Intrepid Potash, Inc.
Form S-1/A
April 07, 2008
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As filed with the Securities and Exchange Commission on April 7, 2008

Registration No. 333-148215

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

AMENDMENT NO. 3

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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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	27,600,000	$26.00	$717,600,000	$28,202(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 $24.00 and $26.00 per share.
(4) Includes $3,070 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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The information in this preliminary prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell nor does it seek an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to Completion, Dated April 7, 2008

24,000,000 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 24,000,000 shares of common stock are being sold by the company.

To the extent that the underwriters sell more than 24,000,000 shares of common stock, the underwriters have the option to purchase up to an additional 3,600,000 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 $24.00 and $26.00. Intrepid Potash, Inc. has applied to list the common stock on the New York Stock Exchange under the symbol IPI .

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 67.9% of our common stock (63.1% 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.

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 $419.8 million (approximately 75.0% of the net proceeds from this offering);
- 47,239,000 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 3,600,000 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:

- 32.1% by public stockholders;
- 27.2% 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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27.2% 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

13.5% 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	24,000,000 shares.
Common stock outstanding after this offering	74,846,000 shares (including 1,000 shares outstanding before the offering, stock grants totaling 6,000 shares to our non-employee directors (estimated using the midpoint of the price range set forth on the cover page of this prospectus) and 3,600,000 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 3,600,000 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 607,500 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 proceeds of approximately $559.8 million from this offering, assuming an offering price of $25.00 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. We expect to apply the net proceeds from this offering as follows:

approximately $419.8 million (approximately 75.0% of the net proceeds from this offering) will be paid to Intrepid Mining (together with 47,239,000 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 14.7% 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, $59.2 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. (The $59.2 million is adjusted for $1.7 million of transaction fees paid in 2007.)

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 $22.6 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

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	$3.4 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	We have applied to list our common stock on the New York Stock Exchange, or NYSE, under the symbol IPI .
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 74,846,000. Except as otherwise indicated or required by context, all information in this prospectus:

- excludes 607,500 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 3,600,000 shares will be distributed to the current members of Intrepid Mining pursuant to the formation distribution); and
- assumes that the initial offering price is $25.00 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	24,155	15,997	10,054	7,530
Other operating net	190	190	(4,386)	329
Operating income	28,153	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	30,706	$ 29,684	$ 24,098	$ 32,614
Pro forma income tax[1]	12,129			
Pro forma income from continuing operations	$ 18,577			
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	74,922,000			
Diluted	75,453,500			

	Pro Forma Combined As Adjusted December 31, 2007 (unaudited)	Year Ended December 31, 2007	2006	2005
	(in thousands)			
Other Financial Data:				
EBITDA[3]	$ 40,280	$ 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	$ 59,215	$ 1,960	$ 286	$ 157
Total current assets	102,981	47,447	50,853	29,124
Total assets	385,907	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)	350,927	10,397	(31,458)	42,485

(footnotes on following page)

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(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 74,846,000 shares that will be outstanding at the initial public offering, plus the 76,000 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 75,453,500 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	$ 18,577	$ 29,684	$ 24,098	$ 32,614
Income tax provision	12,129			
Interest net	170	9,350	2,907	1,473
Depreciation, depletion, amortization and accretion	9,404	9,468	8,028	5,493
EBITDA	$ 40,280	$ 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,

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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.

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

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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

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.

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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 67.9% 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 74,846,000 shares will be outstanding after completion of this offering. 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, 74,846,000 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 25,154,000 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 67.9% of our common stock, or approximately 63.1% 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 $22.78 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 proceeds from this offering of approximately $559.8 million, after deducting estimated underwriting discounts and commissions and other expenses of the offering payable by us. For purposes of estimating our net proceeds, we have assumed that the initial public offering price of the shares of common stock will be $25.00, 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 $22.6 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 $3.4 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 $419.8 million (approximately 75.0% of the net proceeds from this offering) will be paid to Intrepid Mining (together with 47,239,000 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 14.7% 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, $59.2 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. (The $59.2 million is adjusted for $1.7 million of transaction fees paid in 2007.)

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 3,600,000 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 3,600,000 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 24,000,000 shares of common stock in this offering by us at an assumed initial public offering price of $25.00 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 3,600,000 shares of our common stock.

	December 31, 2007	
	Pro Forma Combined	Pro Forma Combined As Adjusted
	(in thousands)	
Cash and cash equivalents	$ 1,961	$ 59,215(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, 74,846,000 shares issued and outstanding as adjusted		75(3)
Additional paid-in capital	1	351,490(3)
Accumulated other comprehensive loss		(638)(3)
Total stockholders equity	10,398	350,927(3)
Total capitalization	$ 111,753	$ 350,932

(1) The $59.2 million balance consists of net proceeds of $559.8 million from this offering, less the $419.8 million distribution to Intrepid Mining, less $82.5 million for the repayment of outstanding bank debt, and is adjusted for $1.7 million of transaction fees paid in 2007. 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	559.8
Distribution paid to Intrepid Mining of $419.8 million excluding $18.9 million in debt retained by Intrepid Mining	(400.9)
Cash retained by Intrepid Mining	(2.0)
Deferred tax adjustment for step-up in tax basis	184.1
Other adjustment	(0.5)
	$ 350.9

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 $22.6 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 74,846,000 (including 3,600,000 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 607,500 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 24,000,000 shares of common stock in the offering at an initial public offering price of $25.00 per share (the midpoint of the price range set forth on the cover page of this prospectus), the distribution of 3,600,000 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 $165.9 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 $22.78 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		$ 25.00
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	7.48	
Decrease in net tangible book value per share distributed to existing stockholders	(5.38)	
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		$ (22.78)

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 $3.4 million, after

(1) A 10% increase in the number of shares of common stock, assuming an initial public offering price of $25.00 (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 $25.00 (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.

As of the date of completion of this offering, we will issue 607,500 shares of restricted common stock to employees and consultants and 6,000 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 $25.00 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 228,000 restricted shares valued at $5.7 million that will vest in early January 2009, a total of 379,500 restricted shares valued at $9.5 million that will vest in four equal installments over the first four anniversary dates of the completion of this offering and a grant of 6,000 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 $25.00 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 Purchased		**Total Consideration**		**Average Price**
	Number	**Percent**	**Amount**	**Percent**	**Per Share**
			(dollars in thousands)		
Existing stockholders	50,840,000	67.9%	$ (409,432)	NM%	$ (8.05)
New investors	24,000,000	32.1	600,000	NM	25.00
Total	74,840,000	100.0%	$ 190,568	100.0%	$ 2.55

	Assuming Full Exercise of Underwriters Option				
	Shares Purchased		**Total Consideration**		**Average Price**
	Number	**Percent**	**Amount**	**Percent**	**Per Share**
			(dollars in thousands)		
Existing stockholders	47,240,000	63.1%	$ (504,832)	NM%	$ (10.69)
New investors	27,600,000	36.9	690,000	NM	25.00
Total	74,840,000	100.0%	$ 185,168	100.0%	$ 2.47

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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	24,155	15,997	10,054	7,530	7,065	1,958
Other operating net[4]	190	190	(4,386)	329	327	279
Operating income	28,153	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	30,706	$ 29,684	$ 24,098	$ 32,614	$ 23,121	$ 2,119
Pro forma income tax[6]	12,129					
Pro forma income from continuing operations	$ 18,577					
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	74,922,000					
Diluted	75,453,500					

	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	$ 59,215	$ 1,960	$ 286	$ 157	$ 2,169	$ 452
Total current assets	102,981	47,447	50,853	29,124	33,726	6,795
Total assets	385,907	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]	350,927	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]	$ 40,280	$ 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 74,846,000 shares that will be outstanding at the initial public offering, plus the 76,000 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 75,453,500 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	$ 18,577	$ 29,684	$ 24,098	$ 32,614	$ 23,121	$ 2,119

Income tax provision	12,129					
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	$ 40,280	$ 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 proceeds of $559.8 million raised from the initial public offering of the common stock of Intrepid Potash;
- the transfer of all of the nonmonetary assets of Intrepid Mining in exchange for $419.8 million, 47,239,000 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 3,600,000 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 $8.2 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
			(in thousands)	(unaudited)	
Balance Sheet Data:					
Current Assets					
Cash and cash equivalents	$ 1	$ 1,960	$ 561,495(1) (419,831)(2) (82,450)(3) (1,960)(4)		$ 59,215
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	55,533		102,981
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)			184,121(7)		184,121
Total assets	$ 1	$ 146,727	$ 239,179		$ 385,907
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		351,489		351,490
Accumulated other comprehensive loss			(638)		(638)
Total Members /Stockholders Equity	1	10,397	340,529(1)(2)(3)(4)(5)(6)(7)		350,927
Total Liabilities and Members /Stockholders Equity	$ 1	$ 146,727	$ 239,179		$ 385,907

(1) To reflect the net proceeds of $561.5 million, prior to deduction of $1.7 million for prepaid expenses, raised from the completion of this offering at an assumed price of $25.00 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 $38.5 million, exclusive of $1.7 million of prepaid expenses.

(2) To reflect the payment of $419.8 million, the issuance of 50,839,000 shares of common stock to the members of Intrepid Mining, (including 3,600,000 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	Pro Forma Combined As Adjusted
			(unaudited)	
	(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	8,158(8)	24,155
Accretion of asset retirement obligation		579		579
Business interruption insurance settlements		(389)		(389)
Operating income		36,311	(8,158)	28,153
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	1,022	30,706
Income taxes			12,129(11)	12,129
Net income	$	$ 29,684	$ (11,107)	$ 18,577
Earnings Per Share:				
Basic				$ 0.25
Diluted				$ 0.25
Weighted Average Shares Outstanding				
Basic				74,922,000
Diluted				75,453,500

(8) Represents $8.2 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.

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, 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 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		