

The Australian

Potash ready to roll

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THE ink was barely dry on the Monday newspaper edition of Pure Speculation alerting readers to a sector about to blossom than news of big developments began to roll in.

For those who missed it, the news was that fertiliser feed-stocks (potash and phosphate) were on the brink of recovery - and investors should be looking for stocks that have so far been languishing.

Then came the big news from Goldman Sachs last night. Their people in New York upgraded the fertiliser market to a “buy” rating. As the news report put it, “the bank said the U.S. demand recovery may exceed expectations, with 'staggering' year-over-year percent increases in volume, given the severity of the '09 reduction”.

The Wall Street Journal reports also that UBS has raised from “neutral” to “buy” its rating on US fertiliser maker Agrium, on the basis that American fertiliser outlets are reporting stronger demand. And the scramble is on for resources, with Toronto-listed Talon Metals taking a 75 per cent stake in 13 Brazilian potash projects.

And two stocks here are in the news.

First, **Transit Holdings**, which we wrote about yesterday and which had a third consecutive trading day with price gains, went into a trading halt. The company is expected to issue details of the scoping study on its Utah potash project sometime late tomorrow, and the news is likely to be good.

But another junior, **Reward Minerals**, received a further setback to its plans to produce potash at Lake Disappointment in Western Australia. The company said it had been informed by the Western Desert Lands Aboriginal Corp that the Martu people not only didn't want mining at Lake Disappointment, but also ruled out any further talks with RWD. And so Native Title stymies yet another project that would - supposing that it turned out to be as big as Reward Minerals thought it was - bring great economic benefits to Australia.

Your correspondent has been hearing from a number of RWD shareholders - the company certainly has a lot of true believers - who have urged this column to take a look at their pride and joy. And, yes, there is a better story at some of Reward's other projects. At Lake Mackay, which straddles the Northern Territory-West Australian border, there is now a JORC-compliant potash resource. Better still, the company is working co-operatively with the Kiwirrkurra people. And there is also potash drilling happening near Carnarvon, WA. We'll keep an eye on RWD.

We had intended to talk about gold today - but that will have to wait until tomorrow. In the meantime, you goldtimers, don't panic.

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