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Sector Coverage

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Potash Sector Review Looking East

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Potash Sector Review

Looking East

- + **Southeast Asian buyers, notably Indonesia and Malaysia, took up a bigger market share from the major players to keep the potash supplies moving to the East of Suez.**
- + **Millennial Potash should no longer go under the investor's radar. The stock price hit a 52-week high, doubling year-over-year on the TSX.**
- + **The emerging potash mines in the Republic of Congo and Gabon should make the potash supply scenarios in West Africa more attractive to investors.**
- ✗ **The evidence of a fierce competition for new Southeast Asia markets in 2024 revealed that Canada must go up against a Russia-Belarus tag team of potash supplies.**
- ✗ **A massive potash mine in Laos is sinking into the abyss. Chinese investments into the Laos potash space have turned this country into one of the world's largest reserves for potash.**
- ✗ **China will be dependent on potash supplies from the biggest players in the sector. It remains a mystery where Laos is going to fit into the global potash market scenarios.**

The East of Suez markets open up

Potash prices recovered in 2024 from the exorbitant highs and lows following price volatility in 2022-2023. Southeast Asian buyers, notably Indonesia and Malaysia, took up a bigger market share from the major players to keep the potash supplies moving to the East of Suez. This occurred during higher potash supplies to China, which prompted ICL Group's three-year deal to supply China with 2.5 million metric tons of potash from 2025-2027. Nutrien Ltd also reported higher potash sales volumes to China, which increased from 9% to 13% of the company's potash sales in Q4 2024.

Brazil continues to be the most important market for potash supplies, but with all the changes happening there in greenfield and brownfield fertilizer projects (see our previous [Potash Sector Review](#)), the major potash players are looking to the East of Suez to crowd out the space before others start looking there. For example, the top three potash suppliers to China—Canada, Russia and Belarus—were also the top three suppliers to Indonesia and Malaysia in 2024. The higher demand for MOP in those countries has been attributed to higher palm oil output because of the biodiesel sector. This will likely see higher volumes of MOP to Indonesia, Malaysia and India in 2025. However, this is not only a story about the higher potash volumes to Southeast Asia markets in 2025.

The evidence of a fierce competition for these new in Southeast Asia markets in 2024 revealed that Canada must go up against a Russia-Belarus tag team of potash supplies. In a wrestling match, tag-teams usually tag out for their partner when they have either become exhausted or have lost their edge against an opponent. This fight for Southeast Asian markets is a case in point, since Canada sells its potash supplies through the Cantopex joint venture with The Mosaic Company. Cantopex signs long-

term agreements with key potash markets in China and India, but it had to tag out several times when going up against Belarus and Russia in Southeast Asia. Not to mention the railroad strikes in Canada which made Cantopex potash sales to Southeast Asia inconsequential from September 2024—there were literally zero (0) Cantopex MOP exports to Indonesia in the month of September 2024.

Indonesian MOP imports 2024						(t)
	Canada	Russia	Belarus	Laos	Others	YTD
January	143,565	26,000	44,100	12,455	66,458	292,578
February	85,968	85,577	27,508	9,930	60,391	269,374
March	201,828	84,798	0	26,899	43,532	357,057
April	76,856	115,897	10,000	12,203	52,943	267,899
May	119,413	109,895	32,276	25,291	37,142	324,017
June	110,924	77,980	7,995	13,846	2,655	213,400
July	193,302	189,443	0	16,008	2,151	400,904
August	139,323	98,408	19,676	34,092	105,874	397,373
September	0	91,673	40,739	4,201	36,175	172,788
October	46,427	120,395	16,700	17,658	53,071	254,251
November	43,974	66,189	16,480	5,216	49,088	180,947
December	96,907	132,418	29,453	9,989	41,237	310,004
Total	1,258,487	1,198,673	244,927	187,788	550,717	3,440,592

Source: (Indonesian MOP Imports 2024: Argus/GTT)



Source: (Global Palm Oil Prices: St. Louis Federal Reserve)

Potash mining in Laos - In a Hole?

A massive potash mine in Laos is sinking into the abyss. Chinese investments into the Laotian potash space have turned this country into one of the world's largest reserves for potash. This had been celebrated as a key success for the Belt and Road Initiative (BRI) in Southeast Asia—rice supplies are the main issue for food security—until they have aggravated a lot of villagers recently! The potash sinkhole was discovered in Laos's Pak Peng village in early December of 2024. China was immediately blamed for the cause of this disaster.

Mining operations were halted while Sino-Agri International Potash Co. Ltd, operator of the potash mine, dealt with the problem of filling up the sinkholes with dirt. China already has ambitious BRI plans for a potash fertilizer industrial park in Laos. This would be unprecedented for the potash sector.

Let's not go out on a limb here. Investments in Laos potash industrial parks will not disrupt global potash markets. China will be dependent on potash supplies from the biggest players in the sector. It remains a mystery where Laos is going to fit into the global potash market scenarios. Even a stone's throw away from Indonesia and Malaysia will not make Laotian potash more competitive than Canada, Russia or Belarus in the East of Suez.

Here comes Millennial Potash (TSX-v: MLP)

The Gabon-focused developer, Millennial Potash, should no longer go under the investor's radar. The MLP stock price is currently sitting at \$0.50-\$0.52 on the TSX. This is a year-over-year increase from \$0.25. The company's Banio potash mine is a development project that uses solution mining techniques that avoid the heavy burdens of mine shafts or open pits. In addition, there is port access from the Banio project to the processing plant and storage facilities.

MLP intends to be a supplier for the world's largest potash markets: Brazil, India and China. This is

probably why the company has been successful in raising funds for its mine construction plans, such as the \$3.7 million in financing from a family office in Singapore. This funding round allowed for the local Gabonese Terea Environmental to conduct preliminary environmental baseline studies.



MLP also touts its advantages to supply African markets with potash supplies. The potash sector in Africa is dominated by production from Eritrea and reserves in the Republic of Congo-Brazzaville sits on the other side of Gabon, where the two countries share coastlines, and most likely orebodies. This should make the potash exploration and production (E&P) in West Africa more attractive to investors. Kore Potash PLC in the Republic of Congo has already moved on to the engineering, production and construction (EPC) stage at the Kola potash project for a 2.2 million tonne processing plant there.

Millennial Potash is a constituent in our Model Mining Portfolio with **LONG** rating and an upgraded twelve-month target price of CAD 84 cents.

Conclusion

Ottawa and Washington DC are at each other's throats due to Trump's tariff threats on Canadian potash. Nutrien Ltd shared these concerns with an audience at the BofA 2025 Global Agriculture & Materials Conference. It has been claimed that 85% of American farmers import potash from Canada. This is a major concern for Nutrien shareholders, but also the global market for potash supplies in the near term. Any reduction in potash imports from the US will influence prices. The government of

Saskatchewan sent a mission to Vietnam and Singapore to address leaders of the Association of Southeast Asian Nations (ASEAN) to promote sustainable food security.

China is the top concern for potash supplies in the short term. Uncertainty around China's agricultural seasons will be on the radar of Cantopex, as well as the reality of Trump's tariff threats on Canada. Cantopex will have to increase its maritime shipping capacity to meet this supply disruption from China and Southeast Asia. Otherwise, Cantopex will have no choice but to tag out of the match. Russia and Belarus are poised to grab more of the global market share because sanctions do not apply to the East of Suez markets.

Important disclosures

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Hallgarten & Company or persons associated do own securities described herein (i.e. Millennial Potash). Additional information is available upon request.

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