



BHP Billiton Plowing Ahead with Jansen Potash Project

Description

Along with its quarterly results this morning, mining giant **BHP Billiton** ([NYSE:BHP](#)) provided an update on its Jansen Project.

Jansen is a potential potash mine in Saskatchewan that is expected to produce 8 million tonnes of potash per year, for 70 years. To give this production some context, in 2012, global potash production was 63 million tonnes.

Jansen has the potential to disrupt the global potash space, big time, and it's this [Fool's opinion](#) that with its move a few weeks ago, Russian firm **Uralkali** is attempting to shake down the price of the commodity to prevent Jansen from ever coming on-line.

According to this morning's release, Uralkali is going to have to try harder.

Although BHP announced that they are delaying the project's expected production date to 2020, from 2015, it is forging ahead, despite Uralkali's announcement. BHP plans to pour another \$2.6 billion into developing the mine over the next 4 years. They are also inviting offers for ownership stakes in the mine, presumably to help with the significant start-up costs that are involved.

Game on

This brings up an interesting scenario. It's well known that BHP tried to buy **Potash Corp.** (TSX:POT,NYSE:POT) several years ago, but their attempt was thwarted by the Canadian government. You see, BHP likes potash, but they don't believe in the supply-side control that exists in the industry. BHP's strategy is to own low cost assets and run them at peak production.

The interesting part is how Potash, and/or the other two Canpotex members, namely **Agrium** (TSX:AGU) and **Mosaic** ([NYSE:MOS](#)), might react to BHP's call for partners in the Jansen Project. Might one, or all 3 of these companies step up with a wad of cash looking for a piece of Jansen, under the agreement that BHP will play nice and participate under the Canpotex umbrella once the project enters production?

Foolish Takeaway

Time will tell, but it appears as though a crack may have opened for the current slate of potash producers that may help temper the disruptive impact that this massive resource could have on the industry. Regardless, from a strategic standpoint, there are some fascinating moves going on in this space and whether you are a shareholder or merely watching from the sidelines, it's an interesting one to keep an eye on.

Another resource that we are rich in

Though the world of potash is somewhat topsy-turvy at the moment, its long-term prospects are solid. Another out of favour Canadian resource that we are very well endowed in is uranium – the key ingredient for nuclear power. Uranium has the potential to be *the* energy source of the next 100 years.

That is why the Motley Fool has prepared a Special **FREE** Report that will clue you into two of the best uranium companies in Canada. It's called "[Fuel Your Portfolio With This Energetic Commodity](#)," and you can receive a copy at no charge by simply [clicking here now](#)!

*The Motley Fool's purpose is to help the world invest, better. [Click here now](#) for your free subscription to **Take Stock**, The Motley Fool Canada's free investing newsletter. Packed with stock ideas and investing advice, it is essential reading for anyone looking to build and grow their wealth in the years ahead.*

[Follow us on Twitter](#) and [Facebook](#) for the latest in Foolish investing.

Fool contributor Iain Butler owns shares of Potash Corp. at this time. The Motley Fool does not own shares in any of the companies mentioned at this time.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:BHP (BHP Group)

Category

1. Investing

Date

2025/08/16

Date Created

2013/08/20

Author

tmfohcanada

default watermark