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HALLGARTEN + COMPANY

Sector Coverage

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Growth Minerals Review

Squeeze on Urea (& Everything)

April 2026

Growth Minerals Sector

Squeeze on Urea (& Everything)

+ **Global wheat shortfalls support higher prices on high global demand**
+ **The U.S. will lift more potash sanctions on Belarusian state-owned entities**
+ **The Brazil-China agriculture trade has seen an enormous shift in China's corn and soybean imports**
+ **New drill results for upcoming phosphate and potash mining projects get off to an incredible start in 2026Saskatchewan's potash basin was emphasized during a meeting between Canada's PM Carney and India's PM Modi**

× **Global urea fetilizer prices have risen by more than 50%**

× **Strait of Hormuz and Black Sea are indefinite maritime war zones**

× **Lowest wheat plantings by U.S. farmers since 1919**

× **Lack of Russia-Ukraine peace talks impede any progress for grains and fertilizers**

× **U.S.-China agricultural trade has taken one of the biggest blows from the tariffs**

Iranian strikes on Qatar reverberate through the fertilizer supply chain

Thanks to *The Globe & Ma*il for publishing our comments on the various scenarios facing the fertilizer risks due to ongoing war in the Strait of Hormuz. The conversation about the fertilizer risks got off to a start about natural gas. Natural gas is a key input for the production of urea, the most widely used nitrogen-based fertilizer, but it is also needed for energy supplies across Europe and Asia for LNG. Thus, urea fertilizer plants in Qatar, Iran, Saudi Arabia and Bahrain shut down feedstock production.

This caused a chain reaction whereby Bangladesh and India had to shut down their domestic urea production as well. Pakistan – which depends on Qatar for 99% of its LNG imports – is also likely to stop production as it runs out of locally-sourced gas. The result will be a surge in demand for urea fertilizers. The quicker the Strait of Hormuz re-opens, the more likely that countries like Pakistan, India and

Bangladesh can resume domestic urea fertilizer production.

Global urea fertilizer prices have risen by more than 50% since the beginning of the year. When and if the Strait of Hormuz crisis ends, nitrogen fertilizer prices might fall, but the shortage in urea fertilizers on the verge of being *too-little-too-late* for countries that do not have their own domestic sources. As for Persian Gulf producers, it will take time to restore the LNG plants to pre-war capacity and, when this happens, fertilizer is unlikely to be a priority. Qatar is more likely to sell its LNG to a market in high demand, such as China, than use it for fertilizer production. Urea fertilizers shortages are adverse for farmer profitability, but so are rising prices of phosphate and potash fertilizers. Farmers were already facing high input costs and near-record low crop prices carried over from 2025, so, any fall in farmer affordability—a metric to assess fertilizer purchases for spring and fall planting seasons—will show up in the form of higher grocery bills.

Source: Trading Economics, Global Urea Fertilizer Price Chart

Global wheat production shortfalls persist, prices to go higher

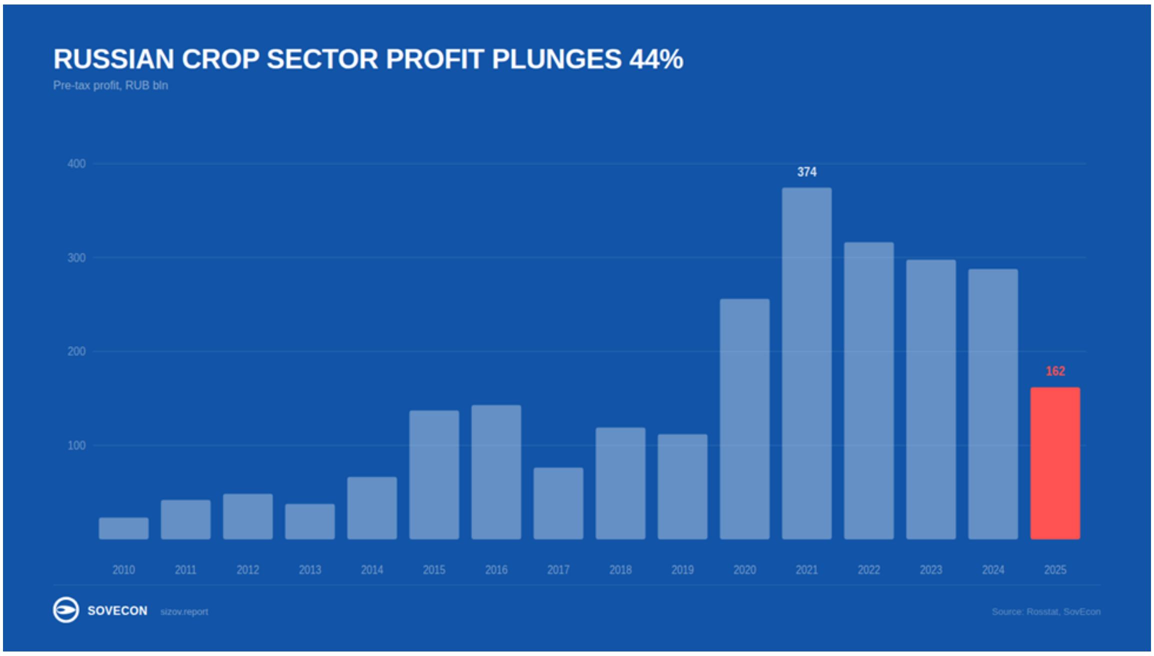
Wheat futures have shown volatility since the beginning of the year. Now, the global wheat production for 2026 paints a clearer picture, and it is one that will be very supportive of higher prices. Russia, Ukraine, Canada, the U.S. and Australia are all experiencing pains in the wheat production scenarios, albeit for different reasons. The U.S. and Canada are both facing a forecast of diminishing supplies due to a prolonged winter and drier conditions at the beginning of spring planting seasons.

Russia and Ukraine, arguably the two most important wheat suppliers to the global market, have both reduced production due to declining wheat prices in the past three years, not to mention drone attacks in the Black Sea. Australia is a victim of climatic conditions on wheat production in the Land Down Under, and so the Strait of Hormuz fertilizer disruptions put an extra layer of uncertainty on top of higher fertilizer prices. Australia is dependent on imports of urea, despite the country having access to its own domestic sources of natural gas.

Source: Trading Economics

Russian wheat profits in 2025 reportedly fell around 43.7% year on year—161.9 billion roubles in 2025 from 287.7 billion roubles in 2024. This was one of the sharpest declines in value from Russian wheat exports since 2017.

The chart below shows Russia's wheat profit trend since 2010:



Source: SovEcon Sizov Report

https://sizov.report/reports/29140/

Drone attacks from Ukraine have made the Russian wheat exports even more difficult to export out of Black Sea ports. Ukraine claimed one of the more recent attacks on a Russian wheat cargo vessel operating in the Sea of Azov on the 4th of April 2026. Global supply and demand factors have added the most pressure to Russian wheat exports, in addition to other grains and oilseeds. Global agricultural prices began to weaken after 2022. At the same time, producers faced rising costs for imported agricultural machinery, crop protection products and seeds, as well as higher labour costs.

The U.S. “acreage report” released its 2025/26 forecast for wheat plantings, and it isn’t pretty. Wheat plantings in the U.S. will hit a century low. The acreage report forecasted the lowest wheat plantings by U.S. farmers since 1919. Prolonged winter and drier conditions are the main causes for the low output for U.S. wheat. But there’s also a little problem called potash. Wheat removes over 60% of potash from the soil, according to some agronomists. That means potash is an essential replacement and removal scenario for wheat crops.

Should we be surprised that Russia and China have put fertilizer restrictions in place? How about the U.S. tariffs on and threats of tariffs on Canada? Let’s not even get started on potash prices in the last five years. When U.S. farmers cut back on potash, it means that those potassium nutrients are not being replaced in a timely manner. Over time, this resulted is 1919-style wheat plantings for the U.S.

It was only a decade later during the 1930’s when the Dust Bowl affected both U.S. and Canada. The photo below shows a farmer using contour plowing, a technique meant to prevent soil erosion during the Dust Bowl:

Source: All That’s Interesting, https://allthatsinteresting.com/dust-bowl-pictures#4

Black Sea’s role in global wheat and grains market for food security

Ukraine’s Agriculture Ministry reports that grain and legume exports in 2025/26 totalled 24.8mn tonnes as of the 23rd of March, down 23% YoY. Corn shipments fell 19% YoY to 13.5mn tonnes, while wheat exports declined 26% YoY to 9.56mn tonnes, reflecting ongoing Russian strikes on Black Sea ports. Russia-Ukraine peace talks continue to impede any progress made toward any sense of normalization in the Black Sea grains and fertilizers trade.

On the other hand, Bulgaria's latest expansion of the Black Sea coast is a positive sign for grains and oilseeds. The port at Varna, known as the Odessos PBM Varna Port Terminal, was successfully expanded to increase bulk commodity trading on the Black Sea.

The Bulgarian Black Sea port has a storage capacity for bulk cargo of 60,000 tonnes of wheat equivalent. The port operator also has an additional covered storage area for another 60,000 tonnes. Bulgaria is an important global supplier of wheat and other grains for food security. Varna port expansions are a testament to this reality.

USDA Global Wheat and Grains Data - Imports by Region

(mns tonnes)

	2021	2022	2023	2024	2025	1H26*
East Asia	106.0	96.5	89.7	107.1	67.3	78.4
South-East Asia	46.3	45.3	43.2	52.7	51.6	55.8
EU	21.2	26.2	37.9	34.3	30.6	26.7
Middle East	59.7	66.5	64.7	59.7	58.3	63.9
North Africa	49.5	47.1	46.0	53.0	55.0	56.1
Sub-saharan Africa	30.3	30.8	28.2	33.6	38.4	35.4

* forecast

CVDs Sunset Review on Morocco and Russia Phosphate

The U.S. government is reviewing the previous countervailing duties (CVDs) on phosphate fertilizer imports from Morocco and Russia. There's already been a high level of pushback against the CVDs since last year. The Strait of Hormuz fertilizer risks have only heightened the negative sentiment toward the CVDs. However, U.S. lobbying groups do not understand the consequences that come with relying on Moroccan and Russian-origin phosphate fertilizers. Those governments control the phosphate rock reserves, along with the ability to inflate prices and subsidize their own producers.

There's a fundamental misunderstanding about the phosphate CVDs case against Morocco and Russia. The issue is that those state-owned enterprises have limitless means to subsize their own producers - does that sound like a benefit to U.S. farmers? U.S. farmers should prefer to keep foreign governments, even friendly ones to the U.S. like Morocco, out of their fields. High fertilizer prices aren't the U.S. fertilizer producers' fault alone. Fertilizer prices reflect global supply and demand trends, and when one country pays a premium in a volatile market, then that's where the fertilizer will end up—or not, in the case of countries like China and Russia that arbitrarily put quotas and restrictions on fertilizer exports. By keeping Morocco and Russia out of the U.S. phosphate fertilizer market, U.S. phosphate producers can increase investments into more sustainable phosphate production for the domestic market.

But how can U.S. fertilizer producers feel confident in U.S. phosphate fertilizer market if Morocco and Russia have their say in supply and demand? Morocco isn't Russia or China, but OCP Group is a state-owned enterprise after all. People like to talk about a potash market cartel, and there's nothing stopping Morocco from joining China and Russia in a similar response to global supply and demand trends for phosphate. Lithium-iron phosphate (LFP) is already shaking up the phosphate mining space in a major way. For more on this see our latest update note on First Phosphate.

Belarus potash mining and political prisoners are back in the discussion

The latest on Belarus potash sanctions being lifted by U.S., in exchange for more political prisoners, to be transferred to Lithuania, was the outcome of the visit of U.S. Special Envoy John Coale to Minsk in March. In exchange, the U.S. will lift more sanctions on Belarusian state-owned entities, such as Belinvestbank, the Development Bank of Belarus, and the Ministry of Finance. The lifting of U.S. sanctions on Belarusian Potash Company (BPC) and Belaruskali—collectively, the two potash entities of Belarus—were already said to be removed from sanctions lists after the initial visit of U.S. Representative John Coale in January 2026.

Lukashenka's spokesperson announced that the Belarusian leader intends to visit the U.S. to meet with President Trump in person. An uproar has also been caused by the U.S.'s apparent interest in acquiring one of idle potash mines in Belarus. A lot of controversy is surrounding the prisoners-for-potash deals between U.S. and Belarus at this time, and it will be interesting to see how any U.S. investor interest shows up in the Belarus potash mining sector.

BHP's Jansen potash mine is on schedule to begin Stage 1 production in 2027, only heating up the competition between the world's largest potash producers.

A successful shift in the booming Brazil-China agriculture trade

The agricultural trade between Brazil and China is called one of the world's most critical agricultural trade corridors. The Brazil-China agriculture trade has seen an enormous shift in China's soybean imports. Although there have been some issues with Brazilian soybean inspections, the two countries have reached a new agreement to ease concerns over the booming soybean trade. In the new agreement, Brazilian soybeans shipments will not have to face a zero-tolerance requirement for weed control in pre-plantings. The lifting of this previous requirement expedites the increase of Brazilian soybean exports to China, as the world's largest market for soybeans has successfully diversified its agricultural supply away from the U.S.

ING Bank figures underscore this fact:

- China corn imports increased by 121.4% YoY to 170k tonnes in February 2026
- China corn cumulative imports rose 207.9% YTD to 550k tonnes
- China wheat imports surged 344% YoY to 320k tonnes in February 2026
- China wheat cumulative imports are 1.3mn tonnes, up 1,068.7% YTD

The significant rise in imports was largely driven by China's strategy to diversify its supply chain and increase agricultural commodities trading with new suppliers from Argentina and Brazil.

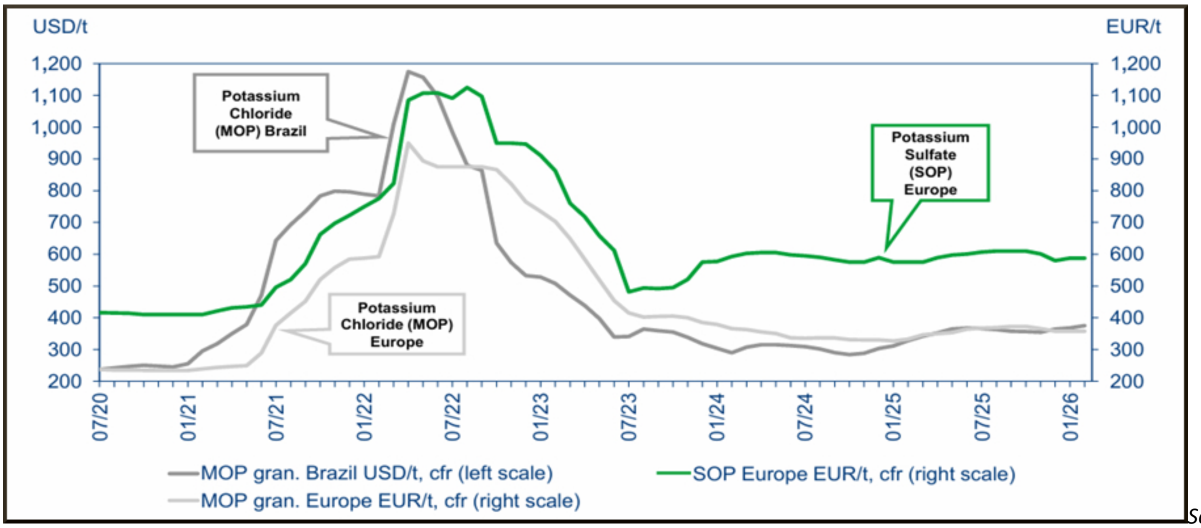
Meanwhile, U.S.-China agricultural trade has plummeted to the displeasure of all U.S. farming communities.

Recent figures from U.S. farming organizations reveal this fact:

- The American Soybean Association demands more U.S. soybeans to China and the removal of the remaining 10% tariff placed on American imports.
- In the 2024–2025 marketing year, the United States exported about 22.6 million metric tons of soybeans to China. On average, China imports between 25 and 30 million metric tons each year.
- Top 13 California agricultural commodities exported to China fell from an average total of $1.55 billion in 2024 to $554 million in 2025, a 64% decline.
- The value of annual pistachio exports to China declined by about $478 million, while almond exports fell by roughly $228 million.
- Almond shipments to China fell about 77%, while pistachio shipments declined roughly 84%.

The U.S.-China agricultural trade has taken one of the biggest blows from the tariffs, amid the ongoing US-China trade war since 2018. This shift in the world's largest demand for agricultural commodities, China, has a new center for global supply in Latin America, which is being called "trade diversion" tactics by U.S. farming groups.

All of these shifts are just in time for our initiation of coverage on Brazil Potash (NYSE: GRO) during March. In our Initiation, we looked at the structure of Brazil Potash, the imperative for some degree of Brazil's independence in fertilizer supplies, and how the Autazes Potash Project fits into the Brazil National Fertilizer Plan. Brazil Potash will be a mid-tier producer at around 2 million tons production per year, and the KCl grades speak for themselves.



Source: MOP/SOP Price Comparisons, K+S Corporate Presentation/Argus

Drilling Results are in Vogue for Phosphate & Potash Juniors

PhosCo (ASX: PHO) is releasing new drilling results from the company's Gasaat Phosphate Project in Tunisia and during a good time to be in a phosphate mining jurisdiction. The European Bank for Reconstruction and Development (EBRD) continues to provide funding opportunities for new phosphate mining projects in Tunisia and Egypt. The EBRD announced its latest funding to build three interconnected plants – a sulphuric acid plant, a potassium sulphate plant and a single superphosphate plant – in the Suez Canal Economic Zone, within the Northwest Gulf of Suez Special Economic Zone.

Both of PHO's main phosphate deposits, KM and SAB, have been drilled and trenched for the next phase of the resource modeling. The plan is to continue drilling out the phosphate deposits before announcing an updated maiden resource in April. This will be followed up with an updated scoping study, whereby another round of EBRD funds - US$7.5mn - will be made available for the company's banking feasibility study (BFS) in exchange for shares.

Nevade Organic Phosphate (CSE: NOP) kicked off the next drilling campaign for this year at the Murdock Mountain Phosphate Project in Nevada. Organic phosphate fertilizer isn't just about being an ecofriendly crop input; it is an alternative fertilizer that matters in today's geopolitical-driven commodities market. NOP's organic phosphate project received all required pre-clearance wildlife surveys associated with the company's Exploration Permit. The drill program for 2026 is already underway, with five additional drill pads in place to assess the continuity, thickness, and grade of the 6.6 kms strike length of phosphate-bearing horizons.

Buffalo Potash (TSX-V: BUFF) is off to an incredible start as the newest publicly traded junior potash company. The stock has doubled in price since the IPO at the beginning of this year. The drilling results received a positive response from the market. Potash mineralization confirmed at new 7-10 drillhole on flagship Disley Project, including combined net potash seams of over 22m with an average grade of 33% sylvite (KCl). In addition, there were multiple high-grade intervals within the combined 22m of net potash at 7-10 drillhole, with aggregate thickness of 10.8m of sylvinite grading 44.2% sylvite (KCl).

The company's technology and innovation intend to drive the junior potash market into its next stage of growth. The company utilizes an attractive potash solution mining method, using Horizontal Line-Drive (HLD) technology at the Disley Project in Saskatchewan.

Neometals (ASX: NMT) is a quietly developing potash player in the growth minerals space. The junior mining company has announced that it will acquire a lithium and potash project in the U.S. by earning a 51% interest in Utah Brine Corporation (UBC). The company will be required to fund up to US$2mn under a binding agreement with Omaha Value. We wrote more on this development in the [Portfolio Monthly here].

We have already previously covered some other junior potash companies located in Utah's Paradox Basin, such as **Sage Potash** (TSX-V: SAGE), **American Critical Minerals** (CSE: KCLI) and a private company, **Peak Minerals**. Neometals has the benefit of being the more experienced developer in lithium mining having been of the first movers in Lithium in Western Australia with its Mt. Marion operation early last decade.

In closing, I'm fed up with talking heads!

We would give anything to have our *Davos Men*, BHP Group's Mike Henry and Yara International's Svein Holsether, come back to the public scene during this *desperado* moment for fertilizers and food security. The data doesn't lie, so they say, but those who control the data do not always have the right answers. That's why we cannot understand why all of these data and analytics companies have been taking headlines about the Strait of Hormuz and twisting them into a love-in for all things fertilizer-related.

Singing *kumbaya* will not put food on the table. Fertilizers need to be available, and this isn't only about an imminent threat to food security worldwide. If fertilizer purchases are delayed, or any of the fertilizer applications are ignored, then the whole agricultural system will undergo a long-term shock—even after the geopolitics are all said and done. India announced a new fertilizer tender during the so-called chaos in Strait of Hormuz—of course! Why wouldn't they do a tender now? As soon as the Strait of Hormuz opens up, all of those fertilizer supplies need to find a destination as fast as possible. India just happens to be a lot closer than Brazil or the U.S to the Strait of Hormuz.

The *Davos Men* have been supplanted by talking heads in the fertilizer space that complement the huge disconnect between international politics and farmer economics. U.S. farmers haven't shown as much interest in the lobbying push as U.S. senators and legislators have in recent months. U.S. farmers are known for taking matters into their own hands, and when opportunities come back to the marketplace, the government will be asked to take a back seat.

On the other hand, a different kind of trend is taking off in the U.S. market that doesn't really matter to fertilizers, which is that increasingly more arable land in the Midwest region is likely to become part of the data center mania. Not for biofuels. The latter is supportive for fertilizers and investments into the U.S. junior potash and phosphate mining sector. The former is just another reason why U.S. farmers will not trust the government to have their backs in the future.

GROWTH MINERALS STOCKS

	Security	Ticker	Rating	Currency	Price	Market Cap. mns	Status	Country
Potash	Kore Potash	LSE: KP2	Neutral	GBP	3.08	$163.0	Developer	Congo Brazzaville
	Millennial Potash	TSX-V: MLP	LONG	CAD	2.02	$235.2	Developer	Gabon
	Brazil Potash	NYSE: GRO	LONG	USD	3.34	$181.7	Developer	Brazil
	Nutrien	NTR.to, NYSE: NTR	Neutral	CAD	102.05	$36,139	Producer	Canada
	Altamin	ASX: AZI	Neutral	ASX	0.02	$19.8	Explorer	Italy
	Intrepid Potash	NYSE: IPI	Neutral	USD	40.7	$557.6	Producer	USA
	Ethiopotash B.V.		Neutral	Private			Developer	Ethiopia
	Verde Agritech	NPK.to	Neutral	CAD	1.06	$61.5	Producer	Brazil
	Sage Potash	SAGE.v	Neutral	CAD	0.19	$31.7	Developer	USA
	South Harz Potash	ASX: SHP	Neutral	ASX	#N/A	$5.1	Developer	Germany
	Peak Minerals		Neutral	Private			Developer	USA
	Buffalo Potash	TSX-V: BUFF	Neutral	CAD	0.61	$47.0	Developer	Canada
	Karnalyte Resources	KRN.to	Neutral	CAD	0.3	$15.6	Developer	Canada
	K2O Potash		Neutral	Private			Explorer	Poland
	American Critical	CSE: KCLI	Neutral	CAD	0.22	$18.7	Explorer	USA
	Gensource Potash	TSX-V: GSP	Neutral	CAD	0.16	$69.9	Developer	Canada
	The Mosaic Company	NYSE: MOS	Neutral	USD	26.4	$8,452	Producer	Canada/USA

GROWTH MINERALS STOCKS

	Security	Ticker	Rating	Currency	Price	Market Cap. mns	Status	Country
Phosphate	First Phosphate	CSE: PHOS	LONG	CAD	0.95	$151.9	Developer	Canada
	Nevada Organic	CSE:NOP	Neutral	CAD	0.165	$25.4	Explorer	USA
	Kropz	LSE: KRPZ	Neutral	GBP	1.11	$20.4	Producer	South Africa
	ItaFos	TSX-V: IFOS	Neutral	CAD	4.37	$705.0	Developer	Guinea-Bissau/Brazil
	Aguia Resources	AGR.ax	Neutral	AUD	0.02	$46.1	Developer	Brazil
	PhosCo	PHO.ax	Neutral	AUD	0.14	$75.0	Developer	Tunisia
	Arianne Phosphate	DAN.v	AVOID	CAD	0.25	$55.6	Explorer	Canada
	Fox River Phosphate	CSE: FOX	Neutral	CAD	0.84	$67.0	Explorer	Canada
	Minbos	MNB.ax	LONG	AUD	0.03	$37.0	Developer	Angola

Important disclosures

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