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HALLGARTEN + COMPANY

Sector Coverage

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Growth Minerals Review

The FOMO Issue

August 2026

Growth Minerals Sector

The FOMO Issue

- + **China's MOP imports in 2026 have risen substantially compared with the previous two years**
- + **Fertilizer affordability improvements would be the ultimate boon for food security Geopolitics Agriculture and fertilizers will feel the effects from any outcome of the USMCA agreement going forward**
- + **First Phosphate rolled out a series of wins with funding from government and private sector**
- + **We highlight Bifox, a private company, positioning itself to become an important supplier of phosphate rock in Latin America**
- × **Nutrien Ltd and The Mosaic Company sour investors with their 2Q26 earnings results**
- × **Raw material costs for sulphur and ammonia continue to burden fertilizer production**
- × **Focus on Brazil and India phosphate markets disappoints exporters**
- × **New potash production capacity comes into question for 2027**
- × **Sulphur procurement issues are simply a sign of the times moment for fertilizers**

Mosaic and Nutrien earnings—is it necessary to be so concerned?

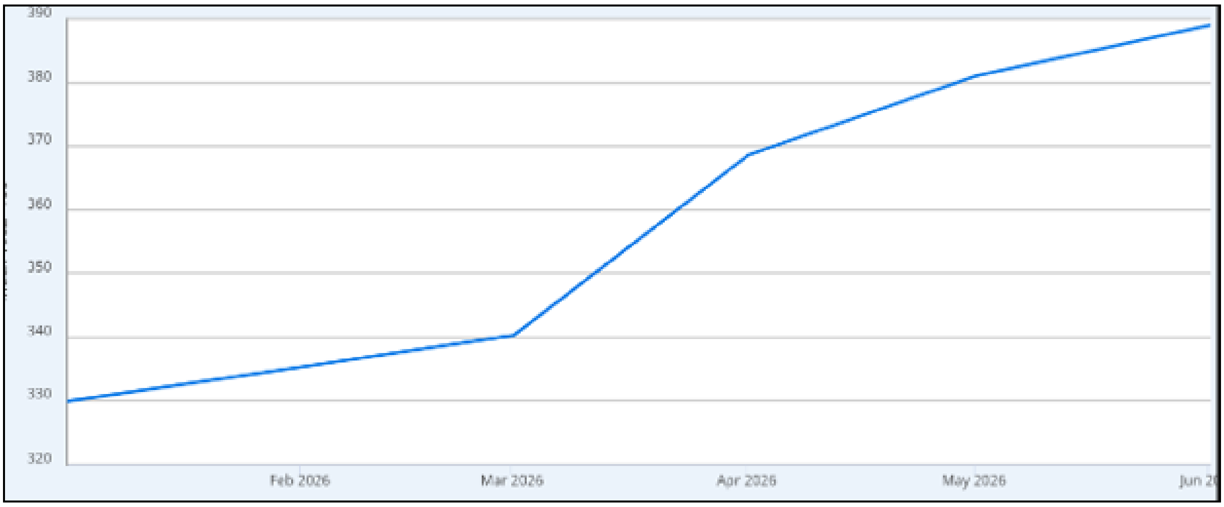
The market is very concerned about the performance of both Nutrien Ltd and The Mosaic Company after 2Q26 earnings results. In Mosaic's case, the company has already shut down most of the Brazil phosphate operations, so the market should've expected those losses in the Latin American market. The undervalued point appears to be Mosaic's loss from Maaden's phosphate plants in Saudi Arabia. Maaden reported a 49% drop in earnings from the company's phosphate operations and fully withdrew the company's ammonia output guidance for 2026.

Mosaic specifically mentioned the pre-tax notable item of its Maaden shares as a key factor: a loss of US$162 million. In total, Mosaic reported a net loss of US$273 million during 2Q26.

The operating losses in Mosaic's phosphate segment have consistently performed negatively—from a loss of US$48 million in Q1 to a loss of US$104 million in 2Q26. This is being explained by the company as "an increase in raw material costs and lower fixed-cost absorption from lower volumes." For example, raw material costs were reported at US$522 per long ton for sulphur and

US$621 per tonne for ammonia. The company settled the price of US$705 per long ton sulphur in the next quarter, with average phosphate fertilizer prices at $820-$840 per tonne on an FOB basis.

The chart below shows a producer price index (PPI) for phosphate production:



Source: FRED PPI by Commodity for Phosphates

As seen in the PPI data above, the raw material impacts from the war in the Middle East have exacerbated production costs. For instance, the PPI for Phosphates had already broken through 300 points by the beginning of 2025. The company has addressed the Strait of Hormuz shipping situation, the lack of market access to Kazakhstan's sulphur exports and the impact on Brazil's crop yields from lower fertilizer applications as main market drivers going into the second half of the year. In other words, it's all about wars and Brazilian farmer affordability.

As for Nutrien, the world's largest potash producer by volume, most of the headlines emphasize the lower sales and profit estimates. Both potash and nitrogen segments missed sales and profit forecasts for 2Q26. Nutrien has tried to make up for the nitrogen deficit by increasing potash sales volumes from 14.1 million tons to 14.2 million tons for the total year. That puts the company's current potash sales guidance for 2026 at 14.2-14.8 million tons. Nevertheless, total nitrogen fertilizer sales declined quarter-over-quarter by 3%. The company's ammonia and urea production have both witnessed steep declines compared with the previous year, particularly due to the issues at the company's former Trinidad & Tobago nitrogen production facilities, regardless of rising selling prices on the global market.

The key insights for both Nutrien and Mosaic are in the global potash market. Lower potash production costs and higher net selling prices will drive both companies' profits and sales going into the next quarter and the rest of 2026. Potash demand appears to be high on the global market, and so Canpotex is in a great position to negotiate new and ongoing deals with Brazil, China, India and the rest of the world. Emerging and new markets for Canpotex are also popping up, notably in the European Union, as sanctions on Belarus and Russia take their toll in the long term.

Here's our take. As long as Mosaic and Nutrien prioritize potash production and sales, there shouldn't be any real need to be concerned about the 2Q26 earnings results at this time. Canpotex will ensure market access for the potash during higher prices in the second half of this year. This is also a great opportunity for Canpotex to establish a growing and dominant presence in the European Union and Southeast Asian potash markets.

First Phosphate wins again!

First Phosphate (CSE: PHOS) is riding the momentum of several positive announcements related to the Bégin-Lamarche phosphate project in Quebec, Canada. The government in Canada has shown tremendous support for the company's phosphate development project, including CAD$4.84 million in new federal funding for infrastructure planning. The funding was given through the Natural Resources Canada's First (NRCan) and Last Mile Fund (FLMF) and comes on top of an additional CAD$16.7 million in funding from NRCan in March 2026.

This allows First Phosphate to roll out scenarios for the infrastructure development planning, notably for site selection and the identification of connection corridors, a feasibility study, and the design of a 161-kV transmission line and substations in the Saguenay–Lac-Saint-Jean region. All of the recent developments will contribute to the construction of the necessary links between road, rail and port infrastructure.

First Phosphate decided to uplist its primary listing to the Nasdaq Global Market. Emerging Growth Research raised its price target for PHOS to CAD$4.94, which is an obvious response to First Phosphate's addition to the G7 Critical Minerals Resilience and Production Alliance Initiative. Our price target for PHOS remains CAD$2.65. We have covered all the positive developments at First Phosphate as well as the MRE Update & Oversubscribed Financing Coverage Update in June.

Bifox acquires Peru phosphate project with intent to go public

Bifox is currently a private company positioning itself to become an important supplier of phosphate rock in Latin America. The Australian-based company has agreed to purchase the Bayovar 9 Phosphate Project in Peru through an acquisition deal with Fossal S.A.A. The terms of deal are for Bifox to pay US$10 million for 16.667% of shares of Fosfatos del Pacífico S.A. (Fospac), with the remaining 83.333% of Fospac's outstanding shares at US$50 million. In total, the company will acquire the Bayovar 9 Phosphate Project in Peru for US$60 million.

Bifox is focused on phosphate fertilizer markets in both Latin America and North America. Bifox will have access to ports in Peru that will allow the company to export to virtually any global market. Bifox's strategy is focused on the advancement and development of its phosphate project portfolio across Peru and Chile through a disciplined and staged development approach.

The Bayovar 9 is a globally significant phosphate rock development project located in the Bayovar region of Peru. This is in the same phosphate mining jurisdiction as The Mosaic Company's phosphate rock mine. The project has a significant NI 43-101 compliant resource base of 546 million tonnes, including 108 million tonnes of reserves and 438 million tonnes of resources. Testing has demonstrated the ability to upgrade the ore to approximately 30% P_2O_5 suitable for export-quality phosphate.

Bifox intends to go public on the New York Stock Exchange, with a final investment decision (FID) by mid-2027 and first phosphate rock production in 2030. It will be an open pit mine design with planned production stages of 2.5-5 million tons per year.

A global phosphate market in crisis mode resumes

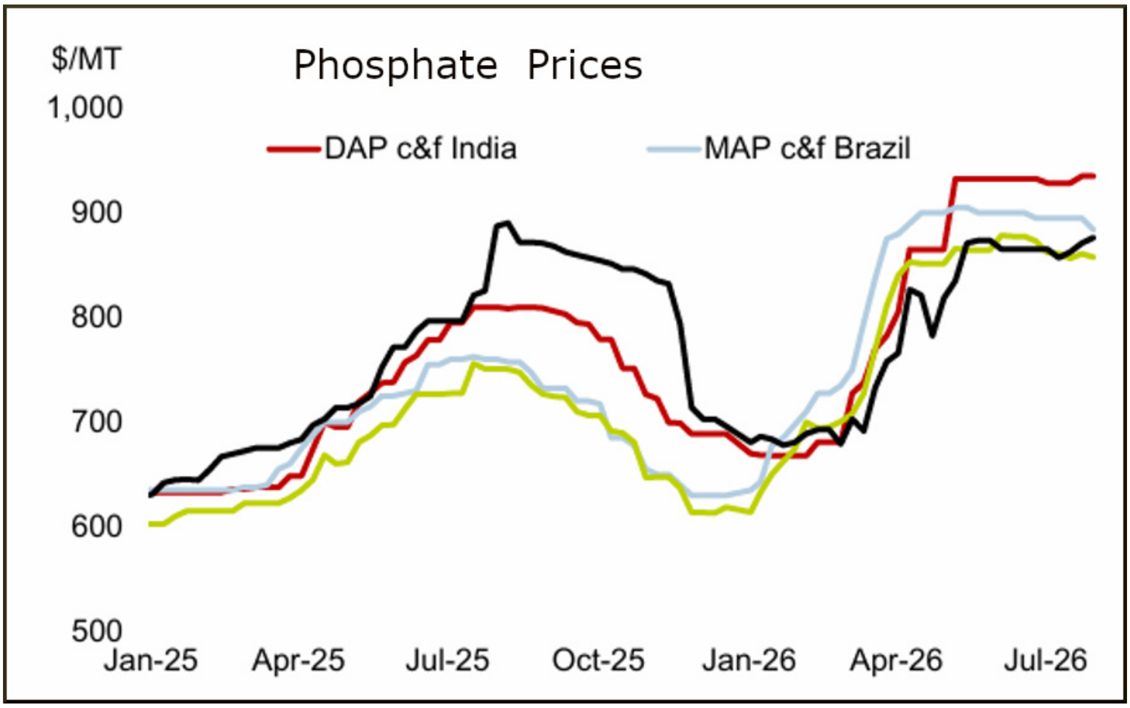
The Brazilian and Indian phosphate market trends reveal that phosphate fertilizers are still in a crisis mode going into the second half of 2026. DAP imports to India have fallen hard year-over-year. The Argus Phosphate Market: Mid-Year Review and Outlook published in June shows that the data for India DAP import origins have significantly changed as well. The U.S. and Egypt phosphate exports compensated for the lack of Australian and Russian phosphate supplies to India, but overall volumes are still lower year-over-year at around 927,000 tons. India usually imports over one million tons of DAP fertilizers in the first half of the year.

Saudi Arabian phosphate fertilizer supplies still dominate the Indian market, regardless of the Strait of Hormuz blockade. However, with the precarious situation in the Strait of Hormuz and the Red

Sea happening simultaneously, this puts Saudi Arabian exports at major disadvantage compared with other potential suppliers. Saudi phosphate exports will be more desperate to stay in the Indian market, while the rest of the world market seeks to diversify phosphate supply chains from both a raw material and finished fertilizer product perspective.

Brazilian phosphate fertilizer market prices are all steady since the US-Iran War broke out on February 28, 2026. The key issue for Brazilian farmers is soybean prices that are trending downward on competing supply from U.S. exports. Brazilian soybean export prices are forecasted to trend lower, while phosphate prices remain stubbornly high. India is reportedly paying US$935cfr for DAP while Brazil has been asking for lower prices at US$860-880cfr for the same product.

The good news for Brazilian soybean farmers is that while U.S. farmers are still searching for ways to enhance their market access to China, they instead lose ground, despite the soybean demand in China going up. According to China's General Administration of Customs data, China imported 12.08 million tonnes of Brazilian soybeans in June 2026, up from 10.64 million tons from a year earlier, while soybean volumes from the U.S. fell to 1.27 million tonnes, down from 1.6 million tons. Brazilian exports to China were at US$58.3 billion in the first six months of 2026, with soybeans, oil, and iron ore leading the way at 76.5% of Brazilian exports to China in 2026.



Source: The Mosaic Company Corporate Presentation on August 4th 2026

Global potash demand is all about China in 2026

China's muriate of potash (MOP) imports are reaching historic levels this year. This is likely the main reason that global potash shipments will be higher than in previous years. China's potash demand has contributed to total shipment forecasts at above 75 million tons for 2026. This is quite a breakthrough for the global potash market, and it just goes to show that the global potash market demand is certainly on the rise as a megatrend.

China's MOP imports have risen substantially over the last two years (2024-2026), with 2026 being the year China MOP imports have averaged more than 500,000 tons per month more compared with the previous two years. As of July 2026, China's imports of MOP have a value of more than 100% higher compared with the first half of 2025. It is clearly a sign that Chinese importers realize that global potash benchmarks are on an upward trend, so as they buy higher volumes at the price of approximately US$378 per ton of MOP, the higher inventory levels will give them more leverage over the next MOP contract discussions with Russia, Belarus and others. From January-July 2026, total imports of MOP in China were at nearly 11 million tons. This is more than a 70% increase year-over-year.

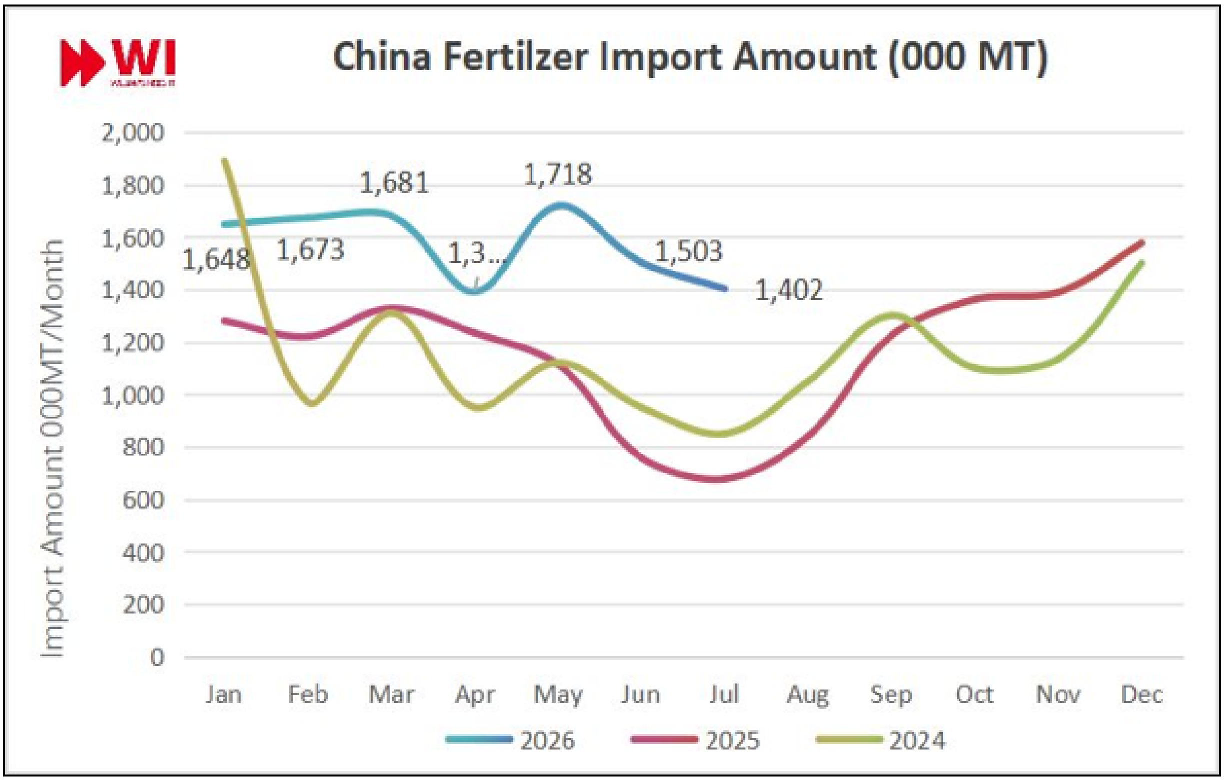

China's Leading Potash Producers
Forecast Strong H1 2026 Earnings

Company	Net Profit Attributable to Parent (RMB bn)	YoY Growth	Same Period Last Year (RMB bn)
Salt Lake Co., Ltd.	6.00–6.30	131.38%–142.95%	2.593
Zangge Mining	3.55–3.75	97.20%–108.31%	1.800
Asia Potash International	1.285–1.50	50.31%–75.46%	0.855
Qingdao East Steel Tower	0.897–1.017	81.87%–106.19%	0.493

Source: FShow on Linked-In

Fertilizer analysts are paying close attention to China's MOP imports to explain the future trends in domestic potash production. For example, some projections show that Chinese demand could reach almost 20 million tons by the end of the year. That is mostly just a forecast based on the results of the first half of 2026, but the ongoing stockpiling campaign does give China's domestic potash producers a lot of chips to play at the negotiating table.

However, where many of the fertilizer market analysts make mistakes is when assumptions made about new potash capacity comes into question. The BHP Jansen mine continues to have most fertilizer analysts in a dismissive posture toward potash pricing trends. The assumption that potash capacity additions are even coming online in 2027 is a dubious concept. Where is the additional potash capacity coming from by next year? New capacity additions will not necessarily be part of China's negotiation strategy, anyways, given that China buys a different kind of potash than the U.S. or Brazil. With China's inventories filling up, it seems that the mining of underground potash will be a bigger factor for overall production capacity in 2027. To meet the growing demand for both China and rest of the world, the world's top potash producers still carry the burden of supplying the market.



Source: Huibin (William) Cui on Linked-In

A sulphur panic should be countered by a grain panic in the near term

Russia's Federal Agency for Railway Transport has evidently revoked the temporary restrictions on rail shipments of Kazakh sulphur through Russia. Kazakhstan exports more than 4 million tons per year of sulphur as a raw material, so reopening this transit route removes one of the key logistical constraints for sulphuric acid production. Sulphur has been given its day in the sun as a so-called "strategic raw material" of which higher phosphate fertilizer prices have supported.

Sulphuric acid forms the foundation for producing both DAP and MAP fertilizers, but it isn't a long-term market driver, and thus it will not be part of any fertilizer company's strategic planning. When sulphuric acid became non-viable, for example, The Mosaic Company simply curtailed phosphate production. The fact that phosphate fertilizer prices have been at unaffordable prices for many farmers worldwide is the short-term market driver. Once phosphate fertilizer prices show signs of coming down on the global market, sulphur should also be easier to buy for fertilizer producers. It is an issue of profit margins and growth for fertilizer producers in the short-to-medium term, not tight sulphur supplies and market access for sulphuric acid in the long term.

While the geopolitical debate on sulphur continues, the global grain market is headed into a perfect storm. The Black Sea war between Russia and Ukraine is back in the food security discussion, even though prices for wheat on the Chicago Board of Trade (CBOT) haven't reflected any fresh geopolitical risk sentiment in the futures trading. In May, wheat prices went up above US$6.70 per bushel, and the conversation was all about when and what would push prices to above US$7 per bushel on CBOT.

Now, it appears US$7 per bushel on CBOT is the new standard for the second half of the year. Where will prices go next? With attacks occurring on virtually all sides of the Black Sea maritime region, various commercial vessels carrying grain cargos from both Russia and Ukraine are at the highest risk. When a vessel is hit, the cargo doesn't make it to the destination, and importers will thus be forced to buy new supplies on the market at elevated prices.

The Black Sea as the Eye of the Storm

Concerns about grain shipments in the Black Sea caused the reduction of Ukraine's grain exports for the upcoming marketing year (2026/27) to 29.6 million tons—those figures are down from an earlier estimate of 64.4 million tons. Wheat exports from Ukraine followed suit, with exports reduced to 8.3 million tons from 17.6 million tons for the marketing year.

Let those figures sink in.

The Black Sea region makes up ~45% of global wheat exports. Suppliers from Romania and Bulgaria are positioned to capture more market share with the lack of Ukrainian wheat. Romanian and Bulgarian wheat supplies have averaged higher price levels than France, but the former also produce a higher quality wheat (12.5%) than France. Wheat prices have already hit highs of US$280 per ton on Euronext futures this year.

In closing, fertilizer and food prices are unpredictable these days

With nitrogen fertilizer prices falling sharply after the US-Iran MoU signed in June, the need to procure fertilizers and save the world from a food security catastrophe has died down in the worldwide media. For better or worse, we are getting back to the geopolitical firestorm moments in the global fertilizer market, such as when China and India duked it out over market access politicking, Canpotex and rivals Russia and Belarus competed in various markets with volume-over-pricing models and, of course, the impact of wars on shipments from certain countries (i.e. Israel and Saudi Arabia).

Just because prices came down for one fertilizer, doesn't mean that prices for all of them should come down. Phosphate fertilizer prices barely came down, anyways, and they are still completely unaffordable for farmers worldwide. It is going to take a lot more desperation from buyers before prices can fall further for phosphate fertilizers. The prices for nitrogen and potash fertilizers should be closely examined for food security trends in the short term. For instance, it isn't difficult to imagine prices for both nitrogen and potash hitting around USD $500 as a ceiling price before the market falls after the fall planting season. Prices in the U.S. market have already shown that offers have been made at the high-end of USD $500 for MOP in the Midwest.

Farmers that can afford such prices will make fertilizer deals. While farmers who cannot afford fertilizers develop new strategies to turn a buck on whatever amount of crop yields show up out of this climate-stressed marketing year. This isn't the time to encourage more farmers to turn to biofuels. At least with less crop yields farmers can save money on the production side (i.e. fuel prices) and reinvest some funds into the next season's fertilizer applications.

Any sign that agricultural commodities prices rise, farmer affordability should improve in tandem with higher fertilizer affordability. Whether it is wheat, corn, soybeans or even palm oil, agricultural commodities are directly linked to food market prices for consumers. Let's hope that fertilizer affordability improves soon, or at least that farmers can start making more money and investing more in fertilizer applications in the short term.

GROWTH MINERALS STOCKS

	Security	Ticker	Rating	Currency	Market Cap. mns	Status	Country
Potash	Kore Potash	LSE: KP2	Neutral	GBP	160.45	Developer	Congo Brazzaville
	Millennial Potash	TSX-V: MLP	LONG	CAD	269.52	Developer	Gabon
	Brazil Potash	NYSE: GRO	LONG	USD	138.52	Developer	Brazil
	Nutrien	NTR.to, NYSE: NTR	Neutral	CAD	44,085	Producer	Canada
	Altamin	ASX: AZI	Neutral	ASX	23.06	Explorer	Italy
	Intrepid Potash	NYSE: IPI	Neutral	USD	507.99	Producer	USA
	Ethiopotash B.V.		Neutral	Private		Developer	Ethiopia
	Verde Agritech	NPK.to	Neutral	CAD	46.28	Producer	Brazil
	Sage Potash	SAGE.v	Neutral	CAD	26.52	Developer	USA
	Peak Minerals		Neutral	Private		Developer	USA
	Buffalo Potash	TSX-V: BUFF	Neutral	CAD	61.97	Developer	Canada
	Karnalyte Resources	KRN.to	Neutral	CAD	13.85	Developer	Canada
	K2O Potash		Neutral	Private		Explorer	Poland
	American Critical	CSE: KCLI	Neutral	CAD	21.73	Explorer	USA
	Gensource Potash	TSX-V: GSP	Neutral	CAD	56.2	Developer	Canada
	The Mosaic Company	NYSE: MOS	Neutral	USD	7,461	Producer	Canada/USA
	Emmerson	LSE: EML	Neutral	GBP	22	Developer	Morocco
	Acron	MOEX: AKRN	Neutral	RUB	656,680	Producer	Russia

GROWTH MINERALS STOCKS

	Security	Ticker	Rating	Currency	Market Cap. mns	Status	Country
Phosphate	First Phosphate	CSE: PHOS	LONG	CAD	$340.4	Developer	Canada
	Nevada Organic	CSE:NOP	Neutral	CAD	$18.9	Explorer	USA
	Kropz	LSE: KRPZ	Neutral	GBP	£16.1	Producer	South Africa
	ItaFos	TSX-V: IFOS	Neutral	CAD	$430.5	Developer	Guinea-Bissau/Brazil
	PhosCo	PHO.ax	Neutral	AUD	$75.7	Developer	Tunisia
	Arianne Phosphate	DAN.v	AVOID	CAD	$70.5	Explorer	Canada
	Minbos	MNB.ax	LONG	AUD	$22.7	Developer	Angola
	Keras Resources	KRS.L	Neutral	GBP	$2.20	Producer	Utah
	Canadian Phosphate	CP8.ax	Neutral	AUD	$43.5	Developer	BC/Utah/Mexico
	Bifox		Neutral	Private		Developer	Chile/Peru

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