 10.2	$ 0.7	$ 9.5	1,357%
Sales volume of potash (thousands of tons)	729	869	(140)	(16)%
Sales volume of langbeinite (thousands of tons)	95	6	89	1,483%
Net sales per ton of potash ($/ton)	$ 179	$ 162	$ 17	10%
Net sales per ton of langbeinite ($/ton)	$ 107	$ 111	$ (4)	(4)%
Production of potash (thousands of tons)	725	897	(172)	(19)%
Production of langbeinite (thousands of tons)	156	15	141	940%

Net sales of potash decreased $10.8 million, or 8.0%, from $141.1 million in 2005 to $130.3 million in 2006 due to decreased sales volumes resulting primarily from the production disruptions discussed previously under Operating Results , partially offset by increased prices. The average net sales price for potash increased $17 per ton, or 10%, from $162 per ton in 2005 to $179 per ton in 2006 due in part to strong industrial potash demand and price increases initiated by international competitors. Potash production decreased 172,000 tons, or 19%, from 897,000 tons in 2005 to 725,000 tons in 2006 due primarily to the West Mine shaft disruption and the East Mine plant ramp-up disruption. Net sales of langbeinite increased $9.5 million, or 1,357%, from $0.7 million in 2005 to $10.2 million in 2006 due to a full year of langbeinite production and sales in 2006. Langbeinite production increased 141,000 tons, or 940%, from 15,000 tons in 2005 to 156,000 tons in 2006 due primarily to having a full year of operations in the newly commissioned East Mine plant compared to only three months in 2005.

Freight costs increased $2.7 million, or 28%, for the year ended December 31, 2006 compared to the year ended December 31, 2005 due primarily to increased langbeinite sales, which are distributed over a wider geographic area and generally involve additional freight costs.

Warehousing and Handling Costs

Warehousing and handling costs increased $1.1 million, or 41%, for the year ended December 31, 2006 compared to the year ended December 31, 2005 due primarily to increased labor expenses and the increased use of dust suppressant chemicals.

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Cost of Goods Sold

The following table presents our cost of goods sold for potash and langbeinite for the subject years.

	Year Ended December 31, 2006	Year Ended December 31, 2005	Change	% Change
Cost per ton of potash sold[1]	$ 141	$ 110	$ 31	28%
Cost per ton of langbeinite sold[2]	$ 88	$ 201	$ (113)	(56)%

(1) Per ton potash costs include $7.81 and $4.81 of depreciation expense in 2006 and 2005, respectively.

(2) Per ton langbeinite costs include $12.93 and $59.39 of depreciation expense in 2006 and 2005, respectively. In 2005, langbeinite depreciation and cost of goods sold were temporarily high due to limited production and high start-up costs.

The total cost of goods sold per ton of potash increased $31, or 28%, from $110 per ton in 2005 to $141 per ton in 2006 due primarily to the impact of spreading our fixed cost structure over lower production volumes resulting from the production disruptions mentioned previously under Operating Results . The total cost of goods sold of our langbeinite decreased $113 per ton, or 56%, from $201 per ton in 2005 to $88 per ton in 2006 due primarily to high langbeinite start-up costs in 2005 and langbeinite production progressing closer to expected output in 2006.

Costs that increased materially in 2006 compared to 2005 included labor and benefits, maintenance, depreciation, royalty and operating lease expenses. Labor and benefits costs increased $4.7 million, or 13%, in 2006 due primarily to increases in employee headcount to staff the langbeinite plant at our East Mine and address our maintenance backlog and pay rate increases needed to compete for labor. Maintenance costs increased $3.3 million, or 18%, in 2006 relative to 2005. Maintenance costs were reduced by $3.9 million in 2005 due to the usage of low-cost spare parts inventory purchased from the previous owners of the Carlsbad facilities.

Depreciation and amortization expenses increased $2.4 million, or 53%, in 2006 which resulted primarily from our capital replacement and improvement program and the completion of the dual potash and langbeinite plant at the East Mine. Royalty expense increased $1.8 million, or 59%, in 2006 due to the expiration of a temporary royalty reduction on federal potash leases, higher potash prices and increased langbeinite sales. Operating lease expenses increased $1.7 million, or 163%, in 2006 due primarily to upgrades to our mining equipment financed using operating leases.

Non-cash changes in the fair value of our natural gas derivative contracts increased cost of goods sold by $2.5 million for the year ended December 31, 2006 compared to the year ended December 31, 2005. An unrealized loss of $2.3 million was recorded in 2006 compared to an unrealized gain of $0.2 million in 2005.

Selling and Administrative Expenses

Selling and administrative expenses increased $2.6 million, or 34%, from $7.5 million in 2005 to $10.1 million in 2006. The increase was due primarily to increased legal and lobbying fees incurred in connection with the Potash Area dispute in New Mexico, additional sales, administrative and management staff and selling expenses related to adding langbeinite as a product line and larger aggregate salaries and bonuses paid to the management team.

Business Interruption Insurance Settlements

We recognized $4.9 million in business interruption insurance settlements in 2006. The West Mine shaft claim resulted in a $4.0 million settlement for the 24 days of outage that were covered by our business interruption insurance policy. Additionally, the East Mine wind-shear claim resulted in a settlement of $0.9 million for lost gross margin on langbeinite destroyed when the East Mine warehouse was damaged.

Other Income (Expense)

We had other income of $4.1 million in 2006 compared to an expense of $1.4 million in 2005. We recognized a net gain of $6.7 million in 2006 related to property damage recoveries from the East Mine wind-shear claim. The insurance proceeds of $9.5 million for property damage replacement were received by early January 2007 and were partially offset by the deductible and related costs. Additional insurance payments to reconstruct the warehouse are contingent upon review by the insurer and will be recognized as settlements are agreed upon.

Interest expense increased $1.4 million, or 97%, from $1.5 million in 2005 to $2.9 million in 2006 due to increased debt incurred as part of our capital improvement program.

Discontinued Operations

In 2006, we sold substantially all of our oil and gas assets for gross proceeds of $19.2 million resulting in a gain of $9.5 million from the sale of discontinued oil and gas activities. Income from discontinued operations of these oil and gas activities was $1.8 million in 2005 and $2.4 million in 2006. The remaining undeveloped oil and gas assets were distributed to the members of Intrepid Mining in 2007.

Liquidity and Capital Resources

Since inception, we have funded our operations primarily through funds generated by operations and through borrowings under our existing senior credit facility. We believe that the net proceeds retained by Intrepid Potash from this offering, cash flow from operations and available borrowings under our existing senior credit facility described below will be sufficient to fund our operations, our capital spending program and debt service requirements for at least the next two years. If we do not achieve forecasted results from operations, additional financing in the form of debt or equity may be required to offset any cash flow deficiencies. As described below, our existing senior credit facility covenants are calculated using cash flow and fixed charges, so materially adverse operating results could restrict the availability of our credit.

Cash Balances and Cash Flows

As of December 31, 2007 and December 31, 2006, we had cash and cash equivalents of $2.0 million and $0.3 million, respectively. As of December 31, 2007 and December 31, 2006, we had $69.7 million and $17.6 million available, respectively, under the revolving portion of our existing senior credit facility.

Operating Activities

Year Ended December 31, 2007 Compared to Year Ended December 31, 2006

Total cash provided by operating activities was $41.8 million for 2007 compared to $14.8 million for 2006. The $27.0 million increase in cash provided by operating activities is due primarily to increases in operating income, a collection of accounts receivable related to insurance reimbursements, an increase in current liabilities and changes in inventory levels, partially offset by

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increased accounts receivable resulting from higher sales levels and $1.7 million for costs related to our initial public offering. Net income decreased $6.3 million, or 18%, in 2007 compared to 2006. Income from continuing operations increased $5.6 million, or 23%, in 2007 compared to 2006 due primarily to an increase in sales volumes and potash pricing. Accounts receivable collections from insurance settlements provided $11.8 million in 2007. Trade accounts receivable increased $7.3 million in 2007 relative to an increase of $3.3 million in 2006 as a result of increased revenues. In 2006, inventories increased $5.6 million due primarily to an increase in langbeinite inventories, a new product for which we increased inventories to meet pending sales requirements, while in 2007 inventories declined $0.6 million due to increased demand for our products.

Year Ended December 31, 2006 Compared to Year Ended December 31, 2005

Total cash provided by operating activities decreased to $14.8 million in 2006 from $37.8 million in 2005. The $23.0 million decrease in cash provided by operating activities in 2006 relative to 2005 was due primarily to the timing of insurance payments and changes in accounts payable and trade accounts receivable. We recognized income from business interruption insurance settlements resulting from the West Mine shaft claim and from an insurance settlement in excess of property losses resulting from the East Mine wind-shear claim. A receivable for these combined insurance claims totaled $11.9 million at December 31, 2006. Changes in accounts payable and trade accounts receivable resulted in a net $3.7 million decrease in cash flows from operations in 2006 compared to a net increase of $11.6 million in 2005. These changes were due to the timing of sales, purchases and receipt of payments.

Investing Activities

Year Ended December 31, 2007 Compared to Year Ended December 31, 2006

Total cash used in investing activities was $20.5 million for 2007 compared to cash provided of $1.3 million for 2006. Cash invested in property, plant and equipment increased to $30.8 million in 2007 from $12.2 million in 2006. In 2007, we received $10.2 million of insurance settlements, which we used toward the construction of warehouses at the East Mine. In 2006, we realized $18.7 million from the sale of discontinued operations. In addition, we spent $4.2 million in 2006 to acquire certain assets that were ultimately included as part of the sale of discontinued operations.

Year Ended December 31, 2006 Compared to Year Ended December 31, 2005

Total cash provided by investing activities was $1.3 million in 2006 compared to $23.0 million used in investing activities in 2005. The $24.3 million change was primarily due to decreased capital spending in 2006 and the sale of substantially all of our oil and gas assets. During 2005, additions to property, plant and equipment were $17.6 million compared to $12.2 million in 2006. Completion of the East Mine dual potash and langbeinite plant added significant property, plant and equipment spending in 2005. In addition, $4.1 million was spent on additions to mineral properties during 2005, the majority of which related to horizontal mine development at the Moab Mine. During 2006, we received net proceeds of $18.7 million from the sale of substantially all of our oil and gas assets.

Financing Activities

Year Ended December 31, 2007 Compared to Year Ended December 31, 2006

Total cash used in financing activities was $19.6 million for 2007 compared to $16.0 million for 2006. In June 2007, Potash Acquisition, LLC, or PAL, an affiliate of Platte River Ventures I, L.P. and an unrelated party to Intrepid Mining, acquired a 20% membership interest in Intrepid Mining for $38.8 million, net of transaction costs. Funds received were used to decrease the outstanding balance of the revolving portion of our existing senior credit facility. During 2007, net repayments of long-term debt totaled $30.8 million and distributions to our members totaled $26.1 million.

During 2006, net proceeds from long-term debt totaled $0.2 million and distributions to our members totaled $10.6 million.

Year Ended December 31, 2006 Compared to Year Ended December 31, 2005

Total cash used in financing activities was $16.0 million in 2006 compared to $16.9 million in 2005. During 2006, net proceeds from long-term debt totaled $0.2 million and distributions to our members totaled $10.6 million. In addition, our members agreed to redeem the membership interests of Long Canyon, LLC for $5.0 million in cash and a $95.0 million note payable.

During 2005, net proceeds from long-term debt totaled $0.8 million, and distributions to our members totaled $17.6 million.

Existing Senior Credit Facility

The credit agreement, as amended, governing the existing senior credit facility was entered into in March 2007. The agreement currently provides for a maximum committed $125 million five-year revolving loan that matures on March 9, 2012, and a $50 million amortizing term loan that matures on March 9, 2014. The term loan requires quarterly payments of $1.25 million, with the balance of the revolving loan and the term loan due at maturity. The senior credit facility is secured by substantially all of the assets of Intrepid Mining and its subsidiaries. As of December 31, 2007, $55.1 million was outstanding under the revolving line of credit and there was $0.2 million in outstanding letters of credit, leaving $69.7 million of additional credit available under the credit agreement. We repaid principal of $3.8 million in 2007, leaving a balance on the term loan of $46.3 million as of December 31, 2007.

Outstanding balances under the revolving loan and the term loan bear interest at a floating rate, which, at our option, is either (i) the London Interbank Offered Rate (LIBOR), plus a margin of between 1.25% and 2.5%, depending upon our leverage ratio, which is equal to the ratio of our total funded debt to our adjusted earnings before income taxes, depreciation and amortization; or (ii) an alternative base rate. We must pay a quarterly commitment fee on the outstanding portion of the unused revolving credit facility amount of between 0.25% and 0.50%, depending on our leverage ratio.

The senior credit facility contains certain covenants customary for financings of this type, including, without limitation, restrictions on: (i) indebtedness; (ii) the incurrence of liens; (iii) investments and acquisitions; (iv) mergers and the sale of assets; (v) guarantees; (vi) distributions; and (vii) transactions with affiliates. The credit facility also contains a requirement to maintain the following: at least $3.0 million of working capital; a ratio of adjusted earnings before income taxes, depreciation and amortization to fixed charges of 1.3 to 1.0; and a ratio of the outstanding principal balance of debt to adjusted earnings before income taxes, depreciation and amortization of not more than 3.5 to 1.0. The credit agreement requires us to maintain interest rate derivatives to fix the interest rate for at least 75% of the projected outstanding balance of the term loan.

The senior credit facility also contains events of default customary for financings of this type, including, without limitation, failure to pay principal and interest in a timely manner, the breach of certain covenants or representations and warranties, the occurrence of a change in control, and judgments or orders of the payment of money in excess of $1.0 million on claims not covered by insurance. We were in compliance with all covenants with respect to the senior credit facility on December 31, 2007.

Upon the closing of this offering, Intrepid Potash intends to replace Intrepid Mining as the borrower under the senior credit facility and request that Intrepid Mining be released. Intrepid Mining intends to repay $18.9 million of the amounts outstanding under the senior credit facility. Intrepid Potash will repay the remaining outstanding amounts using net proceeds from this offering.

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Capital Expenditures

We operate in a capital-intensive industry that requires consistent capital expenditures to replace assets necessary to sustain safe and reliable production. We purchased relatively old potash facilities, some out of bankruptcy, that were all in need of investment. At each facility, we have developed a three-part accelerated investment plan to maintain safe and reliable production, improve and modernize equipment, increase production, improve environmental compliance and decrease production costs per ton. We have identified key projects at each of our facilities that we believe will allow us to increase our potash and langbeinite production.

The primary focus of our improvement and modernization program has been the replacement of certain key items such as underground mining equipment. Through April 2007, this equipment was financed primarily through operating leases, which were recorded as an expense. We now purchase the equipment and capitalize the costs. Additionally, we are modernizing our control systems, belt-system technology, communications systems and other equipment. We also expect that our current high levels of spending to improve and modernize equipment will decrease in the future as we complete our accelerated investment plan. Improving and modernizing our equipment and facilities sometimes has the added benefit of improving our environmental compliance.

Total capital spending in 2008 is expected to be approximately $90 million, which includes approximately $16 million to replace assets needed to maintain production, $16 million to improve and modernize equipment, $46 million to increase production as described more fully below, and $10 million, which we expect will be reimbursed by our insurance, to complete the replacement of the East Mine warehouse. Of the $16 million planned to improve and modernize equipment, approximately $9 million is planned for underground mining equipment and other equipment we would previously have leased. We believe our cash flow and debt capacity will be adequate to fund the capital spending program in 2008.

In 2008, we expect to undertake the following projects to improve and increase production:

- begin construction of the HB Mine, a project with a total estimated cost of $78 to $88 million to be completed in 2010, with approximately $20 to $25 million to be spent in 2008;

- install a horizontal stacker or underground storage system and implement a project to improve potash recoveries at the West Mine, projects with a total estimated cost of $13 to $15 million to be completed in 2009, with approximately $9 million to be spent in 2008;

- install new thickeners in 2008 to improve potash recoveries and begin a langbeinite recovery project at the East Mine, projects with a total estimated cost of $15 to $21 million to be completed in 2010, with approximately $6 million to be spent in 2008; and

- add a new horizontal solution mining cavern at the Moab Mine, a project with a total estimated cost of $5 to $6 million to be completed in 2008.

All figures for future capital spending are initial estimates that are subject to change as the projects are further developed.

Capital expenditures in 2007 were $31.2 million, which includes approximately $12.5 million to replace assets needed to maintain production, $6.5 million to improve and modernize equipment, $1.0 million to increase production related primarily to the HB Mine and $11.2 million, which was reimbursed by our insurance, towards replacing the East Mine warehouse. Of the $6.5 million expenditure to improve and modernize equipment, approximately $3.7 million was for underground mining equipment and other equipment we would previously have leased.

Capital expenditures for mining operations in 2006 were $12.4 million, which was used primarily to replace assets needed to maintain production. Included in this $12.4 million expenditure was $0.6

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million towards replacing the East Mine warehouse, which was reimbursed by our insurance. In 2006, we also entered into operating leases for approximately $9.7 million in mining equipment.

Capital expenditures in 2005 were $21.7 million, which includes approximately $9.0 million to replace assets needed to maintain production and $12.7 million to increase production. The majority of the $12.7 million expenditure was incurred for the new langbeinite plant at the East Mine. In 2005, we also leased approximately $2.8 million in mining equipment and other equipment designed to improve and modernize our equipment.

Contractual Obligations

As of December 31, 2007, we had contractual obligations totaling $195.9 million, as indicated below. All contractual commitments shown are for the full calendar year indicated.

	Payments due by period (in thousands)						
	Total	2008	2009	2010	2011	2012	2013 and later
Current and long-term debt[1]	$ 101,350	$ 5,000	$ 5,000	$ 5,000	$ 5,000	$ 60,100	$ 21,250
Imputed interest on long-term debt[2]	31,642	6,709	6,378	6,047	5,716	5,385	1,407
Capital lease obligations[3]	5	5					
Operating lease obligations[4]	18,994	5,008	4,797	3,967	3,258	878	1,086
Purchase commitments[5]	6,097	6,097					
Pension obligations[6]	7,806	99	127	144	183	199	7,054
Asset retirement obligation[7]	18,556						18,556
Minimum royalty payments[8]	11,425	457	457	457	457	457	9,140
Total	$ 195,875	$ 23,375	$ 16,759	$ 15,615	$ 14,614	$ 67,019	$ 58,493

(1) Term and revolving loan portions of the existing senior credit facility. Payments indicated include only principal.
(2) Interest rates are adjusted frequently, and interest payments will vary directly with the entire loan balance outstanding, inclusive of a material revolving portion. Interest commitments have been estimated above assuming the entire loan as of the dates shown is not repaid until its maturity dates, using the annual figures as averages for the year, and using a 6.6% interest rate.
(3) Capital lease commitment for a time clock system.
(4) All operating lease payments inclusive of anticipated sales tax, electrical substation leases classified as an electrical cost and railcar leases classified as a freight cost.
(5) Purchase contractual commitments include the approximate amount due a vendor in the event of the cancellation of purchase commitments for three continuous miners.
(6) Pension distributions as determined by our actuaries.
(7) We are obligated to reclaim and remediate lands which our operations have disturbed, but because of the long-term nature of our reserves and facilities, we estimate that none of those expenditures will be required until after 2013. Commitments shown are in today s dollars and undiscounted.
(8) Annual minimum royalties due under mineral leases.

Payments related to derivative contracts cannot be reasonably estimated due to variable market conditions and are not included in the above tables.

Off-Balance Sheet Arrangements

We do not have any contingent interest in assets transferred, derivative instruments tied to our stock and classified as equity, long-term fixed price contracts, or variable interest entities that qualify as off-balance sheet arrangements.

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In the normal course of business, we have entered into various indemnification obligations to counterparties in purchasing, sales and leasing transactions. Historically, we have not made any significant payments under such indemnification obligations and no amounts have been accrued in our consolidated financial statements with respect to such indemnification obligations, apart from accruals relating to the underlying liabilities.

Application of Critical Accounting Policies

Our discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with GAAP. The preparation of the consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in our financial statements. Actual results could differ from such estimates and assumptions, and any such differences could result in material changes to our financial statements. The following discussion presents information about our most critical accounting policies and estimates.

Revenue Recognition Revenue is recognized when title transfers to a customer, selling price is determinable, and collection is reasonably assured. Title passes at the shipping point: the plant, a distribution warehouse, or a port. Title for some shipments into Mexico transfers at the border crossing, the port of exit. Prices are set at the time of or prior to shipment. We use few sales contracts so prices are based on our current published prices or upon negotiated short-term purchase orders from customers.

We quote prices to customers both on a delivered basis and on the basis of pick-up at our plants and warehouses. Freight costs are incurred only on a portion of the sales as customers often arrange and pay for delivery to their sites. Our gross sales include freight costs, but we do not believe gross sales provides an accurate measurement of our performance in the market due to the inclusion of freight costs. We view net sales, which is gross sales less freight costs, as the key performance indicator. We primarily utilize net sales per ton in the analysis of our sales trends in order to remove the effect of freight costs on pricing.

Application of this policy requires that we make estimates regarding creditworthiness of the customer, which impact our determination of allowance for doubtful accounts. We make those estimates based on the most recent information available and historical experience, but they may be affected by subsequent changes in market conditions.

Property, Plant and Equipment Expenditures for new facilities or expenditures which extend the useful lives of our existing facilities are capitalized and depreciated using the straight-line method at rates sufficient to depreciate such costs over the estimated productive lives of such facilities. Productive lives range from 2 to 25 years. Productive lives are reviewed annually and changed as necessary. Interest expense allocable to the cost of developing mining properties and to constructing new facilities is capitalized until operations commence. Gains or losses from normal sales and retirements of assets are included in other income or expense.

Mineral Properties and Development Costs Mineral properties and development costs, which we refer to collectively as mineral properties, include acquisition costs, the cost of drilling wells and the cost of other development work. Depletion of mineral properties is provided using the units-of-production method over the estimated life of the relevant ore body. The lives of reserves used for accounting purposes are shorter than current reserve life determinations prepared by us and reviewed and independently determined by Agapito Associates, Inc., due to uncertainties inherent in long-term estimates and in order to correlate to estimated building and plant lives of 25 years or less, where appropriate. Certain development costs are depleted over the life of the proven and probable reserves or the life of the facility. Reserve studies and mine plans are updated periodically, and the remaining net balance of the mineral properties is depleted over the updated estimated life. Possible impairment is also considered. Our proven and probable reserves are based on extensive drilling, sampling, mine modeling and mineral recovery from which economic feasibility has been determined. The price sensitivity of reserves depends upon several factors including ore grade, ore thickness and ore mineral composition. The reserves are estimated based on information available at the time the reserves are calculated. Recovery rates vary depending on the mineral properties of each deposit and the production process used. The reserve estimate utilizes the average recovery rate for the deposit, which takes into account the processing methods scheduled to be used. The cutoff grade, or lowest grade of mineralized material considered economic to process, varies with material type, mineral recoveries and operating costs. Proven and probable reserves are based on estimates, and no assurance can be given that the indicated levels of recovery of potash and langbeinite will be realized or that production costs and estimated future development costs will not exceed the net realizable value of the products. Tons of potash and langbeinite in the proven and probable reserves are expressed in terms of expected finished tons of product to be realized net of estimated losses. Reserve estimates may require revision based on actual production experience. Market price fluctuations of potash or langbeinite, as well as increased production costs or reduced recovery rates, could render proven and probable reserves containing relatively lower grades of mineralization uneconomic to exploit and might result in a reduction of reserves. In addition, the provisions of our mineral leases are subject to periodic readjustment, including royalties payable, by the state and federal government, which could impact the economics of our reserve estimates. Significant changes in the estimated reserves could have a material impact on our results of operations and financial position.

Inventory Inventory consists of product and by-product stocks that are ready for delivery to market, mined ore, potash in evaporation ponds and parts and supplies inventory. Product and by-product inventory cost is determined using the lower of average cost for the year or estimated net realizable value. For purposes of identifying and allocating costs, inventory is assumed to turn over on a first-in-first-out basis. The value of potash within the solar ponds, work-in-process inventories, is estimated based on the amount of finished inventory expected to be recovered and the lower of cost incurred through the stage of completion or net realizable value less costs to complete the process. Estimates are used in the allocation of costs to different products, including by-products.

We conduct detailed reviews related to the net realizable value of parts inventory, giving consideration to quality, slow moving items, obsolescence, excessive levels and other factors. Parts inventories not having turned-over in more than a year, excluding parts classified as critical spares, are reviewed for obsolescence and included in the determination of an allowance for obsolescence. If the carrying amount exceeds the estimated net realizable value, we adjust our inventory balances accordingly. If the actual sales price ultimately realized were to be less than our estimate of net realizable value, additional losses would be incurred in the period of liquidation.

Recoverability of Long-Lived Assets We evaluate our long-lived assets for impairment in accordance with Statement of Financial Accounting Standard, or SFAS, 144, Accounting for the Impairment or Disposal of Long-Lived Assets when events or changes in circumstances indicate that the related carrying amount may not be recoverable. Impairment is considered to exist if the total estimated future cash flow on an undiscounted basis is less than the carrying amount of the related assets. An impairment loss is measured and recorded based on the discounted estimated future cash flows. Changes in significant assumptions underlying future cash flow estimates or fair values of assets may have a material effect on our financial position and results of operations.

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Factors we generally will consider important and which could trigger an impairment review of the carrying value of long-lived assets include the following:

- significant underperformance relative to expected operating results;
- significant changes in the manner of use of assets or the strategy for our overall business;
- underutilization of our tangible assets;
- discontinuance of certain products by us or our customers;
- a decrease in estimated mineral reserves; and
- significant negative industry or economic trends.

Although we believe the carrying values of our long-lived assets were realizable as of the balance sheet dates, future events could cause us to conclude otherwise.

Asset Retirement Obligation All of our mining properties involve certain reclamation liabilities as required by the states in which they operate or by the Bureau of Land Management, or BLM. These asset retirement obligations are reviewed and updated at least annually with resultant changes in balances recorded as adjustments to the related assets and liabilities. Changes in estimates follow from changes in estimated probabilities, amounts, refinements in scope, technological developments and timing of the settlement of the asset retirement obligation, as well as changes in the legal requirements of an obligation. The estimates of amounts to be spent are subject to considerable uncertainty and long timeframes. Changes in these estimates could have a material impact on our results of operations and financial position.

Income Taxes Before completion of this offering, Intrepid Mining will continue operating as a limited liability company, which does not pay federal or state income taxes. Intrepid Mining s taxable income or loss has been included in the state and federal tax returns of its members.

The newly formed holding company, Intrepid Potash, Inc. will be subject to income taxes. Intrepid Potash will adopt Financial Accounting Standard, or FAS, 109, *Accounting for Income Taxes*, which requires an asset and liability approach for financial accounting and reporting of income taxes. Intrepid Potash will also adopt FASB Interpretation Number 48, or FIN 48, *Accounting for Uncertainty in Income Taxes, an interpretation of FASB Statement Number 109*. FIN 48 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or one expected to be taken. Intrepid Potash is currently evaluating the impact of adopting these pronouncements. Intrepid Mining LLC will not be impacted by these pronouncements.

Financial Instruments We use debt financing with variable interest rates, and we use significant volumes of natural gas purchased at variable rates. We enter into financial contracts to manage a portion of the costs for anticipated but not yet committed transactions when such transactions are probable and the significant characteristics and expected timing are identified. The value of these derivatives is estimated monthly based on fair market values and any change in fair market value is recorded in our income statement. Changes in these estimates could have a material impact on our results of operations and financial position.

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Recent Accounting Pronouncements

FASB Interpretation Number 48, or FIN 48, Accounting for Uncertainty in Income Taxes, an interpretation of FIN 109

In June 2006, the Financial Accounting Standards Board, or FASB, issued FIN 48, *Accounting for Uncertainty in Income Taxes, an interpretation of FASB Statement Number 109*, which provides criteria for the recognition, measurement, presentation and disclosure of uncertain tax positions. A tax benefit from an uncertain position may be recognized only if it is more likely than not that the position is sustainable based on its technical merits. The provisions of FIN 48 are effective for fiscal year 2007. Under our previous limited liability company structure, FIN 48 did not have an impact on our consolidated financial statements; however, because it is a corporation, Intrepid Potash will need to comply with the requirements of FIN 48 in future periods.

SFAS 157, Fair Value Measurements

In September 2006, the FASB issued SFAS 157, *Fair Value Measurements*. SFAS 157 defines fair value, establishes a framework for measuring fair value and expands disclosure requirements regarding fair value measurement. Where applicable, this statement simplifies and codifies fair value related guidance previously issued within GAAP. SFAS 157 is effective for Intrepid Potash as of January 1, 2008. Adoption of SFAS 157 will not have any impact upon our consolidated financial statements.

SFAS 159, The Fair Value Option for Financial Assets and Financial Liabilities

In February 2007, the FASB issued SFAS 159, *The Fair Value Option for Financial Assets and Financial Liabilities*, which permits entities to choose to measure certain financial assets and liabilities at fair value. SFAS 159 is effective for years beginning after November 15, 2007. We have not determined whether we will adopt the fair value option permitted by SFAS 159.

SFAS 141R, Business Combinations

In December 2007, the FASB issued SFAS 141R, *Business Combinations*, which modifies the principles and requirements for the reporting entity in a business combination, including recognition and measurement in the financial statements of the identifiable assets acquired, the liabilities assumed, and any noncontrolling interest in the acquiree. The statement also modifies disclosure requirements to enable financial statement users to evaluate the nature and financial effects of the business combination. SFAS 141R applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. We will adopt SFAS 141R for any future business combinations.

Quantitative and Qualitative Disclosures about Market Risks

Our operations may be impacted by commodity prices, geographic concentration, changes in interest rates and foreign currency exchange rates.

Commodity Prices

Potash and langbeinite, our principal products, are commodities, but are not traded on any commodity exchange. As such, direct hedging of the prices for future production cannot be undertaken. We also have not entered into long-term sales contracts with customers, so prices will vary with the transaction and individual bids received. Our potash is marketed for sale into three primary markets: the agricultural market as a fertilizer, the industrial market as a component in drilling fluids for oil and gas exploration and the animal feed market as a nutrient. Prices will vary based upon the demand from these different markets.

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Our net sales and profitability are determined principally by the price of potash and, to a lesser extent, by the price of natural gas and other commodities used in the production of potash. The price of potash is influenced by agricultural demand and the prices of agricultural commodities. Decreases in agricultural demand or agricultural commodity prices could reduce our agricultural potash sales. If natural gas and oil prices were to decline enough to result in a reduction in drilling activity, our industrial potash sales would decline.

Our costs and capital investments are subject to market movements in other commodities such as natural gas, steel and chemicals. We are permitted under our existing senior credit facility to enter into derivative contracts to fix the price of a portion of our expected natural gas usage, but we do not anticipate this occurring in 2008. We remain subject to market movements in the price of natural gas and other commodities.

Geographic Concentration

We primarily sell potash into regional markets that include agricultural areas west of the Mississippi River, oil and gas exploration areas in the Rocky Mountains and the Permian Basin and feedlots in Texas and other southwestern and western states. Our potash business has a geographic concentration in the western U.S. and is, therefore, affected by weather and other conditions in this region.

Interest Rate Fluctuations

We have fixed, through the use of derivatives, a portion of our floating interest rate exposure on anticipated debt through the end of 2012. Notional amounts for which the rate has been fixed as of December 31, 2007 range between $22.8 million for the year 2012 to $52.3 million for the two months ended March 1, 2010. Our existing senior credit facility requires us to fix a portion of our interest rate exposure through the use of derivatives. The weighted average notional amount outstanding as of December 31, 2007 and the weighted average 3-month LIBOR rate locked-in via these derivatives are $33.9 million and 5.09%. The remainder of the debt outstanding bore an interest rate that ranged from 6.22% to 6.93% at December 31, 2007. The interest rate paid under our existing senior credit facility varies both with the change in the 3-month LIBOR rate and with our leverage ratio.

Based on the principal outstanding under our existing senior credit facility as of December 31, 2007, a 1% change in interest rates would increase our annual interest expense by $1.0 million.

Foreign Currency Exchange Rates

We typically have low balances of accounts receivable denominated in Canadian dollars, or loonie, and, as a result, we have minimal direct foreign exchange risk. There is an indirect foreign exchange risk as described below.

The U.S. imports the majority of its potash from Canada and Russia. As the loonie and the Russian ruble strengthen in comparison to the U.S. dollar, foreign suppliers realize a smaller margin in their local currencies unless they increase their nominal U.S. dollar prices. In 2007, the loonie and ruble strengthened to an average of $0.93565 and $0.03913, respectively, compared to the U.S. dollar. As of March 31, 2008, the loonie and ruble were trading at $0.9758 and $0.04256, respectively, against the U.S. dollar. The continued strengthening of the loonie and ruble thus tend to support higher U.S. potash prices, as Canadian and Russian potash producers attempt to maintain their margins, which has contributed to pricing strength. However, if the loonie and ruble were to weaken in comparison to the U.S. dollar, foreign competitors may choose to lower prices significantly to increase sales volumes. A decrease in the net realized sales price of our potash would adversely affect our operating results.

THE FORMATION TRANSACTIONS

Intrepid Potash is a Delaware corporation that was formed on November 19, 2007 and is a wholly-owned subsidiary of Intrepid Mining. Intrepid Potash has conducted no business or activities except in connection with this offering and the formation transactions. In connection with this offering, we will enter into the following formation transactions:

At or before the completion of this offering, Intrepid Potash and Intrepid Mining will enter into an exchange agreement, which will provide for the assignment of all of Intrepid Mining s assets other than cash, comprised primarily of membership interests in six wholly-owned limited liability companies including our operating subsidiaries, to Intrepid Potash in exchange for:

- cash in an amount of approximately $645.1 million (approximately 82.1% of the net proceeds from this offering);
- 40,339,000 shares of common stock of Intrepid Potash; and
- the assumption by Intrepid Potash of (i) all amounts in excess of $18.9 million of Intrepid Mining s liability under its existing senior credit facility and (ii) all other liabilities and obligations of Intrepid Mining.

Pursuant to the exchange agreement, Intrepid Potash will receive a transfer of all of the nonmonetary assets of Intrepid Mining and will assume and agree to pay and will indemnify Intrepid Mining from any liability or obligation of Intrepid Mining (other than the $18.9 million portion of Intrepid Mining s liability under its credit facility, as described below). The assumption of liability and indemnity are intended to cover present and future liabilities related to the assets transferred by Intrepid Mining to Intrepid Potash and the business of Intrepid Mining as conducted before the completion of this offering. Accordingly, Intrepid Potash will be responsible for all obligations of Intrepid Mining existing on the date of completion of this offering or arising after that date in connection with facts, events, conditions, actions or omissions existing on or before that date, whether known or unknown, whether asserted or unasserted, whether absolute or contingent, whether accrued or unaccrued, whether liquidated or unliquidated, and whether due or to become due (other than the $18.9 million portion of Intrepid Mining s liability under its credit facility, as described below).

The transactions provided for in the exchange agreement and this offering will be consummated simultaneously. The foregoing dollar and share figures assume in all cases that the underwriters option to purchase additional shares of common stock is not exercised.

As a part of the formation transactions, we will declare a dividend with respect to the 1,000 shares of our common stock currently issued and outstanding, which we refer to in this prospectus as the formation distribution . The formation distribution will be paid in 4,500,000 shares of our common stock; provided, however, that for each share of our common stock purchased by the underwriters pursuant to their option to purchase additional shares, the number of shares payable pursuant to the formation distribution will be reduced, one-for-one, and in lieu of such shares, we will pay cash in an amount equal to the net proceeds, before offering expenses but after underwriting discounts and commissions, we receive from the exercise of the underwriters option to purchase additional shares. The formation distribution will be payable to Intrepid Mining, the holder of record of the common stock prior to this offering, upon the earlier of the expiration of the underwriters option to purchase additional shares or the exercise of the option to purchase additional shares.

Concurrently with the completion of this offering, we will enter into an amendment to our existing senior credit facility to substitute Intrepid Potash as the borrower under the credit facility and release Intrepid Mining from the credit facility. The $18.9 million of Intrepid Mining s liability under its existing senior credit facility that is not assumed by Intrepid Potash pursuant to the terms of the exchange agreement will be repaid by Intrepid Mining from the cash proceeds received from Intrepid Potash pursuant to the terms of the exchange agreement.

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After the completion of the offering, Intrepid Mining will liquidate and distribute its remaining assets, including the cash and common stock received pursuant to the exchange agreement and the right to receive the formation distribution described above, to the current members of Intrepid Mining.

Once this offering and the related formation transactions are completed, assuming the underwriters do not exercise any portion of their option to purchase additional shares, the common stock of Intrepid Potash will be held as follows:

40.1% by public stockholders;

24.0% by Harvey Operating and Production Company, a Colorado corporation, which we refer to as HOPCO, wholly-owned by Hugh E. Harvey, Jr., our Executive Vice President of Technology and one of our directors;

24.0% by Intrepid Production Corporation, a Colorado corporation, which we refer to as IPC, wholly-owned by Robert P. Jornayvaz III, our Chairman of the Board and Chief Executive Officer; and

11.9% by Potash Acquisition, LLC, a Delaware limited liability company, which we refer to as PAL, the largest beneficial owner of which is Platte River Ventures I, L.P., a Delaware limited partnership. One of our directors, J. Landis Martin, is the managing member of Platte River Ventures I, L.P. s general partner, PRV Investors I, LLC, a Delaware limited liability company.

The following diagram depicts our current organizational structure as of the date of this prospectus:

The following diagram depicts our organizational structure after giving effect to this offering and the related formation transactions, assuming that the underwriters do not exercise any portion of their option to purchase additional shares of common stock (and, therefore, that 4,500,000 shares will be distributed to the current members of Intrepid Mining pursuant to the formation distribution):

Transition Services Agreement

In connection with the completion of this offering, we will enter into a transition services agreement with Intrepid Oil & Gas, LLC, or IOG, an entity owned by Messrs. Jornayvaz and Harvey. Pursuant to this agreement, IOG may require specified employees of Intrepid Potash or its subsidiaries (other than Messrs. Jornayvaz and Harvey) to provide a limited amount of accounting, geology, land title and engineering services in connection with IOG s oil and gas venture. Under the prior arrangement with IOG, beginning in 2007, IOG reimbursed Intrepid Mining for actual time and expenses incurred on IOG s behalf. Costs and expenses incurred during 2007 were $0.2 million.

IOG will be obligated to reimburse us for and in connection with the use of our services, in an amount equal to the sum of:

the number of hours our employees spent performing services under the agreement for such month, multiplied by a cost per hour for each employee, which will take into account gross wages, salaries, bonuses, incentive compensation and payroll taxes of such employee, employee benefit plans attributable to such employee and other benefits directly attributable to such employee, plus

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all reasonably documented out-of-pocket costs and expenses incurred by us during such month.

The transition services agreement will limit the aggregate time spent by any employee of Intrepid Potash or its subsidiaries on projects under the agreement to 15%. This limit may only be exceeded with the prior approval of our board of directors.

In addition, the parties to the transition services agreement will (i) acknowledge that IOG owns the rights that permit IOG to drill an oil and gas well at an agreed location near the Moab Mine; and (ii) consent to and authorize the drilling of the well by IOG at its own expense, provided that such drilling does not interfere with the operations of Intrepid Potash. Any costs we incur in connection with IOG s drilling of the well will be reimbursable costs under the agreement. If IOG determines in its sole discretion that the well is noncommercial for oil and gas production, and we agree that the well should be converted for use in our potash production, we will agree to buy the well from IOG for a specified amount. IOG will agree to indemnify us for any damage to the Moab Mine that is caused by the drilling of the well.

The transition services agreement will have a one-year term and may be terminated by IOG at any time on 30 days prior written notice.

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POTASH INDUSTRY OVERVIEW

We obtained the information in this prospectus about the fertilizer industry from several independent outside sources, including: British Sulphur Consultants, or British Sulphur, a fertilizer and chemicals industries consultant; Commodity Information Systems, Inc., or CIS, a commodities trading advisor; Green Markets Fertilizer Market Intelligence Weekly, or Green Markets, a fertilizer industry news publication; the Food and Agriculture Organization of the United Nations, or the FAO; Fertecon Limited, or Fertecon, a fertilizer industry consultant; the International Fertilizer Industry Association, or the IFA, a not-for-profit organization representing the global fertilizer industry; Integer Research Limited, or Integer, an information services provider and consultant in fertilizers and other commodity industries; the International Plant Nutrition Institute, or IPNI, a not-for-profit organization dedicated to responsible management of plant nutrients; Potash Corporation of Saskatchewan Inc., or PCS; SRI Consulting, a division of Access Intelligence LLC, or SRI Consulting, a research service for the global chemical industry; The Fertilizer Institute, or TFI, a trade association representing the fertilizer industry; the United States Department of Agriculture, or the USDA; and the United States Geological Survey, or the USGS. We also obtained some of the information in this prospectus from the public filings of our peer companies.

Overview of Fertilizers

Fertilizers play a fundamental role in global agriculture by replacing the nutrients that crops remove from the soil, thereby sustaining the yield and quality of crops. Nitrogen, phosphate and potassium (potash) are the three primary nutrients essential to crop development. According to the IFA, global consumption of these three principal crop nutrients in the 2006/2007 fertilizer year (the twelve months ended June 30, 2007) was approximately 181 million nutrient tons 108 million tons of nitrogen, or N (59%), 43 million tons of phosphate, or P_2O_5 (24%), and 30 million tons of potash, or K_2O (17%). Over time, these relative percentages have remained fairly consistent. Fertilizer for commercial agriculture is the primary use of these nutrients, accounting for approximately 94% of total global consumption in 2005, according to the FAO. The balance was used primarily in industrial applications and livestock feed. Growers of the major commodity crops are the largest consumers of fertilizer in the U.S., where in 2006 approximately two-thirds of agricultural fertilizer was used to grow corn, wheat, soybeans and cotton. Industrial uses of fertilizer nutrients include the production of resins, plastics, synthetic fibers, drilling fluids, explosives and detergents.

Global fertilizer demand is driven primarily by population growth and changes in dietary habits, which determine global demand for food. As populations grow, more food is required from decreasing arable land per capita, which requires higher crop yields and, therefore, more plant nutrients. Developed countries use fertilizer more intensively than developing countries, but sustained economic growth in the developing world is changing patterns of fertilizer use. As incomes have grown, particularly in the developing world, people have demanded a more nutritious, protein-rich diet, primarily through increased meat consumption. Producing meat from livestock requires large amounts of grain and the fertilizer used to grow it. In addition to these historical drivers, high oil prices and associated energy concerns have recently placed a renewed emphasis on ethanol and bio-diesel production, which currently rely on agricultural products as feedstocks.

To meet the needs of the food and biofuel markets, the FAO estimates that world grain demand will grow 2.1% in the 2007/2008 fertilizer year, which despite expected record crops in some commodities, will cause grain inventories, or stocks, to remain at historic lows. CIS forecasts that global markets for corn, soybeans and wheat will remain extremely tight as foreign markets look not only to meet their populations   increasing demand but also to rebuild reserves which have recently fallen to unsustainable levels. For example, according to CIS, foreign stocks of corn have fallen by 60% this year. Additionally, CIS expects U.S. ending corn stocks to be the lowest in ten years by 2009, even when assuming increased planted acreage and yields in the 2007/2008 fertilizer year. These agricultural

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market conditions and record price levels make the use of fertilizer more economically attractive and, therefore, support fertilizer demand growth. Intrepid Potash believes the significant world demand is best illustrated by the continuing reduction in world grain stocks despite record grain production.

Source: USDA

Fertilizer Inputs

Each of the three key nutrients serves a different vital function in plant formation, and a proper balance of the three nutrients is necessary to maximize the fertilizer s effectiveness. These functions cannot be carried out by other nutrients.

Potash helps regulate plants physiological functions and improves plant durability, providing crops with protection from drought, disease, parasites and cold weather. Potash currently has no practical substitute as a potassium fertilizer source. Potash is mined either from underground mines or, less frequently, from naturally occurring surface or sub-surface brines. Unlike nitrogen and phosphate, potash does not require additional chemical conversion to be used as a plant nutrient. Naturally occurring, economically recoverable deposits of potash are scarce, deep in the earth and geographically concentrated. Virtually all of the world s potash is currently extracted from twenty commercial deposits located in twelve countries. This scarcity has resulted in a high degree of concentration among the leading producers and higher profitability with relatively low volatility.

Nitrogen has the most visible impact on yield because it promotes protein formation. The primary input for producing nitrogen fertilizer is natural gas, which typically represents 70% to 90% of the cost to make ammonia, according to TFI. Barriers to entering the nitrogen fertilizer business are low as widespread natural gas deposits allow many countries to produce the two most common nitrogen fertilizer products ammonia and urea for the domestic and international markets. Currently, approximately 68 countries produce ammonia and 55 countries produce urea, according to the IFA. Ammonia and other nitrogen fertilizers have historically been the subject of volatile product and natural gas input pricing, contributing to significant swings in profitability.

Phosphate plays a key role in the photosynthesis process (i.e., the production, transportation and accumulation of sugars in the plant). Phosphate is also involved in seed germination and helps plants use water efficiently. The principal mineral used in the production of phosphate fertilizers is phosphate rock, which is processed using sulfuric acid and ammonia. The primary phosphate fertilizer products are

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diammonium phosphate (DAP), which has a phosphate content of 46% and a nitrogen content of 18%, and monoammonium phosphate (MAP), which has a phosphate content of 52% and a nitrogen content of 11%. The leading producing regions of phosphate fertilizers are the U.S., China, Morocco and Russia, primarily because they contain the leading global deposits of phosphate rock. Markets for phosphate products are highly competitive and industry producers have endured protracted periods of low profitability due to excess supply and high and volatile input costs, including natural gas for ammonia. For example, after China, India and Australia overbuilt capacity in the late 1990s and early 2000s, a number of U.S. phosphate producers declared bankruptcy, and several plants were permanently closed.

Market Structure for Key Fertilizer Nutrients

	Potash	Nitrogen	Phosphate
Number of Producing Countries	12	68	42
Key Inputs	potash ore	natural gas (for ammonia)	phosphate rock, sulfuric acid, ammonia
Market Share of Top 5 Producers(1)	64.4%	12.5% ammonia 38.8% urea	40.8% phosphoric acid 49.2% phosphate rock
Percent of Production Government Controlled	19%	57%	47%
Industry Nameplate Capacity Operating Rate	85% (93% effective capacity)(2)	86% ammonia 89% urea	81% phosphoric acid 82% phosphate rock
Time for Greenfield	5 7 years	2 3 years	3 4 years
Estimated Cost for Greenfield(3)	$2.5 billion for 2.2 million tons	$700 million for 1.1 million tons	$1.3 billion for 1.1 million tons

(1) Potash percentage represents 2007, nitrogen and phosphate percentages represent 2005 figures from Integer.
(2) Estimated by Intrepid Potash from historic production. See Potash Capacity Utilization below for a discussion of nameplate and effective capacity.
(3) Does not include infrastructure outside the plant gates (e.g. rail lines, paved roads, gas, water and electricity).

Source: IFA, Fertecon, British Sulphur, PCS, Integer, Intrepid Potash

Potash

The term potash arose from the traditional practice of producing potassium carbonate, needed for making soap, by the leaching of wood ashes in large iron pots. Potash is now used to describe a wide variety of compounds valued primarily for their potassium content, which is commonly measured in K_2O units. The most concentrated and commonly available form of potash is potassium chloride (KCl muriate of potash or MOP), which is between 60-62% K_2O by weight and accounts for approximately 95% of total fertilizer use of K_2O. Secondary forms of potash include sulfate of potash magnesia, also known as langbeinite (22% K_2O), potassium sulfate (50% K_2O) and potassium nitrate (44% K_2O).

According to the IFA, 95% of all potash produced is used as a fertilizer, most of it in the form of MOP. Nonfertilizer uses of potash include chemical and pharmaceutical products, drilling fluid additive during oil and gas exploration, animal feed, detergents, glass and ceramics, textiles and dyes.

Mining and Production of Potash

Economically recoverable potash reserves occur naturally in rare, but large buried evaporite deposits, created when ancient seas evaporated, or less frequently in salt lakes such as the Dead Sea

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and Great Salt Lake. Because potash occurs in concentrated, soluble forms in nature, most ores are mined and refined by direct physical means, with chemical conversion used only for specialty products. Potash is extracted from underground deposits either by direct physical mining or by dissolving the potash in place in a process called solution mining. The extraction method for potash depends on the composition, depth and uniformity of the ore. Potash ore that is physically mined is traditionally hoisted to the surface for potash recovery. In the solution mining process, brine is pumped into the ground, allowed to saturate with potash and then pumped back to the surface for potash recovery.

The recovery of potash from ore is capital-intensive and requires specialized knowledge. The two most common methods of potash recovery are flotation and crystallization. Once potash recovery is complete, the potash is dried and is often compacted to form a granular product desirable for agricultural applications.

Demand Fundamentals of Potash

The agricultural cycle of growing and harvesting crops depletes soil of potassium, nitrogen and phosphate, which should be reapplied in appropriate ratios. As a result, potash demand depends primarily on the demand for fertilizer, which is based on the total planted acreage, crop mix, soil characteristics, fertilizer application rates, crop yields and farm income. Each of these factors is affected by current and projected grain stocks and prices, agricultural policies, improvements in agronomic efficiency, fertilizer application rates and weather.

From 1962 to 2007, global consumption of potash as a fertilizer grew at a rate of 2.5% per year, from approximately 10 million nutrient tons to approximately 30 million nutrient tons, according to the IFA. The only significant downturn in global potash demand since 1962 was in the late 1980s and early 1990s when the collapse of the Soviet Union resulted in a dramatic drop in consumption there and in Eastern Europe. World consumption of potash grew at an annual rate of 2.5% since 1962, 2.7% since 1993 and 3.5% since 2000. Excluding the former Soviet Union, or FSU, world consumption of potash grew at an annual rate of 2.8% since 1962, 3.2% since 1993 and 3.6% since 2000. If global potash consumption grows at an average rate of 3.5% per year from 2007 to 2011, as estimated by Fertecon, an average of 1.3 million additional tons of K_2O will be required every year by potash consumers and capacity additions will be needed to meet this future demand.

Source: IFA

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While developed countries have traditionally been the largest consumers of potash, developing countries are the fastest growing markets for potash. Over the next five years, Fertecon estimates that potash fertilizer consumption will grow at an average rate of 6.0%, 4.5% and 4.5% per year in India, Brazil and China, respectively. Population growth combined with income growth in the developing world is producing high levels of potash demand. As incomes grow, people demand a more nutritious, protein-rich diet, primarily through increased meat consumption. This creates demand for potash fertilizers to grow grain for animal feed. From 1991 to 2004, meat production more than doubled in Brazil and China and increased 55% in India, according to the FAO. Over the same period, grain production increased 69%, 19% and 6% in Brazil, India and China, respectively. Also driving demand in the developing world is increased recognition of fertilizer s benefits. For example, the Chinese government actively promotes its use and sets the goal of being self-sufficient in grain production, which according to IPNI, would require an increase in potash consumption from 8.9 million tons consumed in 2005 to 15.5 million tons consumed in 2010 and 19.2 million tons consumed in 2015. IPNI also reports that India is currently depleting its soil of nutrients, especially potassium, because farmers are not replacing the nutrients consumed by crops with sufficient levels of fertilizer use. IPNI also expects potash consumption in Brazil to increase as additional acreage in the fertile Cerrado region comes under cultivation. The biofuels industry has further added to global potash demand because it increases demand for feedstock crops, which require a higher ratio of potash than other crops. Increasingly, corn in the U.S., sugar cane in Brazil and palm oil in Indonesia and Malaysia are being used for the production of biofuels.

Source: Fertecon

Over 120 countries use potash, but only twelve countries produce nearly all of the world s supply, making much of the world dependent upon imports to satisfy their potash requirements. According to the IFA, 79% of potash produced was traded across borders in 2006. With its highly developed agricultural economy and limited domestic production capability, the U.S. is the second largest consumer of potash globally, representing 17.7% of total estimated consumption for 2007, as reported by Fertecon. According to Fertecon, in 2006 the U.S. was the largest importer of potash in the world, importing approximately 80% of its potash requirements. Approximately 90% of U.S. potash imports come from Canada, with the remainder primarily coming from Belarus and Russia, according to the USGS. The high level of potash consumption in the U.S. is in large part due to its extensive cultivation of commodity crops such as corn, wheat and soybeans. Increasing global production and use of ethanol further supports fertilizer demand, especially in the U.S., where ethanol is derived from corn.

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Source: Fertecon

According to SRI Consulting, approximately 10% of U.S. potash consumption is used in the production of potassium chemicals for industrial markets. Industrial applications for potassium chloride include the production of potassium hydroxide, which is used in the production of other potassium chemicals; the production of potassium carbonate, which is primarily used for specialty glasses for cathode-ray tubes and as a component in dry-chemical fire extinguishers; leavening agents; and as a pharmaceutical ingredient. Potassium chloride is also used in the oil and gas industry as a drilling fluid additive and we believe it represents a small fraction of drilling expense. The amount of potassium chloride used in the oil and gas industry is related to the prevailing drilling rig count. The number of oil rigs in the U.S. has more than doubled since 2002, according to Baker Hughes. Alternative products that have some of the clay-inhibiting properties of potash in oil and gas drilling fluids are commercially available. Other industrial applications of potassium chloride include use as a flux in secondary aluminum processing, as a potassium supplement in animal feeds, and in ceramics, textiles and dyes. From 1990 to 2005, U.S. industrial consumption of potash grew at a rate of 5.1% per year, from 450,000 tons to 943,000 tons, according to SRI Consulting. Most industrial applications use standard 60% K_2O grade potash, with 62% product grade required for some applications.

Source: SRI Consulting

Supply Fundamentals of Potash

The supply of potash fertilizers is influenced by a broad range of factors including available capacity and achievable operating rates; mining, production and freight costs; government policies and global trade. Barriers to adding new potash production are significant because economically recoverable potash deposits with the appropriate geologic conditions occur rarely. Virtually all of the world s potash is currently extracted from twenty commercial deposits located in twelve countries. According to the IFA, in 2007, six of these countries (Canada, Russia, Belarus, Germany, Israel and Jordan) accounted for approximately 87% of the world s aggregate potash production. Canada alone contains approximately one-half of the world s known reserves as of 2007, according to the USGS, the vast majority of which are located in the province of Saskatchewan. This scarcity has resulted in a high degree of concentration among the leading producers. As depicted in the table on the following page, the top seven potash producers controlled approximately 83% of world potash production in 2007. Five of the top ten producers are further concentrated into two marketing groups: Canpotex, which represents the three Canadian producers (PCS, Mosaic and Agrium), and BPC, which represents a Belarusian producer (Belaruskali) and a Russian producer (Uralkali). Together, Canpotex and BPC producers controlled approximately 57% of global potash production in 2007. Additionally, PCS markets Intrepid Potash s product outside North America and has equity ownership positions in a number of the leading independent potash companies: Arab Potash Company (Jordan) (26%), Sociedad Quimica y Minera de Chile (32%), Sinofert Holdings Limited (China) (19%) and Israel Chemicals Ltd. (10%).

In the U.S., three producers account for 100% of potash production. Intrepid Potash is the largest producer, with Mosaic representing most of the remainder of domestic production. U.S. potash reserves are concentrated in the southwestern U.S. and account for approximately 4% of world production, according to Fertecon. Intrepid Potash has estimated annual nameplate capacity of 787,000 K_2O tons and estimated annual effective capacity of 635,000 K_2O tons of potash and langbeinite. As reported by Fertecon, Mosaic s U.S. production has estimated annual nameplate capacity of 625,000 K_2O tons. Intrepid Potash estimates that Mosaic s U.S. production has annual effective capacity of 553,000 K_2O tons of potash and langbeinite.

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Supplier Structure of Global Potash Market (000 s of K_2O tons)

One product ton of potash equals approximately 0.61 tons of K_2O

Producer	Primary Production Region	2007 Production	Percent of World Total
Canpotex			
PCS	Canada	6,159	16.4%
Mosaic[(1)]	Canada	4,953	13.2%
Agrium	Canada	1,163	3.1%
		12,275	32.7%
BPC			
Belaruskali	Belarus	5,480	14.6%
Uralkali	Russia	3,442	9.2%
		8,922	23.8%
K+S	Germany	3,989	10.6%
Silvinit	Russia	3,583	9.6%
Israel Chemicals Ltd.[(2)]	Dead Sea, Spain, UK	3,359	9.0%
People s Republic of China	China	2,590	6.9%
Arab Potash Company[(2)]	Dead Sea	1,188	3.2%
Intrepid Potash[(3)]	U.S.	574	1.5%
Sociedad Quimica y Minera de Chile[(2)]	Chile	456	1.2%
Companhia Vale do Rio Doce	Brazil	429	1.1%
Compass Minerals[(4)]	U.S.	158	0.4%
		37,523	100.0%

(1) Figures for 2007 are for December 2006 through November 2007. Mosaic s fiscal year ends on May 31.
(2) PCS has an ownership stake.
(3) PCS markets Intrepid Potash s products outside North America.
(4) Compass Minerals produces potassium sulfate (SOP), which does not compete directly with MOP. Compass Minerals SOP is produced both directly and by reprocessing MOP purchased from other producers. Intrepid Potash s estimate of such reprocessed production is excluded from the figures for Compass Minerals. In 2007, Compass Minerals purchased 88,000 tons of MOP, all of which is assumed to have been reprocessed into SOP.

Source: Public filings and select country data from IFA

In addition to the scarcity of economic deposits, another significant barrier to entry into the potash business is the location of the world s currently identified and unexploited potash reserves. A large portion of such reserves resides in politically unstable and/or remote locations such as the Congo, Ethiopia, Laos, Russia, Thailand, Uzbekistan and the Rio Colorado region of Argentina, where it would be very costly to build the infrastructure necessary to develop a new mine, such as electricity, water and links to rail transportation. In some cases, appropriate infrastructure, such as deep sea ports to allow shipment of potash to consuming regions, may be impractical to construct. Another barrier to entry is the long lead time necessary to develop and construct a new mine, which adds to the development costs for a new potash mine, especially in currently unexploited regions where ore bodies tend to be much deeper in the earth than the reserves that are currently being mined. Globally, the most recently constructed operating mine in the world is Uralkali s Berezniki 4 mine in Russia, which opened in 1987.

The delivered cost of potash often includes a significant transportation cost component. Accordingly, producers seek markets located closer to their production sites (e.g., Saskatchewan producers serving Canada and the midwestern U.S., New Brunswick producers serving the U.S. eastern seaboard, and New Mexico and Utah producers serving the southern and western U.S.).

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Capacity Utilization

Intrepid Potash believes significant differences exist between the nameplate and effective capacities of potash producers. Nameplate capacity, as reported by industry consultants such as Fertecon and the IFA, is typically the maximum achievable production the potash mill can achieve assuming there is enough ore of a specified grade to maximize the processing rate. Nameplate capacities have not typically been adjusted over time in the potash industry to give effect to the depletion of ore resulting in lower ore grades to mills, losses in productivity that can result as facilities mature, or adverse events that materially reduce the amount of feed available to the mill. Intrepid Potash estimates the effective capacity for potash facilities as the amount of potash production a facility can achieve based on the amount and quality of ore that can currently be mined, milled and/or processed assuming no modifications to the system and a normal amount of scheduled down-time.

In 2005 and 2007, Intrepid Potash believes that global potash demand exceeded supply, which spurred suppliers to produce at their highest achievable rates and draw down inventories. Demand moderated in 2006 due to protracted negotiations between China and international producers. Based on the chart below, North American inventory levels have been in decline since 1995. IPNI reports that North American inventory levels for the twelve months ended October 31, 2007 are 26% below the average for the last twenty years and that October 2007 levels are 53% below the average for October over the last twenty years. Based on significant potash demand, increasing prices and inventory reduction which occurred throughout 2005 and 2007, Intrepid Potash believes that the production rates achieved during those periods are most reflective of the industry s effective capacity rates. Intrepid Potash estimates that the industry produced at 92% and 93% of effective capacity, in 2005 and 2007, respectively, compared to 86% and 85% of nameplate capacity, respectively, as reported by Fertecon. Because production at 100% of capacity is impossible to attain for prolonged periods due to routine maintenance, equipment failures, adverse weather events, changes in ore quality and other factors, Intrepid Potash believes that the potash industry operated at or near its highest achievable production rates in 2005 and 2007.

Source: IPNI, Fertecon, Intrepid Potash

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Capacity Challenges and Expansions

The risk of flooding at key potash mines around the world is an ongoing challenge for their owners. For example, Uralkali has suffered the permanent loss of two of its four mines in the last 21 years. One of the consequences of the most recent flood, at the Berezniki Mine 1 in October 2006, was the formation of a sinkhole above the mine. This sinkhole temporarily threatened delivery of additional supply from the Russian producer Silvinit, according to an announcement by Silvinit on October 29, 2007. Additional potash mines that have flooded include PCS mine at Patience Lake, Saskatchewan, Canada (since converted to a solution mine); Potacan Mining Co. s mine near Sussex, New Brunswick, Canada; and the Holle mine in the Congo. Numerous other potash mines are currently experiencing water inflows, which create operational challenges but do not necessarily mean the mine will flood. Those mines include PCS Sussex, New Brunswick mine and Mosaic s Esterhazy, Saskatchewan mine, the world s largest potash mine. In the over 75-year history of potash operations in Carlsbad, New Mexico, no mine floods have occurred.

A decline in potash production is natural as a mine matures. As a potash mine ages, the extraction point where ore is extracted moves further away from the shaft. This requires longer conveyor belt distances, more transfer points, longer travel times and more road maintenance, all of which contribute to lower productivity, higher costs, and greater potential for mechanical failures. As the ore body depletes, significant capital investments are needed to sustain production. Several mines have closed in the world due to depletion of the ore body, including former potash mines in France, Spain, Germany and the U.S.

World consumption of potash grew 3.5% per annum between 2000 and 2007, as reported by Fertecon, which expects global potash consumption to grow approximately 3.5% per annum from 2007 to 2011. With no new operating mines constructed since 1987, and with the global potash industry believed to be operating at or near the highest achievable production rates, a number of existing potash producers have announced intentions to pursue expansions in order to keep the market from slipping into a significant supply deficit. Most recently, on November 14, 2007, PCS announced plans for a 2.2 million ton mine and mill expansion at Rocanville, Saskatchewan, which will capitalize on existing PCS infrastructure in the region. PCS currently estimates the cost of a 2.2 million ton greenfield mine at $2.5 billion, which does not include infrastructure outside the plant gates such as rail lines, paved roads, gas, water and electricity. Based on Fertecon s demand growth expectations, and assuming normal effective capacity utilization rates and timely completion of all announced capacity expansions, Intrepid Potash believes the global potash market will remain tight through at least 2011.

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Expected World Effective Capacity Expansions (000 s of K_2O tons)

One product ton of potash equals approximately 0.61 tons of K_2O

	2007	2008	2009	2010	2011
Announced Expansions(1)					
PCS	450	496	743	379	413
Mosaic	598	(85)		217	
Agrium	205				
Intrepid Potash		14	73	63	42
Compass Minerals(2)		25	25		
Uralkali	(672)	235	168	572	504
Other FSU Producers		154	637	132	
Arab Potash			166	166	
China	312	291	377	430	199
Total Announced	893	1,130	2,189	1,959	1,158
World Effective Capacity(3)	40,638	41,768	43,957	45,916	47,074
Industry Operating Rate(4)	85.0%	85.0%	85.0%	85.0%	85.0%
World Production	34,542	35,503	37,363	39,029	40,013
Industry Operating Rate(4)	92.0%	92.0%	92.0%	92.0%	92.0%
World Production	37,387	38,427	40,440	42,243	43,308
World Deliveries (Fertecon estimates)(5)	38,719	39,901	41,341	42,565	43,713
Implied Global Surplus / (Deficit)					
85% Operating Rate	(4,177)	(4,398)	(3,978)	(3,536)	(3,700)
Cumulative Surplus / (Deficit)	(4,177)	(8,574)	(12,552)	(16,088)	(19,788)
92% Operating Rate	(1,332)	(1,474)	(901)	(322)	(405)
Cumulative Surplus / (Deficit)	(1,332)	(2,806)	(3,707)	(4,029)	(4,434)

(1) Future production estimated based on announced completion date of the relevant project.
(2) Compass Minerals produces potassium sulfate (SOP), which does not compete directly with MOP. Compass Minerals SOP is produced both directly and by reprocessing MOP purchased from other producers. Intrepid Potash s estimate of such reprocessed production is excluded from the figures for Compass Minerals.
(3) Estimated by Intrepid Potash from historic production of the relevant facility. Assumes no depletion of existing effective world capacity.
(4) Representative production rates, which Intrepid Potash believes is a reasonable range of achievable production rates.
(5) Deliveries include consumption plus supply chain losses.

Source: Fertecon, British Sulphur, Intrepid Potash, public filings, annual reports and select country data from IFA

Price Fundamentals of Potash

Before 2003, potash pricing remained relatively flat, primarily due to excess potash supply that was created following the collapse of the Soviet Union. By 2003, potash demand had grown sufficiently to absorb this excess supply, and prices began to increase considerably. Since that time, consistent growth in global demand, coupled with limited increases in global supply, has led to a significant increase in potash prices. For example, according to Green Markets, granular MOP prices in the midwestern U.S. were $543.50 per ton as of March 31, 2008, a 148% increase over the March 31, 2007 price of $219.00 per ton and a 375% increase over the January 2003 price of $114.50 per ton. During 2007, Intrepid Potash believes that the industry has been operating at or near full effective capacity.

Following the collapse of the Soviet Union and during other periods of temporary demand slowing, PCS and other leading producers have chosen to temporarily idle some production. Given the

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relatively high margins in the potash business, Saskatchewan producers in particular were able to do this and remain profitable. By comparison, global nitrogen fertilizer and phosphate producers have historically not responded to demand slowdowns in a similar manner, leading to periods of protracted downturns, characterized by excess inventory and poor industry profitability.

While secondary to the impact of global demand and supply dynamics, U.S. potash prices have tended to increase when the U.S. dollar weakens because as the ruble and loonie appreciate there is upward pricing pressure from the Russian and Canadian producers to maintain their profit margins on U.S. sales.

Source: Green Markets and Fertecon

Langbeinite

Like potash (which contains between 60% to 62% K_2O commercially), langbeinite or sulfate of potash magnesia is a source of potassium (approximately 22% K_2O) and is therefore used primarily as a fertilizer. Langbeinite, however, also contains two additional valuable secondary nutrients magnesium (11% Mg) and sulfur (22% SO_4). Langbeinite s high-nutrient and low-chloride content make langbeinite an attractive fertilizer for chloride-sensitive crops and crops that require magnesium or sulfur applications.

Demand Fundamentals of Langbeinite

Langbeinite demand is strongly linked to its potassium and magnesium nutrient value and its low-chloride properties. Demand stems primarily from the cultivation of chloride-sensitive crops such as leafy vegetables, citrus, tobacco and palm trees. Current demand fundamentals for langbeinite appear favorable, particularly in countries like China that are increasing vegetable production in response to dietary changes and increased demand. Palm tree cultivation has increased markedly, because it is a major feedstock for bio-diesel. Global palm oil production has increased 52% from 2000 to 2007, according to the USDA. Palm trees require higher magnesium applications than most crops. Intrepid Mining began producing langbeinite in the fall of 2005 and has found that global demand

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appears to be greater than what it and the other producers can currently supply. Accordingly, Intrepid Potash has realized significant demand for its langbeinite products at favorable prices in both the domestic and international markets.

Supply Fundamentals of Langbeinite

Langbeinite is primarily produced using underground mining techniques, similar to those used for potash, to extract the ore. It is then milled at the surface to separate the langbeinite from salt and other accompanying minerals. The only known reserves of langbeinite in the world are in Carlsbad, New Mexico. These reserves have been mined continuously since the 1950s, and are currently owned and mined by Intrepid Potash and Mosaic. While there are no other known langbeinite reserves in the world, a low-chloride fertilizer derived from kieserite mixed with potassium sulfate competes with langbeinite in the marketplace and is commercially available from the German producer K+S. China produces potassium sulfate, which contains no magnesium and also competes effectively as a low-chloride product. According to the IFA, China also produces langbeinite synthesized from brines, which production is consumed primarily in China.

The combined effective capacity of langbeinite, potassium sulfate and other non-chloride potassium salts in K_2O tons is summarized below:

World Langbeinite and Alternative Product Nameplate Capacity (000 s of product tons)

Company	Primary Region	Langbeinite (22% K_2O)	Potassium Sulfate (50% K_2O)	Other (K_2O Varies)
Mosaic	U.S.	1,300		
Intrepid Potash	U.S.	250		
Citic Group	China	550		
Qinghai Bingdi Potash	China	225		
Other China	China	25	231	
K+S	Germany		1,200	1,700
Compass Minerals[(1)]	U.S.		161	
Atacama	Chile		288	
Total		2,350	1,880	1,700

(1) Compass Minerals SOP is produced both directly and by reprocessing MOP purchased from other producers. Intrepid Potash s estimate of such reprocessed production is excluded from the figures for Compass Minerals.

Source: British Sulphur, Intrepid Potash and select country data from IFA

Price Fundamentals of Langbeinite

Langbeinite pricing generally follows the pricing of potash, and langbeinite often sells at a delivered price premium (on a potassium content basis) due to its added value as a magnesium, sulfur and low-chloride fertilizer. Langbeinite pricing did not decline in response to the additional supply Intrepid Potash brought into the market. Instead, the market has experienced a price increase with supply growth as current demand for low-chloride potassium fertilizers appears to exceed supply.

BUSINESS

Our Company

Intrepid Potash is the largest producer of muriate of potash (MOP or potassium chloride) in the U.S. and is dedicated to the production and marketing of potash and langbeinite, another mineral containing potassium. Potassium is one of the three primary nutrients essential to plant formation and growth. Since 2004, we have supplied, on average, 1.5% of world potash consumption and 8.5% of U.S. consumption annually, and we have supplied a considerably higher proportion of the potash consumed in the southwestern and western U.S., our core markets. We are one of two exporting producers in the world of langbeinite (sulfate of potash magnesia), a low-chloride fertilizer that is better suited than MOP for chloride-sensitive crops such as leafy vegetables, citrus, tobacco and palm trees.

We own five active potash production facilities three in New Mexico and two in Utah. At each of these facilities, we have incorporated innovative mining techniques to extend reserve life and increase annual production and have modernized the plants in order to lower operating risks and production costs. Today we have the nameplate capacity to produce 1,200,000 tons of potash and 250,000 tons of langbeinite annually. In 2007, we sold approximately 893,000 tons of potash and approximately 158,300 tons of langbeinite, generating net sales of $192.4 million, EBITDA of $48.5 million and net income of $29.7 million. During this period, we sold approximately 96% of our potash and langbeinite volumes in North America, with the remainder being sold outside North America on our behalf by Potash Corporation of Saskatchewan Inc., or PCS. The agricultural market represented approximately 64% of our potash sales in 2007, with sales to industrial and feed markets accounting for 30% and 6% of our potash sales, respectively. Our preliminary estimate of production for the first quarter of 2008 is 224,000 tons of potash and 56,000 tons of langbeinite as compared to 218,000 tons and 45,000 tons, respectively, in the first quarter of 2007.

Based on our five-year operating plan, we expect expansion opportunities at each of our operating facilities will increase annual production by an aggregate of over 110,000 tons of potash and 90,000 tons of langbeinite, respectively. We also own two attractive development assets in New Mexico, the HB Mine, which is an idled potash mine that we are in the process of reopening as a solution mine, and the North Mine. We currently plan to commence Phase I of the HB Mine project in 2008, with production expected to begin in 2009. Assuming a continuation of favorable market conditions and receipt of all necessary permits and approvals, we believe Phase I of the HB Mine project, which consists of the flooding of 4,400 of the 21,600 total acres of the mine, has the potential to ultimately add up to 150,000 to 200,000 tons of additional low-cost potash production annually by 2011. At our existing production facilities we also produce salt, magnesium chloride and metal recovery salts from our potash mining processes.

For more information on our organizational structure, please see The Formation Transactions beginning on page 67.

Our History

Our management team formed Intrepid Oil & Gas, LLC on August 30, 1996, for the purpose of acquiring oil and gas leases near Moab, Utah. While mapping the area for potential oil and gas resources, we learned about the substantial local potash deposits and discovered that the only operating potash mine in the area, which was then in decline, was scheduled to close. We determined that the decline in production in Moab could be reversed by applying horizontal drilling technology, commonly used in the oil and gas industry, to create potash solution mining caverns. This represented a new approach to potash mining. Our management team formed Intrepid Mining on January 26, 2000, for the purpose of acquiring Moab Salt, Inc. from PCS for cash consideration of approximately $3 million, plus the assumption of certain liabilities and closing costs for total consideration of approximately $14.8 million. We renamed the company Intrepid Potash Moab, LLC.

We observed that potash from Moab shared markets with potash produced in Carlsbad, New Mexico and in Wendover, Utah. Accordingly, we formulated a strategy to acquire assets in those areas in order to consolidate marketing efforts and effect operating synergies.

On February 29, 2004, Intrepid Mining acquired substantially all of the assets of Mississippi Potash, Inc. and Eddy Potash, Inc. from Mississippi Chemical Company for $36.6 million. These assets included the operating East and West potash mines, the North Facility compaction plant and the idled HB and North Mines, all located near Carlsbad, New Mexico. Mississippi Chemical, which filed for bankruptcy in May 2003, had long since been unable to re-invest in or properly maintain the properties due to cash flow constraints stemming from its then-failing nitrogen fertilizer business.

Effective April 1, 2004, Intrepid Mining purchased the potash assets of Reilly Chemical, Inc. through its wholly-owned subsidiary, Intrepid Wendover, for $10.7 million. The acquired assets included a natural brine and potash production facility on the Bonneville Salt Flats of Utah. Reilly Chemical operated a diversified business providing specialty chemicals for the agriculture, nutrition, pharmaceutical and medical, personal care, plastics, coatings and industrial markets. We saw the opportunity to use better technology, not employed by Reilly Chemical, to improve production at Wendover.

During 2006, Intrepid Mining sold substantially all of its oil and gas assets. The remaining equity interests in its wholly-owned oil and gas subsidiary, Intrepid Oil & Gas, LLC, were distributed to the members of Intrepid Mining in 2007.

Intrepid Potash was formed as a Delaware corporation on November 19, 2007 and, in connection with the completion of this offering, will receive a transfer of all of the nonmonetary assets of Intrepid Mining and will assume (i) all amounts in excess of $18.9 million of Intrepid Mining s liability under its existing senior credit facility and (ii) all other liabilities and obligations of Intrepid Mining, as described in the exchange agreement discussed under The Formation Transactions beginning on page 67. Intrepid Mining will repay the $18.9 million that is not assumed by Intrepid Potash from the cash proceeds received from Intrepid Potash pursuant to the terms of the exchange agreement.

Members of our senior management team currently own 80% of Intrepid Mining. After this offering, our senior management team and board of directors will own 59.9% of our common stock (53.9% if the underwriters option to purchase additional shares is exercised in full).

Our Key Assets and Facilities

Our potash production comes from five facilities three in or near Carlsbad, New Mexico and two in Utah, all of which we own and operate. We also own two idled mines in Carlsbad. Our facilities near Carlsbad include the West Mine and East Mine, both of which are conventional underground mines, and the North Facility compaction plant which processes potash from the West Mine. Our facilities in Utah are the Moab Mine, a solution mine located near Moab, and the Wendover Facility, a sub-surface brine facility located near Wendover.

Our facilities have the nameplate capacity to produce approximately 1,200,000 tons of potash and 250,000 tons of langbeinite annually, and the effective capacity to produce approximately 966,000 tons of potash and 210,000 tons of langbeinite annually. Our nameplate capacity is the maximum achievable production our mills can achieve assuming there is enough ore of a specified grade to maximize the processing rate. Our effective capacity is the amount of potash production each of our

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facilities can achieve based on the amount and quality of ore that can currently be mined, milled and/or processed, assuming no modifications to the system and a normal amount of scheduled down-time.

Since acquiring our facilities, through December 31, 2007 we have made capital expenditures of approximately $60.3 million at our Carlsbad facilities, $14.1 million at our Moab Mine and $5.3 million at our Wendover Facility. At Carlsbad, our expenditures were intended to restore, modernize and improve the assets, and included a modification to the East Mine surface plant that enabled the plant to profitably process a mixed ore zone, and allowed us to recover langbeinite that was previously discarded as tailings. At our Moab Mine, we have invested in a variety of capital projects, including the use of horizontal drilling at the mine, which significantly increased the amount of reserves. At our Wendover Facility, we have invested funds to complete modernizations and improvements, including planning, drilling and properly finishing a new well using the latest in brine well technology to lengthen well life and create more stable production.

Our production capabilities and capital improvements at our facilities are described in more detail below:

Carlsbad, New Mexico

- Potash ore at our Carlsbad locations is mined from a stacked ore body containing 10 different potash ore zones, six of which contain proven and probable reserves.
- The West Mine has the nameplate capacity to produce 510,000 tons of red potash compactor feed annually, and the effective capacity to produce 440,000 tons of red potash compactor feed annually. Potash produced from our West Mine is shipped to the North Facility for compaction.
- The North Facility receives potash from the West Mine via truck and converts the compactor feed to finished red granular product.
- The East Mine has the nameplate capacity to produce 390,000 tons of white potash and 250,000 tons of langbeinite annually, and the effective capacity to produce 340,000 tons of white potash and 210,000 tons of langbeinite annually.

Moab, Utah

- Potash ore at Moab is mined from two ore zones: the original mine workings in Potash 5 that were converted to a solution mine and the new horizontal caverns in Potash 9.
- The Moab Mine has the nameplate capacity to produce 180,000 tons of potash annually, and the effective capacity to produce 93,000 tons of potash annually.

Wendover, Utah

- Potash at Wendover is produced primarily from sub-surface brines containing salt, potash and magnesium chloride that are collected in ditches from the shallow aquifers of the Bonneville Salt Flats.
- The Wendover Facility has the nameplate capacity to produce 120,000 tons of potash annually, and the effective capacity to produce 93,000 tons of potash annually.

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Our Development Assets

We also own two idled mines in or near Carlsbad the HB Mine and a mine at the North Facility which we refer to as the North Mine.

HB Mine

The HB Mine is an idled potash mine that we are in the process of reopening as a solution mine. We currently plan to commence Phase I of this project in 2008, with production expected to begin in 2009. Assuming a continuation of favorable market conditions and receipt of all necessary permits and approvals, we believe Phase I of the HB Mine project has the potential to ultimately add up to 150,000 to 200,000 tons of additional low-cost potash production annually by 2011. We expect the HB Mine to be one of the lower-cost potash mines in North America.

We are currently considering the scope and timeline for a proposed Phase II of this project, which we believe would further increase potash production at the HB Mine.

North Mine

The North Mine operated from 1957 to 1984 when it was idled mainly due to low potash prices and outdated, inefficient mineral processing facilities. Although most of the unused mining and processing equipment has been removed, the mine shafts remain open. Part of the North Mine surface plant is still active as this is where we granulate, store and ship potash produced at the West Mine. We may choose to reopen the North Mine in the future, although no feasibility study for the project is currently contemplated due to management s focus on the HB Mine and other projects at our operating facilities. Two operable mine shafts and much of the transportation and utility infrastructure required to operate the mine, including mine permits, rail access, storage facilities, water rights, utilities and leases covering potash deposits, are already in place.

At the time of the purchase, potash prices were much lower and the North Mine was not expected to reopen, which resulted in no value being allocated to the mineral properties at the idle North Mine.

Our By-Product Production

During the extraction of potash, we also recover marketable salt and magnesium chloride. We also produce metal recovery salt, which is potash mixed with salt in customer-requested ratios, at our Wendover Facility. We account for the revenue generated from sales of these minerals as a reduction in the cost of goods sold of our primary potash product. During 2007, we sold a total of 320,000 tons of by-products from our Moab Mine and Wendover Facility, which reduced our operating costs by $7.5 million in the aggregate.

Summary of Our Reserves

The estimates of our proven and probable reserves as of December 13, 2007 and (as to the HB Mine only) March 11, 2008, were prepared by us and were reviewed and independently determined by Agapito Associates, Inc. based on mine plans and other data furnished by us. The following table summarizes our proven and probable reserves, estimated as required by the SEC.

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Our Proven and Probable Reserves (000 s of product tons)[1]

Product/Operations	Date Mine Opened[2]	Current Extraction Method	Minimum Remaining Life (years)[3]	Proven Reserves KCl[4]	Proven Ore Grade[5] (% KCl or % Lang)	Probable Reserves KCl[6]	Probable Ore Grade[5] (% KCl or % Lang)
Muriate of Potash							
Carlsbad West	1931	Underground	122	29,609	23.7	21,528	21.7
Carlsbad East	1965	Underground	42	6,148	19.0	6,511	17.8
HB Mine[7]	2009	Solution	28	4,791	34.6	208	32.2
Moab	1965	Solution	124	3,810	41.9	7,180	41.5
Wendover[8,9]	1932	Lake Brine Evaporation	30			2,806	1.2
Total Muriate of Potash				44,358	25.8	38,233	23.3
Sulfate of Potash Magnesia							
Carlsbad East	1965	Underground	43	16,158	35.2	19,562	35.0
Total Sulfate of Potash Magnesia				16,158	35.2	19,562	35.0

(1) The determination of estimated reserves is based on an independent review and analysis of our mine plans, geologic, financial and other data and Agapito s familiarity with the Intrepid mines. Because reserves are only estimates, they cannot be audited for the purpose of verifying exactness. Instead, reserve information is reviewed in sufficient detail to determine if, in the aggregate, the data provided by us is reasonable and sufficient to estimate reserves in conformity with practices and standards generally employed by and within the mining industry and that are consistent with the requirements of U.S. securities laws. One ton red muriate of potash = 0.95 ton KCl; one ton white muriate of potash = 0.98 ton KCl; one ton sulfate of potash magnesia = 0.95 ton langbeinite.

(2) These mines, excluding the Carlsbad HB Mine, have been operating in a substantially continuous manner since the dates set forth in this table. The Carlsbad HB Mine was originally opened in 1934 and operated continuously as an underground mine until 1996. The Carlsbad HB Mine is planned to begin production in 2009 as a solution mine.

(3) Minimum remaining lives at the Carlsbad West, Carlsbad HB and Moab Mines are based on reserve tons divided by annual effective product capacity (with corrections for purity; see note (1)). Carlsbad East minimum remaining life is based on three phases, with various plant capacities: first, combined potash and langbeinite production; second, langbeinite only; and third, potash only. Wendover minimum remaining life is based on a projected average plant production of 63,000 potash tons which is estimated as 55,000 and 8,000 potash tons per year for the shallow and deep aquifers, respectively.

(4) Proven reserves mean tonnages computed from projection of data using the inverse distance squared method taking into account mining dilution and recovery losses, metallurgical recovery factors, sales prices and operating costs from potash ore zone measurements as observed and recorded either in drill holes using cores, electric logs, or other geophysical devices or in mine workings. This classification has the highest degree of geologic assurance. The sites for measurement are so closely spaced and the geologic character so well defined that the thickness, areal extent, size, shape and depth of the potash ore zone are well-established. The maximum acceptable distance for projection from ore zone data points varies with the geologic nature of the ore zone being studied.

(5) Ore grade expressed as expected mill head feed grade to account for minimum mining height for the Carlsbad East and West Mines. The ore grade for the Wendover Facility is the brine KCl concentration by weight. The ore grade for the Moab and Carlsbad HB Mines is the in-place KCl grade.

(6) Probable reserves means tonnages computed by projection of data using the inverse distance squared method taking into account mining dilution and recovery losses, metallurgical recovery factors, sales prices and operating costs from available ore zone measurements as observed either in drill holes using cores, electric logs or other geophysical devices or in mine workings for a distance beyond potash classified as proven reserves. This classification has a moderate degree of geological assurance.

(7) The Carlsbad HB Mine reserves are based on planned flooding of old workings and recovery of potash from the residual pillars only with the brine extracted using submersible pumps. Reserves are based on thicknesses, grades and mine maps provided by Intrepid. Capital costs to establish economic viability for the Carlsbad HB Mine reserves are based on in-house estimates independently verified by a third party. Operating costs to establish economic viability were based on operating costs for the Moab Mine with operating costs scaled by magnitude of production.

(8) For the shallow aquifer there are no proven reserves because the shallow aquifer represents an unconventional resource and the estimating method was based on brine concentration, porosity, and aquifer thickness from historical reports. The brine concentrations have been

confirmed recently but neither the aquifer thickness nor the porosity has been verified. Probable reserves for the shallow brine at the Wendover Facility have been calculated from KCl contained in the shallow

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aquifer with an estimated porosity of 0.45 and thickness of 18 ft over the reserve area (78.8 square miles). The distance for projection of probable reserves is a radius of three-quarters of a mile from points of measurement of brine concentration. The ore grade (KCl) is the percentage by weight of KCl in the brine.

(9) Proven reserves have not been estimated due to the uncertainty of the hydrogeology of the deep aquifer. Probable reserves for the deep-brine aquifer at the Wendover Facility have been estimated based on historical draw-down and KCl brine concentrations. The ore grade (KCl) is the percentage by weight of KCl in the brine.

The following table summarizes production of our primary products at each of our facilities for each of the years ended December 31, 2007, 2006 and 2005.

Production of Our Primary Products (000 s of product tons)

One product ton of potash equals approximately 0.61 tons of K_2O

	Year Ended December 31,								
	2007			2006(1)			2005(2)		
Primary Product	**Ore Produc-tion**	**Mill Feed Grade**	**Finished Product**	**Ore Produc-tion**	**Mill Feed Grade**	**Finished Product**	**Ore Produc-tion**	**Mill Feed Grade**	**Finished Product**
Muriate of Potash									
Carlsbad West	2,519	13.4%	409	2,013	12.7%	305	2,544	12.9%	398
Carlsbad East(3)	2,259	11.4%	288	2,000	12.5%	260	2,266	12.4%	343
Moab	396	14.4%	77	535	14.4%	103	500	14.8%	94
Wendover	461	16.9%	103	378	17.5%	57	339	17.3%	62
	5,635		877	4,926		725	5,649		897
Langbeinite									
Carlsbad East(3)	2,259	4.8%	177	2,000	5.6%	156	2,266	3.2%	15
Total Primary Products	7,894		1,054	6,926		881	7,915		912

(1) 2006 production at our Carlsbad facilities was curtailed by a number of non-recurring events, including the commissioning of the dual potash and langbeinite facility at the East Mine and shutdowns at the West Mine to remove unused utilities that were affecting production.

(2) 2005 production at our East Mine was curtailed by the commissioning of the langbeinite plant in October 2005.

(3) Muriate of potash and langbeinite at our East Mine are processed from the same ore feed.

The following table summarizes production of by-products at each of our facilities for each of the years ended December 31, 2007, 2006 and 2005.

Production of Our By-Products (000 s of tons)

	Year Ended December 31,		
	2007	2006	2005
By-Product	**Finished Product**	**Finished Product**	**Finished Product**
Salt			
Moab	109	130	100
Wendover	29	30	36
	138	160	136
Magnesium Chloride			

Wendover	163	155	117
	163	155	117
Metal Recovery Salts			
Wendover	19	13	23
	19	13	23
Total By-Products	320	328	276

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Our Competitive Strengths

We believe the following core strengths will allow us to consistently increase stockholder value:

U.S. potash-only producer. We are the largest producer of potash in the U.S., the second largest potash-consuming country in the world. We are dedicated solely to the production and marketing of potash-related products. After the completion of this offering, we will be one of two publicly-traded potash-only companies producing today, the other being Uralkali, a Russian producer.

As a U.S. producer that sells approximately 97% of its potash volume into the historically stable domestic market, we have limited exposure to sovereign and geopolitical risks faced by existing producers that are based in unstable political regions and/or primarily serve emerging economies. For example, during 2006 and the first half of 2007, Uralkali reported that 78% and 84%, respectively, of its revenues were attributed to sales to developing economies such as China, India and Brazil. Uralkali is incorporated in the Russian Federation and sells its products primarily through BPC, which is incorporated in Belarus.

We have followed a potash-only strategy by acquiring potash assets in New Mexico and Utah in order to consolidate marketing efforts and effect operating synergies. As a dedicated potash producer, we believe our financial performance is subject to less volatility than that of other fertilizer companies because potash prices have been subject to less volatility than prices for other fertilizers and commodity chemicals. In addition, the costs to mine and produce potash are relatively fixed and stable, whereas the costs to produce other fertilizers have significantly greater exposure to volatile raw material costs, such as natural gas used to produce ammonia. Our other competitors are meaningfully diversified into the nitrogen and phosphate-based fertilizer businesses and/or other chemical and industrial businesses. See Potash Industry Overview .

As a U.S. producer, we are not subject to the significant Canadian resource and capital taxes imposed on our primary competitors, which are located in Saskatchewan, Canada. See Royalties and Other Taxes .

Assets located near our primary customer base. Our mines are advantageously located near our largest consumers: agricultural areas west of the Mississippi River, oil and gas exploration areas in the Rocky Mountains and the Permian Basin and feedlots in Texas and other southwestern and western states. We believe that our location allows us to realize higher net sales prices than our competitors, who must ship their products across longer distances to consuming markets, which are often export markets. Also, because annual consumption of potash in our markets (3.5 million K_2O tons) is greater than five times our current annual production (0.6 million K_2O tons)[1], we can target sales to the markets in which we have the greatest transportation logistical advantage, maximizing our net sales per ton. Our logistical advantage consists of access to strategic rail destination points and proximity to major trucking routes. By participating in our local truck market, we can cost-efficiently reach regional customers that lack rail access and act as a regional warehouse for customers that value just-in-time delivery. Because we are located on major agricultural truck routes, we can take advantage of back-haul opportunities to agricultural markets. After truckers bring agricultural products into our region, they often use their empty trailers to back haul our potash back into those agricultural areas, which is more cost-effective than rail transportation. In addition, our location in an oil and gas producing region allows us to serve industrial customers, the majority of whom we reach via the truck market. This geographic advantage is difficult for competitors to erode, particularly in an environment of historically high and rising transportation costs.

(1) The following states are included in this calculation: AZ, AR, CA, CO, ID, IL, IA, KS, LA, MS, MO, NE, NV, NM, OK, OR, TX, UT, WA and WY.

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The chart below sets forth what we believe to be our average net sales per ton advantage, which results primarily from our freight cost advantage, over our primary Canadian competitors per product ton of potassium chloride for each of 2007, 2006 and 2005.

	2007	2006	2005
Intrepid Potash net sales per ton advantage[1]	$ 39	$ 43	$ 29

(1) Based on net sales per ton for Agrium Inc., The Mosaic Company and PCS for muriate of potash only. Mosaic s MOP revenues were calculated by subtracting langbeinite-only revenues, assuming $115 net sales per ton for langbeinite (K-Mag®).

Diversification into niche markets. We sell to three different markets for potash the agricultural, industrial and feed markets. During 2007, these markets represented approximately 64%, 30% and 6% of our potash sales, respectively. According to the IFA, 95% of all potash produced is used as a fertilizer. North American agricultural markets primarily consume granular potash, whereas the industrial and feed markets primarily consume standard potash. Our facilities were designed to produce either of these products, and we are able to easily switch production between them, giving us the flexibility to adjust our product mix to market conditions. As a result, we believe our sales are diversified across more distinct, unrelated consumer markets than those of many of our competitors, adding stability to our potash revenues. A primary component of the industrial markets we serve is the oil and natural gas services industry, where potash is commonly used in drilling and fracturing oil and natural gas wells. According to SRI Consulting, U.S. industrial consumption of potash is growing rapidly relative to the agricultural market, with a compound annual growth rate of 5.1% from 1990 to 2005.

We are one of two exporting producers of langbeinite in the world. Both producing facilities are located in Carlsbad, New Mexico. Given the greater scarcity of langbeinite relative to potash and its agronomic suitability for certain soils and crops, there is demand for our langbeinite production outside of our core potash markets. PCS markets our langbeinite production outside North America. This relationship gives us access to PCS extensive international sales network and informs us about developments in the international market. During 2007, we sold approximately 158,300 tons of langbeinite, representing 15% of our total product tons sold during this period.

Significant reserve life and water rights. Our potash and langbeinite reserves each have substantial life, with remaining reserve life ranging from 28 to 124 years, based on proven and probable reserves estimated in accordance with SEC requirements. This lasting reserve base is the result of our past acquisition and development strategy. In addition to our reserves, we have access to significant mineralized deposits for potential future exploitation. We also own valuable water rights at each of our facilities, including well fields in Carlsbad, New Mexico, which we believe are sufficient for our current production and currently planned future projects, including the proposed reopening of the HB Mine. Because available water rights are limited in Carlsbad, New Mexico and Moab, Utah, obtaining a package of water rights equivalent to our current rights or sufficient to operate a new mine would be extremely difficult.

Valuable existing facilities and infrastructure. Constructing a new potash production facility requires extensive capital investment in mining, milling and infrastructure, which is expensive and requires substantial time to complete. Our five operating facilities and two development assets already have significant facilities and infrastructure in place including assets capable of mining and milling potash ore, and access to transportation channels by road and rail. We have the ability to expand our business using existing installed infrastructure, in less time and with lower expenditures than would be required to construct entirely new mines.

Track record of innovation and modernization. Our management team has a history of building successful operations through the acquisition of underutilized assets, followed by creative use of technology to increase productivity and reliability. Each of our facilities represented only a small portion of its prior owner s business at the time we acquired it. As an entrepreneurial, potash-only producer, we have devoted considerable management attention to each facility, with a focus on modernization and improving production. We have applied technologies from other industries, including the oil and gas industry, and implemented innovative production processes. We have invested approximately $80 million in capital improvements since acquisition through December 31, 2007 at our operating facilities, and we plan to continue making capital investments in our mines. See Our Capital Program below for descriptions of many of these projects.

Low-cost solar evaporation operations. The Moab Mine and the Wendover Facility use solar evaporation to crystallize potash from brines. These facilities annually account for approximately 20% of our total potash production. Solar evaporation is a low-cost and energy-efficient method of producing potash. Our understanding and application of solution mining, combined with our location in regions with favorable climates for evaporation, allow our Utah facilities to achieve low production costs. We intend to leverage this technology and experience in constructing the HB Mine solution mine in Carlsbad, New Mexico, where evaporation rates are comparable to those in Moab, Utah and there is adequate land available to build solar ponds.

Our Strategy

We intend to increase production and profitability through the execution of the following strategies, which were developed as part of our five-year operating plan:

Expand potash production from existing facilities. We have expansion opportunities at our operating facilities to significantly increase production. We expect that expansion and improvement opportunities at our current mines will drive down our unit cost per ton and increase our cash flow. We estimate that these opportunities will require a $27 to $32 million investment over the next five years and will increase annual potash production by an expected aggregate of over 110,000 tons over the next five to seven years. Because of our market share, we believe increases in our effective capacity have limited effect on international potash prices. We believe we can, therefore, enjoy expanding margins on incremental production through full price realization and decreasing production costs per ton. Below we have identified our most significant opportunities at our operating facilities and the expected production increases from those opportunities:

West Mine: Increase average potash production by approximately 15%, or 60,000 tons annually, by improving the ore storage and skip loading systems and by adding a tailings regrind circuit;

East Mine: Increase average potash production by approximately 11%, or 34,000 tons annually, by adding a fifth operating production crew in the mine and by improving brine recovery with new thickeners;

Moab Mine: Increase average potash production by approximately 11%, or 10,000 tons annually, by adding additional horizontal cavern systems; and

Wendover Facility: Increase average potash production by approximately 10%, or 6,000 tons annually, by adding additional deep brine wells.

Reopen the HB Mine as a solution mine. The HB Mine, located in Carlsbad, New Mexico, was formerly operated by Mississippi Chemical Company as a conventional underground mine. It ceased operating in 1996 and has remained idle since that time. We are in the process of reopening the HB Mine as a solution mine, which we believe is especially suitable technology for this project due to the easily accessible mineral resource and our ability to rely in part on

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existing equipment and personnel at our Carlsbad facilities to process potash. We have invested approximately $1.5 million toward this project through December 31, 2007, and have included additional capital expenditures of $20 to $25 million in our 2008 budget. We believe that capital investments to reopen the mine, which we anticipate will require total expenditures of $78 to $88 million for Phase I of the project, will be lower than would be required to build an entirely new mine. We expect that the HB Mine will be among the lower-cost potash mines in North America and that potash produced from the mine will be our lowest-cost product on a per-ton basis. The idled mine contains hundreds of high-grade ore pillars that were left behind by the prior operators as roof support. These pillars have been crushed over time, exposing potash. We plan to flood the mine, similar to the original solution mine in Moab, which will dissolve the remaining potash resource in the mine. We then plan to build solar ponds similar to those in Moab, in which we will evaporate the potash-rich brines from the mine. The resulting potash will be harvested and processed at the West Mine processing plant, which will allow us to avoid new fixed costs.

For the past two years, we have been discussing the project and permitting matters with State of New Mexico officials. We have also drilled six groundwater monitoring wells, presented a preliminary solar evaporation pond design to State of New Mexico officials, studied the geology of the mineralized deposits and completed an underground pilot test. We filed our combined discharge and underground injection control permit application for the solution mine at the HB Mine with the State of New Mexico on March 10, 2008, and we plan to file timely applications for additional permits and approvals with the State of New Mexico and the Bureau of Land Management, including well permits and approval of a mine reclamation plan. Following certain public comment periods, we expect to receive all permits and approvals required to commence construction by the end of 2008, and to receive all permits and approvals required for operation of the project and commence production from the HB Mine in 2009. Assuming a continuation of favorable market conditions, we expect production from the HB Mine to begin in 2009 and believe Phase I of the project, which consists of the flooding of 4,400 of the 21,600 total acres of the mine, has the potential to ultimately add up to 150,000 to 200,000 tons of additional low-cost potash production annually by 2011. We are currently considering the scope and timeline for a proposed Phase II of this project, which we believe would further increase potash production at the HB Mine.

Expand langbeinite production and demand. We are one of two exporting producers of langbeinite. We mine langbeinite in Carlsbad, New Mexico from the only known reserves of langbeinite in the world. Langbeinite production at the East Mine began in August 2005 and steadily increased to 177,000 tons for 2007. We initially entered the langbeinite market on a limited basis, in order to be able to test the level of market demand. Through our marketing efforts in North America and our relationship with PCS, which markets our langbeinite outside North America, global market demand for langbeinite has increased, and customer relationships have been built that we believe will allow us to sell additional tons into the marketplace.

In order to better capitalize on the strong and growing demand for langbeinite, we have initiated an estimated $10 to $15 million project that we expect will allow us to increase our annual langbeinite production by approximately 45%, or 80,000 tons, over the next three to four years. By using a more efficient processing method, we expect this additional production to lower our production costs per ton. We have also added a fifth operating production crew in the mine, which we believe will further increase our langbeinite production by approximately 6%, or 10,000 tons. We have also expanded our support systems for our langbeinite business by hiring an agronomist to educate growers about the benefits of langbeinite and by establishing a network of warehouses throughout North America for langbeinite distribution. We believe that with additional marketing, the size of the langbeinite market could be further increased in the future.

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Increase our profitability. We will continue to seek to increase our profitability by targeti