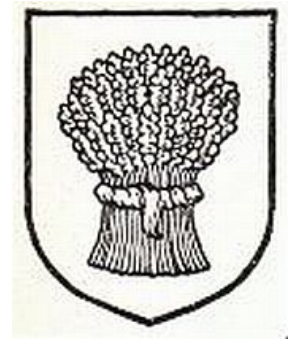


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HALLGARTEN + COMPANY

Sector Coverage

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Growth Minerals Review Majors in the Political Firing Line

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Growth Minerals Sector

Majors in the Political Firing Line

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U.S. regulators have it out with Mosaic and Nutrien

Volatile fertilizer prices are a major concern for the global agribusiness sector in the lead up to the 2026 (northern) spring planting season. Lower crop prices continue to drag on the sentiment for farmer affordability, which also ruins the appetite for fertilizer purchases ahead of spring planting season. At the same time, the United States Drug Administration (USDA) Deputy Secretary Stephen Vaden directly accused The Mosaic Company and Nutrien Ltd of price collusion in global fertilizer markets in a "duopoly" swipe at Canpotex, followed up with an overture to BHP Group's new potash mine in Canada.

Vaden apparently made a reference to BHP Group's Jansen mine when he talked about protecting new market entrants for potash. The timing of this reference seems relevant given BHP announced an additional price hike in the overall construction costs at the Stage 1 Jansen Potash Project in Saskatchewan, Canada. It is now going to cost USD \$8.4 billion.

The "cute little game" is how Vaden portrayed Mosaic and Nutrien's dominance in the global potash and phosphate fertilizer markets, calling on the U.S. regulators to ensure that this so-called duopoly could be broken up by new fertilizer supplies from Canada and elsewhere. Vaden's overtures appear

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disconnected from President Trump's constant threats to place tariffs on Canada, of which Canadian potash supplies most of the U.S. imports. Vaden also noted that this game had been played by Mosaic and Nutrien for "the last several years". Try decades. Due to higher fertilizer prices since 2021, it is convenient to call out the major fertilizer players for their role in supplying fertilizers at high market prices. But that doesn't change the fact that Canadian potash has been in control of the U.S. fertilizer market for a much longer time than a mere several years.

U.S. regulators are obviously not up to date on how potash has been supplied since the end of Agrium Inc and Potash Corp of Saskatchewan. Mosaic's entry into the global potash market happened around 2004, when the company acquired the Belle Plaine and Colonsay potash mines in Saskatchewan. This eventually led to BHP's failed attempt to take over the other Saskatchewan potash mines in 2010, in what had been called the "100-Day War" over consolidation of Saskatchewan potash mines. Numerous reports have been published about the overall effects on the potash supply dynamics from the merger of Agrium and Saskatchewan PotashCorp into Nutrien Ltd in 2018; nevertheless, Nutrien Ltd is the number one producer and supplier of potash fertilizers to global markets.

Most importantly, Canpotex emerged more powerful than ever in the global potash markets after the Uralkali-Belarusian Potash Company (BPC) marketing venture ended abruptly in 2013. This is where any swipe at price collusion has relevance for U.S. regulators.

This isn't intended to be a potash history lesson. It is important to point out how Vaden's off-the-cuff remarks completely miss the important details surrounding the current situation in global fertilizer markets. Canpotex holds the ultimate advantage in all facets of potash market supply and demand: extraction, mining and processing, production, transportation and shipping. New potash market entrants haven't only failed to compete with Canpotex based on size and reserves, it is also related to shipping capacity, such as Canpotex's use of efficient ports in both Canada and the U.S. to move massive volumes of potash supplies to markets all over the world.

Thus, regulators and market participants shouldn't blame Nutrien and Mosaic for high fertilizer prices. The ongoing concerns about limited market competition for potash and phosphate could easily be understood in the context of nitrogen fertilizer suppliers—Iran, Algeria, Egypt, Nigeria—just to name a few. Although those nitrogen producers don't make for accusations of "duopoly" concerns, those countries also have no qualms in raising nitrogen fertilizer prices during a time when Russia and Belarus are being pushed out of the U.S. and E.U. markets due to sanctions and other geopolitical risk.

The U.S. regulators will not be able to find new sources of potash, nor solve the problem of limited market competition, unless domestic supply sources are available to compete on pricing dynamics from Canada, Russia and Belarus in the potash market. The U.S. should invest in its own domestic sources of potash, which means more investments into the junior potash mining space, and stop relying on BHP Group's Jansen mine to save the day. After all, BHP will have to play by the same rules as Canpotex, otherwise how will it recoup its multi-billion investment?

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From Liberation Day to U.S. agriculture trade deficit

All this heckling about fertilizer markets occurs during the time that Trump's Liberation Day tariffs are impacting the U.S. agriculture trade figures. Sources have reported that U.S. agriculture exports are more volatile because of the tariffs. While U.S. agricultural exports came in at \$174.1 billion in 2024, the USDA Outlook for U.S. Agricultural Trade forecasted that exports will be at around \$175.6 billion in 2025. The forecast for 2026 is \$173 billion, which is reportedly the lowest amount in terms of value in U.S. agriculture exports since 2021.

In an even surprising twist of events, U.S. agricultural imports in 2025 are expected to climb. It has been forecasted that the U.S. imported around \$219.4 billion worth of agriculture imports, giving the U.S. an agriculture trade deficit of USD \$44 billion for the full year of 2025. But there aren't going to be a lot of concerns for the Trump Administration: the U.S. government made around USD\$958 million in tariff revenues from imports of farm machinery, agricultural chemicals, fertilizers and seeds.

The big picture is becoming increasingly clear for U.S. farmers. The USDA's comments are just a smokescreen for the real winners and losers in this U.S. agriculture trade deficit.

Moreover, with lower crop prices globally, this made U.S. agriculture exports less attractive along with the addition of U.S. tariffs on fertilizers. The U.S. farmers couldn't even compete in their own domestic markets due to cheaper imports of dairy, meat and cereals into the U.S. market, which made the tariffs a lot less significant from the importers' perspective. Even though oilseed prices have traded at higher prices since 2024, high fertilizer prices have had a bigger impact on U.S. oilseed production, including soybean oil and ethanol. U.S. exports of oilseeds would tame prices for some oilseed markets going into 2026.

China goes all out on fertilizers in No.1 document

The government in China is going all out on domestic agriculture and fertilizers right now. In the country's "No.1 central document" the first major policy document on agriculture and rural affairs was issued at the start of the 15th Five-Year Plan period (2026-30).

China's No. 1 document includes six sections: 1.) enhance agricultural production capacity and efficiency; 2.) implement normalized and targeted assistance; 3.) promote steady income growth for farmers; 4.) advance livable and business-friendly rural development; 5.) enhance institutional innovation; and 6.) strengthen the Party's leadership over agriculture, rural areas and farmers.

For fertilizers in China, the National Development and Reform Commission (NDRC) issued Notice No. 149 aimed at securing fertilizer supply and price stability for 2026. The notice coordinates efforts across multiple ministries and state enterprises to guarantee availability during critical agricultural periods. Key measures include securing raw material supplies, maintaining preferential rail freight rates, strengthening reserve management, and promoting more efficient fertilization practices. The policy also

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emphasizes stable phosphate rock production levels and prioritizes domestic sulphur for fertilizer manufacturing, while calling for tighter market supervision to stamp out counterfeit products.

China was a pioneer in modern agriculture innovation. Ancient farmers in China invented farming tools and other farming methods to replace the no-longer feasible hunting and gathering approaches to feed a population. Today, China appears to be using the availability of fertilizers as a springboard to boost domestic agriculture production in the country's sprawling rural areas.

The 15th Five-Year Plan specifically calls for linking up more of the country's domestic agriculture production to the rural areas to meet domestic demand for food. This agriculture modernization drive is clearly about using more fertilizers—not less—to boost China's domestic agriculture industry and protect consumers from the ongoing threats to food security, notably grain supply security. The No.1 document refers to domestic grain output in China as "a firm red line". This is partly due to the ongoing concerns around grain supplies from Russia and Ukraine.

Potash was part of China's 14th Five-Year Plan (2021-25) to boost domestic mineral exploration. However, the results were probably not as fruitful as the plan had envisaged. According to market sources, China's full year 2025 potash imports were valued at USD\$4.03 billion, with Russia's contribution coming in a USD\$1.49 billion of the total amount. It has been noted that the value of Belarusian potash exports to China in 2025 declined by more than 10% compared with 2024. One reason was due to higher potash market prices in 2025. Another reason is that that Russian Federation has had fertilizer export quotas in place from December 31, 2025 - May 31, 2026.

China has continued to stockpile potash supplies due to the dwindling of the country's own strategic potash reserves. China imported more potash supplies from Russia and Belarus than Canada. Laos continues to be an important part of China's potash import diversification strategy as well. The problems with Laos potash imports are less about access than it is about availability for China. The potash mines in Laos continue to have problems related to operational capacity. For example, it was reported that there was another sinkhole collapse at the beginning of January 2026. The timing of this event nearly coincided with our previous [Growth Minerals Review from March 2025—"Looking East"—](#) when we discovered another sinkhole event at a massive potash mine in Laos.

Laos as the Potash Hot Spot in Asia

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 & Road Initiative (BRI) in Southeast Asia—rice supplies are the main issue for food security. However, the potash sinkhole was discovered in Laos's Pak Peng village in early December of 2024. China was immediately blamed as 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.

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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.

Canada and China are preparing for a new trade deal

On 16 January 2026, Canada's Prime Minister Mark Carney flew to Beijing to set a new course for Canada-China trade relations. This was the first visit by a Canadian PM since 2017. Prime Minister Carney and President Xi Jinping released a joint statement for the new strategic partnership, with the agriculture trade between the two countries laying a foundation for a new trade deal. In the agreement, China agreed to lower its tariffs on Canadian canola seed to a combined rate of approximately 15% by March 1, 2026.

The Premier of Saskatchewan, Scott Moe, had previously met with Chinese trade representatives in September 2025 to discuss the removal of tariffs on canola products from Canada. The backdrop in East of Suez potash sets the scene for China's relationship with Saskatchewan, since China needs more potash, and Canadian potash producers need to find more markets during ongoing uncertainty in the U.S.-Canada trade relationship. That's why Premier Moe took the opportunity to celebrate Canada's access to the lucrative Chinese potash market: "Today's trade deal to significantly reduce Chinese tariffs on canola and other Canadian products is excellent news for Canada and Saskatchewan. This deal is a very positive signal that will restore existing trade volumes and open avenues for further opportunities for Canadians."

The new trade deal between China and Canada will allow for Chinese-made electric vehicles (EVs) to be relieved of tariffs in the Canadian market. Ontario Premier Doug Ford has urged against the proposal to lift the 100% tariff on Chinese-made EVs, which were put in place from October 2024. Canadian canola farmers in Saskatchewan obviously praised the deal because it will give Saskatchewan-based farmers access to the China market for agriculture products, but is this another *quid pro quo* for potash?

On the face of it, the Trump Administration's lifting of sanctions on Belarus potash in exchange for political prisoners doesn't parallel the Canada-China trade deal. Canada's trade victory with China solely revolved around canola oil exports to China where Canadian farmers have a clear advantage compared with the rest of the world. But with Chinese-made EVs entering the Canadian market, tariff-free, the Canadian government might be making themselves political prisoners to Beijing's policies in the future.

If China wants to buy potash, the government can easily strike a deal with Russia and Belarus. We have already seen the two potash producers, Uralkali and Belaruskali, combining their efforts to meet the demand for potash in the East of Suez in recent years, where there is a much faster growth in the demand for population growth and national food security strategies that depend on potash supply and demand dynamics. The Canadian government must be very worried about the decisions by the U.S. government to bring pressure on Canadian potash imports. The U.S. critical minerals strategy will only

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seek to reduce dependence on potash imports going forward. Potash, after all, is a critical mineral in North America.

Potash mining stocks are buzzing

Potash was recently framed in BNN Bloomberg's "Hot Picks In Commodities" segment for minerals and mining stocks. Short term potash prices are rising due to various global market factors, notably for fertilizer demand in India and Brazil ahead of spring planting season, but also because of China's stockpiling of strategic potash reserves. There's also a lot of new junior potash mining projects coming out to play in the long game. That's why we were stunned to hear an analyst talk about his three potash stocks to watch: K+S, Nutrien and BHP Group.

The rationale for those stock picks is about a so-called "incentive price level" where potash prices are supposedly not able to encourage new investments in potash projects to meet future growth demand. That's not how we see it. In the Growth Minerals sector, we are all about highlighting the demand for new potash production around the world, hence necessity is the mother of invention. To say that BHP Group is a potash mining stock to consider for potash supply growth is a misnomer. At this stage of the company's construction project, we have no idea how the Jansen mine is going to play out for potash supply and demand. Will BHP supply the U.S. potash market? Not if there's going to be looming threats around tariffs. Will BHP supply the Brazil market? Not if the "incentive price level" cannot compete with other suppliers from Canada, Russia and Belarus.

Brazil has its own domestic potash project at the Autazes Potash Project, which is one of the main drivers of Brazil's National Fertilizer Plan to reduce potash fertilizer imports.

Brazil Potash (NYSE: GRO) is up nearly 30% since the beginning of the new year. GRO is currently trading in a range of \$2.00-\$3.00 per share.

Karnalyte Resources (TSX-V: KRN) is a Saskatchewan-based junior potash mining stock which we [covered as far back as 2017](#). The company hit a key milestone with an updated feasibility study for its flagship Wynyard Project at the end of 2025. The governments of Canada and India have held talks to discuss future potash supply deals, and Karnalyte's strategic offtake agreement with Gujarat State Fertilizers and Chemicals Limited (GSFC) is an attractive prospect for a future deal. KRN's stock price is up 80% in one year.

Kore Potash (LSE: KP2) has one of the only major potash mining projects on the African continent, along with **Millennial Potash's** (TSX-V: MLP) Banio Potash Mine in Gabon. Kore Potash's Kola and DX potash projects are in Sintoukola potash basin in the Republic of Congo, (aka Congo-Brazzaville).

KP2's stock has flown under the radar during management shifts and other financing challenges. However, the KP2 stock price has seen serious momentum since the beginning of the new year. It was announced that Kore Potash had invested USD\$2.95 million in potash exploration activities to potentially scale up the resource base. KP2's stock price is up 40% in one year.

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Two other potash mining stocks, **Highfield Resources** (ASX: HFR) and **Buffalo Potash** (TSX-V: BUFF), have made notable turnarounds at the beginning of the new year. Highfield Resources raised USD \$10 million to deal with permitting and development at the company's flagship Muga Potash Project in northern Spain.

Buffalo Potash, the newest public-listed potash miner, announced that it had initiated the drilling at its flagship potash development project, the Disley Project, which is east of the K+S Bethune mine and northeast of the Mosaic Belle Plaine mine within the Elk Point Basin of Saskatchewan.

In Summary

All in all, the junior potash developers based in the U.S. and Canada have tailwinds from the geopolitical tensions around fertilizer and food security. Potash exploration projects from the European Union, Ethiopia and Thailand will struggle to raise money, or the permitting process will consistently make for headwinds going into an increasingly more competitive potash market in the future.

GROWTH MINERALS STOCKS

	Security	Ticker	Rating	Currency	Price	Market Cap. mns	Status	Country
Potash	Kore Potash	LSE: KP2	Neutral	GBP	3.50	£191	Developer	Congo Brazzaville
	Millennium Potash	TSX-V: MLP	LONG	CAD	2.85	\$336	Developer	Gabon
	Brazil Potash	NYSE: GRO	LONG	USD	2.59	\$138	Developer	Brazil
	Nutrien	NTR.to, NYSE: NTR	Neutral	CAD	96.36	\$3,464	Producer	Canada
	Altamin	ASX: AZI	Neutral	ASX	0.03	\$20.3	Explorer	Italy
	Intrepid Potash	NYSE: IPI	Neutral	USD	34.11	\$458	Producer	USA
	Verde Agritech	NPK.to	Neutral	CAD	1.39	\$73	Producer	Brazil
	Sage Potash	SAGE.v	Neutral	CAD	0.19	\$20	Developer	USA
	South Harz Potash	ASX: SHP	Neutral	ASX	0.03	\$4.36	Developer	Germany
	Peak Minerals		Neutral	Private			Developer	USA
	Buffalo Potash	TSX-V: BUFF	Neutral	CAD	0.365	\$29.6	Developer	Canada
	Karnalyte Resources	KRN.to	Neutral	CAD	0.16	\$9	Developer	Canada
	K2O Potash		Neutral	Private			Explorer	Poland
	American Critical Minerals	NE: KCLI	Neutral	CAD	0.20	\$17	Explorer	USA
	Gensource Potash	TSX-V: GSP	Neutral	CAD	0.12	\$52	Developer	Canada
	The Mosaic Company	NYSE: MOS	Neutral	USD	30.12	\$9,560	Producer	Canada/USA
Phosphate	First Phosphate	CSE: PHOS	LONG	CAD	0.86	\$136	Developer	Canada
	Nevada Organic	CSE: NOP	Neutral	CAD	0.16	\$21	Explorer	USA
	Kropz	LSE: KRPZ	Neutral	GBP	1.09	£19	Producer	South Africa
	ItaFos	TSX-V: IFOS	Neutral	CAD	3.51	\$589	Developer	Guinea-Bissau/Brazil
	Agua Resources	AGR.ax	Neutral	AUD	0.02	\$28	Developer	Brazil
	PhosCo	PHO.ax	Neutral	AUD	0.14	\$72	Developer	Tunisia
	Arianne Phosphate	DAN.v	AVOID	CAD	0.25	\$52	Explorer	Canada
	Fox River Phosphate	CSE: FOX	Neutral	CAD	0.74	\$59.0	Explorer	Canada
	Minbos	MNB.ax	LONG	AUD	0.02	\$21	Developer	Angola

Important disclosures

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