Thursday, September 10, 2026

HALLGARTEN + COMPANY

Sector Coverage

Joshua Mayfield
jmayfield@hallgartenco.com

Growth Minerals Review

Trump Wades into Fertilisers

September 2026

Growth Minerals Sector

Trump Wades into Fertilisers

+ **Fertilizer access and supply is a bi-partisan issue going into the U.S. midterm elections this year**
+ **The EU looks for new phosphate investments around the globe**
+ **PhosCo carried out significant drilling and metallurgical results this year**
+ **Brazil's fertilizer import diversification strategy is back in focus for new domestic production projects**
+ **Brazil Potash gains on the validity of its environmental licenses**
+ **Latin America offers mining and fertilizer investors an opportunity to put money where agriculture production is an emerging theme for all capital investments**
+ **American Salars Lithium and BCI Minerals bring Australia back into the spotlight of new potash exploration and development projects**

× **A rare seize the initiative moment for U.S. fertilizer production came at the wrong time for phosphate supply and demand**

× **There isn't any real transparency "on the ground" in Morocco's phosphate plans**

× **Phosphate production challenges haven't abated even while China's DAP/MAP fertilizer export restrictions have upheld over the long term**

× **Megatrends to feed the world won't be enough to put BHP at the top of the potash sector**

× **Renewed concerns about global potash prices reflect that a trough period never materialized after 2024**

Fertilizers inspire the Trump Administration's DC Swashbuckling

From trade regulation bureaucrats to swashbucklers, the factitums of President Trump have taken on the phosphate fertilizer prices motivated by a frenzied need to placate angry farmers: a key MAGA-voting constituency for Republicans. Many of the U.S. farming communities are composed of MAGA folks themselves, but certainly not all of them are MAGA or die-hard Trump voters. The fight for fertilizer access and supply is a bi-partisan issue going into the U.S. midterm elections this year. Hence, the Trump Administration has seized the initiative of a new fertilizer plant investment to make a difference before mid-terms. Too little too late.

Why Moroccan Phosphate is Booty

This is a rare *carpe diem* moment for U.S. fertilizer demand at the wrong time—not because of seasonal demand—but because of the present supply and demand cycle for phosphate fertilizers globally. We certainly do not hear the DC swashbucklers talking about Chinese-made phosphoric acid (PPA), although the sulfur panic remains at large and has been blamed squarely on China instead of the Iran war. Now, if we shift to the fertilizer politics between China and India, that is possibly where the failure lies in this strategy to secure phosphate supplies for U.S. farmers anyways. India is the one demand pillar holding the global fertilizer market together. For example, fertilizer imports in India were a combined 230,000 tons of DAP in the beginning of September. This includes all top origins from the U.S., Russia, Saudi Arabia and Morocco. The real fertilizer price influencer for phosphate is India, not China.

Everyone knows that we've been critical of Morocco's phosphate exports to the U.S. market in the Growth Minerals Review. The news about the potentially new investment from CHS and OCP Group North America doesn't change our minds at all. All humbugging over the West (Moroccan) Sahara dispute aside, one of the underlying economic factors for phosphate fertilizer production is obviously sulfuric acid supply, but so will be the phosphate rock and concentrates being produced in Morocco and the rest of the world. There isn't any real transparency "on the ground", or rather in the ground, when it comes to OCP Group’s strategy to enhance its position on the global phosphate market in the future.

Why the Biden tariffs are a Misnomer

The Trump Administration created the anti-competition narrative against U.S. fertilizer producers. They primarily targeted The Mosaic Company (NYSE: MOS), but other U.S. domestic fertilizer producers are caught in the crossfire as well. Given the times, when rising fertilizer prices are being felt for farmers across the world, it is convenient to blame producers for prices. Producers can also blame governments for setting, or not setting, the right policies. Overall, the world needs to get back to the basics of fertilizer production and trade dynamics.

Phosphate production challenges haven't abated even while China's DAP/MAP fertilizer export restrictions have upheld over the long term. China’s reactions to phosphate fertilizers are not necessarily part of the geopolitical risk strategy, but more like a “saving our own asses” kind of moment for Beijing to ensure domestic stockpiles and food security for all fertilizers.

The last thing the U.S. government should do is start thinking about phosphoric acid as some kind of geopolitical currency. It is the mineral itself that is critical; and that is why food security is mineral fertilizer security.

The original CVDs dispute against Russia and Morocco was filed by The Mosaic Company, with JR Simplot as one of the co-plaintiffs. This occurred at the tail end of the First Trump Administration's fast and furious trade war. Now that the global economy has entered the 2.0 version of Trump's tariff war on trade, the speed and velocity of the first one has been overlooked for the larger magnitude of the second one.

And then there's our favorite U.S. politician and fertilizer expert, Darth Vaden, who said the new U.S. phosphate fertilizer plant investment puts American farmers first: "[It] will pump out something even more important: true competition for the American farmer's dollar as a new entry comes to play to battle for their business…the only thing farmers could depend upon…the price always went up."

Earlier in the year, the previous problem was that U.S. phosphate fertilizer producers had exported much of the finished DAP/MAP products to overseas markets, taking advantage of prices being sold at the war-risk premium (one created by the Trump Administration itself).

The Trump Administration has suddenly changed the narrative. This new phosphate fertilizer plant investment will not necessarily bring more competition to the U.S. phosphate market. This new investment plan depends solely on the CVDs being permanently lifted on Morocco's phosphate exports to the U.S. market. In doing so, that will allow Morocco to export phosphate rock and concentrates again, which would create more competition from other phosphate rock and concentrates sources, such as Saudi Arabia, Peru and the U.S. itself, but the processing should all take place in the U.S. The state of Louisiana is where the Mosaic Company already has a big presence, among other major fertilizer producers like CF Industries and German-based BASF.

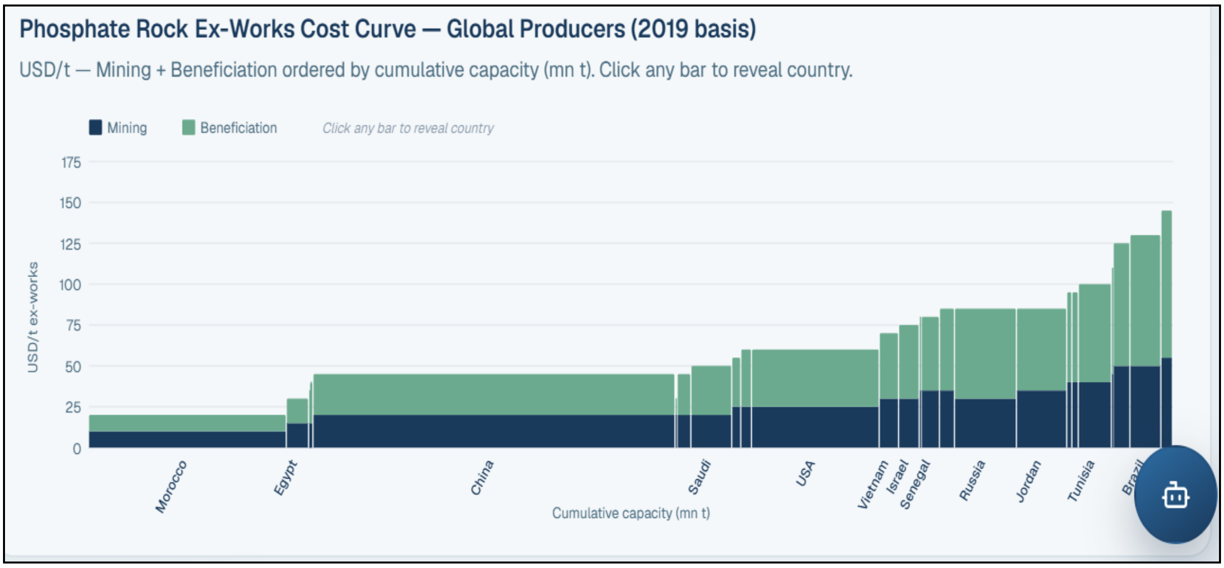
Perhaps the concept around the CHS-OCP JV seeks to do what BHP hasn't done with the Jansen Potash Project in Canada. OCP North America will depend on a strategic funding partner in CHS to commit capex spending over the long term of the financing and construction. BHP at least has the advantage of tapping into the capital markets and doesn't have to rely on a strategic partner after it rolls out the first potash production from the Saskatchewan mine and plant in mid-2027.

The Other Phosphate Crisis

With the European Union (EU) once again embroiled in a Spanish Ceuta border crisis (this latest 2026 crisis being the second border surge from Morocco since 2021) the need to explore for new phosphate investments outside of the North African region will be a critical next step for fertilizer producers in the EU. Senegal and Syria potentially hold a key to expanding on phosphate resources and reserves for future investments in supply outside of the EU.

There should be more supply from Tunisia to make up for any issues related to Jordan and Israel's phosphate supply chain. Egypt and Algeria are where Chinese capital has already stolen the show.

An emerging theme from all the global phosphate trade conundrums is that new phosphate investment strategies are taking place in emerging markets, where there are lesser means of capital. In this case, the next question could be where will Syria sit on the global phosphate rock production curve?



Source: Aquifert One

The table on the next page is a compiled set of phosphate mining production figures from Middle Eastern, North African and Sub-Saharan African phosphate producers given by Aquifert:

Some Metrics on Global Phosphate Costings

Senegal	Mining: USD 35/t	Beneficiation: USD 45/t	Total ex-works: USD 80/t	Production Capacity: 4.2mn tpy
Jordan	Mining: USD 35/t	Beneficiation: USD 50/t	Total ex-works: USD 85/t	Production Capacity: 11.7mn tpy
Tunisia	Mining: USD 40/t	Beneficiation: USD 60/t	Total ex-works: USD 100/t	Production Capacity: 7.7mn tpy
Egypt	Mining: USD 15/t	Beneficiation: USD 15/t	Total ex-works: USD 80/t	Production Capacity: 4.2mn tpy
Algeria	Mining: USD 40/t	Beneficiation: USD 55/t	Total ex-works: USD 95/t	Production Capacity: 1.5mn tpy
Israel	Mining: USD 30/t	Beneficiation: USD 45/t	Total ex-works: USD 75/t	Production Capacity: 4.8mn tpy
Morocco	Mining: USD 10/t	Beneficiation: USD 10/y	Total ex-works: USD 20/t	Production Capacity: 46mn tpy
South Africa	Mining: USD 55/t	Beneficiation: USD 90/t	Total ex-works: USD 145/t	Production Capacity: 2.7mn tpy
Togo	Mining: USD 35/t	Beneficiation: USD 50/t	Total ex-works: USD 85/t	Production Capacity: 3.5mn tpy
Saudi Arabia	Mining: USD 20/t	Beneficiation: USD 30/t	Total ex-works: USD 50/t	Production Capacity: 9.5mn tpy

Source: Aquifert

Ahoy, PhosCo!

We have consistently covered PhosCo (ASX: PHO), a junior phosphate developer, which has provided new metallurgical results after the floatation test work at the KM deposit in Tunisia. The company said these latest results, with phosphate concentrate grades of up to 34%, should command a price premium for future production at the Gassat Phosphate Project.

Here are some of the results from the testing for phosphate concentrate grades:

- Five flotation tests achieved concentrate grades ranging from 31.4% to 34% P_2O_5 with recoveries between 73.5% and 77.8%
- Four tests delivered grades above 33% P2O5, significantly exceeding the generally traded grade of 29% to 32% P2O5 used in phosphate fertiliser production
- Tests recorded very low silica contents between 2.42% and 3.2%, while minor element ratios of 0.044% - 0.059% represent the lowest ever recorded for Gasaat

The company released an MRE for the Gassat Phosphate Project earlier this year with a current JORC Resource total of 166.6 million tons of Phosphate Rock at 20.6% P205 grade.

PhosCo was awarded a €1 million (AUD$1.8mn) grant by the European Bank for Reconstruction and Development (EBRD) to advance expansion of the phosphate resource base. The Gasaat Phosphate Project previously had 146.4 million tonnes of phosphate resources at 20.6% P2O5, prior to the updated JORC total from earlier this year.

PhosCo is one of the only ASX-listed phosphate developer in our Growth Minerals Table. The company successfully reported a series of significant drilling results throughout this year, leading to a phosphate resource expansion and higher concentrate grades at the Gasaat Phosphate Project in Tunisia.

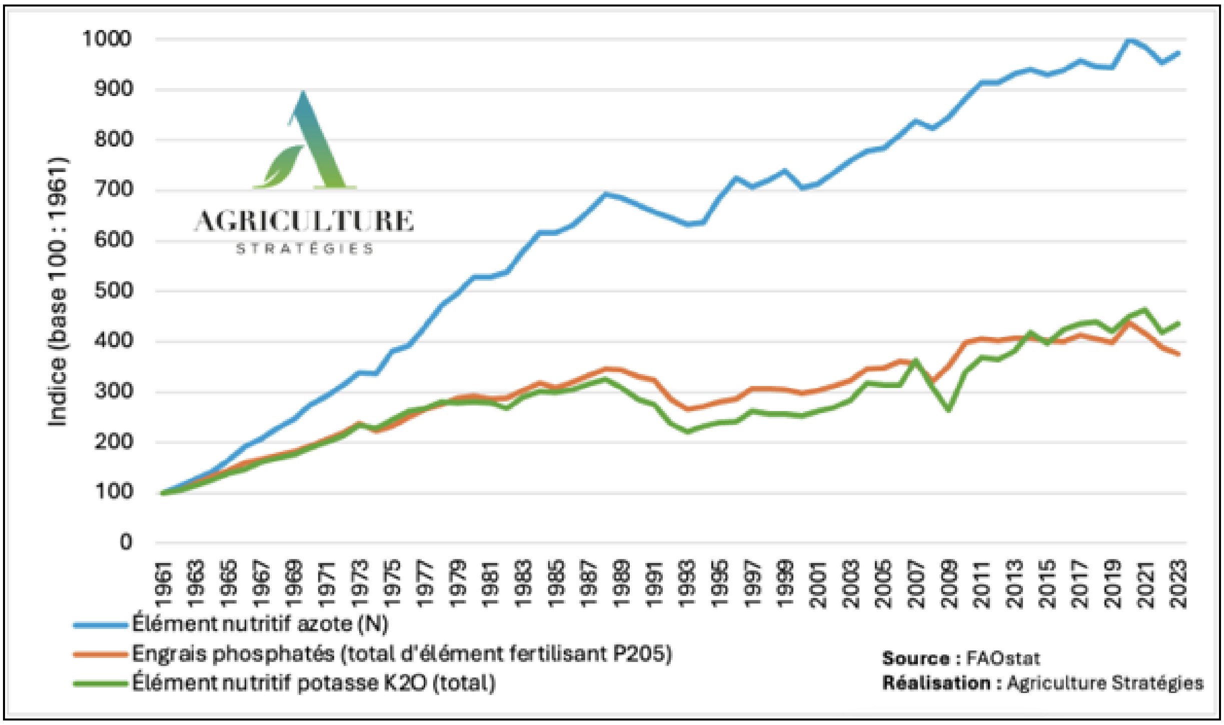
Our rating is **NEUTRAL** on PhosCo until such time as we launch coverage.

Brazil's presidential election is the next showdown in fertilizer diplomacy

A new fertilizer report by Agriculture Strategies entitled "Geopolitics and geoeconomics of nitrogen fertilizers" is one of the only comprehensive reports published this year that illustrates geopolitical risk trends and the effects on global fertilizer markets.

With Brazil's fertilizer trade in focus, the report highlights how the Russia-Ukraine war caused an interruption of fertilizer and grain export routes from the Black Sea, which led to all fertilizer and grain prices surging to unprecedented highs after invasion on February 24, 2022. Moreover, the subsequent sanctions on both Russia and Belarus fertilizer exports made the world's largest importing countries change their strategies on food and fertilizer security. In the case of Brazil, fertilizer import diversification became a top national economic and security priority.

The graph below shows a rise in the application of three major fertilizers on a global scale from 1961-2023:



Source: Agriculture Strategies/Food and Agriculture Organization (FAO)

This shift in the fertilizer trade gave birth to a new concept in international affairs called "fertilizer diplomacy." Brazil's government has taken the lead on this initiative to secure different supplies of fertilizer sources, while also developing the country's own domestic sources of nitrogen, phosphate and potash to reduce overseas imports in the future.

Agriculture Strategies cited the author (Joshua Mayfield) for a previous article about Brazil's fertilizer diplomacy published in 2023. Fertilizer prices had subsided after hitting an all-time high on global markets in 2022, but the conclusion from that article remains true for the entire world. The Strait of Hormuz blockade placed another surging premium on nitrogen and phosphate fertilizers this year. Fertilizers will continue to be an important part of the global economic recovery in emerging markets across the world. The case of Brazil's fertilizer diplomacy indicates that fertilizer supply and demand dynamics are taking on greater prominence in the diplomacy of developing countries.

Brazil Fertilizer Imports Remain a High Priority for Politicians

Brazil's Senate approved a new bill to support the development of critical minerals on September 2. This new bill proposes R$2 billion (USD $390.2 million) and tax credits potentially reaching R$5 billion (USD $975.5 million) for period of four years from 2030–2034 to support domestic mining and processing in Brazil. From a regulatory point of view, the bill seeks to increase oversight and transparency on fertilizer trade agreements with other countries.

One area of the world where the U.S. government has a keen interest in new fertilizer projects is in Latin America. However, President Trump’s foreign policy has lost support in the lead up to Brazil’s Presidential Election in October. Brazilian President Luiz Inácio Lula da Silva appears confident in the rise of U.S. tariff threats and war in the Middle East, not to mention Cuba and Venezuela issues. The 80-year-old President Lula got his political career back on track as a result Trump’s tariffs on Brazil.

Former President Jair Bolsonaro picked his son Flávio, who evidently doesn’t have the same pizzazz as his father when it comes to dictating the country’s future on economic and foreign policy. That is a shame given that Bolsonaro was the original architect of Brazil’s National Fertilizer Plan, although President Lula has carried out the same goals to increase Brazil’s domestic fertilizer production and reduce imports of nitrogen, phosphate and potash.

Outside of the political arena, high interest rates for Brazilian farmers haven’t allowed many of them to get access to credit that they need to secure fertilizers in advance of the planting seasons. In an interview with Mosaic’s Brazil country manager, Monteiro told S&P Global reporters, “We see throughout the agribusiness chain a very high level of caution, as important stakeholders, large agroindustry and large distribution chains, are being very cautious in releasing credit and causing delays.” It is already known that Mosaic curtailed a significant amount of the company’s Brazilian fertilizer production, and the latest data verifies that Mosaic's distribution business in the country will decrease from 49 million metric tons to 42 million-45 million metric tons in the current marketing year.

The reduction in Mosaic’s distribution is related to lack of market access and higher prices for raw materials. Brazilian farmers historically import over 85% of their fertilizer needs, but the Strait of Hormuz disruptions are likely to put that figure above 90%.

Brazil Potash hails Profert legislation for Fertilizer Industry development

The biggest news in the Brazilian fertilizer space this year will likely be the passing of the Profert Bill PL 699/2023 (also known as “Fertilizer Industry Development Program”) by the Brazilian Senate. The bill was passed to modernize Brazil’s infrastructure for local shipping and transportation. The “Profert” legislation is potential a cost reduction factor for Brazil Potash’s construction phase. Profert will reduce federal taxes and lead to nearly a US$190mn in construction costs. The initial capex for the Autazes Potash Project is US$2.5bn.

This bill’s purpose is in its name: pro-fertilizer. If the bill is passed by President Lula, the Brazilian government-backed development bank BNDES investment agency will be tasked to fund the construction of new fertilizer projects and create a domestic-content mandate for fertilizer sold to Brazilian farmers. The initial figures are 2% of domestic fertilizer content in 2027 and then rising to 10% by 2037. Brazil Potash believes that Profert will create a market mandate for domestic fertilizer production while reducing the capital costs required to build the Autazes Potash Project.

The Positives for Brazil Potash

A recent Brazilian court decision ruled in favor of Brazil Potash to advance the Autazes Potash Project. The Vice-President of the Brazilia Court of Appeal reinforced the legal framework around the Autazes Potash Project. Brazil Potash faced an admissibility review of special and extraordinary appeals filed by the Federal Public Prosecutor's Office, the Mura Indigenous Leadership Organization of Careiro da Várzea and the Lago do Soares Indigenous Community. The Vice-President concluded that the appeals filed by those groups do not meet the legal requirements for processing before the Superior Court of Justice and the Federal Supreme Court. Thus, the appeals were ruled inadmissible.

The initial ruling issued by the 6th Panel of the Federal Regional Court of the 1st Region remain in force for Brazil Potash to advance construction of the Autazes Potash Project.

Overall, the validity of Brazil Potash’s environmental licenses had not been disputed, because the company has followed the consultation process conducted with the Mura Indigenous people, under the authority of the Amazonas Environmental Protection Institute. This ruling at the appeals court will prevent the referral of the appeals to Brazil’s Superior Court of Justice and the Federal Supreme Court based on any legal procedural matters going forward.

Brazil spent roughly US$15 billion on fertilizer imports in 2025. Potash is the only crop nutrient in which Brazil does not have any domestic production capacity at present. GRO’s stock price bounced on the resumption of attacks in the Strait of Hormuz. The stock is up 16.51% in one month, and 34.39% YTD.

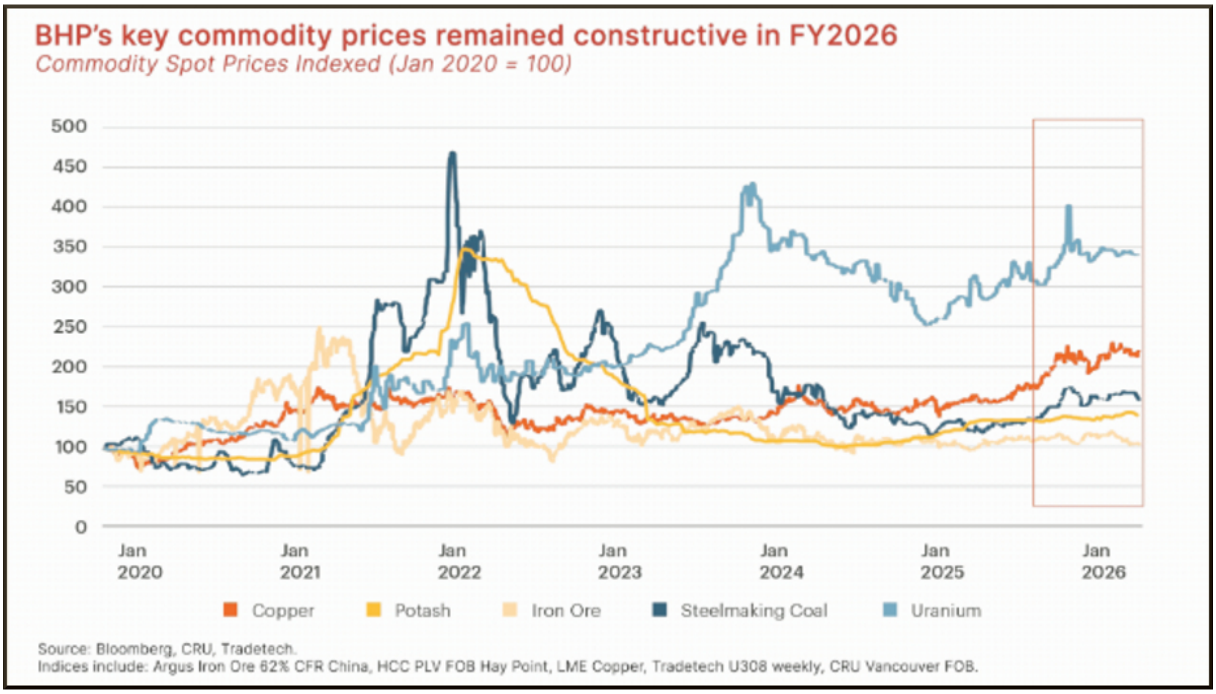
We have a **LONG** rating on Brazil Potash.

A BHP update on the Global Potash Market

The fertilizer crowd is always begging on their knees for a BHP update on the potash market. BHP's Economic and Commodity Outlook in 2026 released with the latest earnings results should suffice for the rest of this year.

The narrative around "future-facing commodities" is still present in the latest BHP outlook for the potash market:

- Population growth, urbanisation and rising living standards remain central to our commodity demand forecasts. China remains at the core of the growth outlook, while demand is increasing from India and other emerging economies as they build out their industrial capacity
- India's commodity demand has plenty of room to grow as it expands its infrastructure and capital stock from a low base
- Potash prices also recovered on Chinese restocking, firm global consumption and annual contract resettlements in China and India



Source: BHP's Economic and Commodity Outlook in 2026,

https://www.bhp.com/investor-hub/reports-and-presentations/economic-and-commodity-outlook/2026/08/economic-and-commodity-outlook

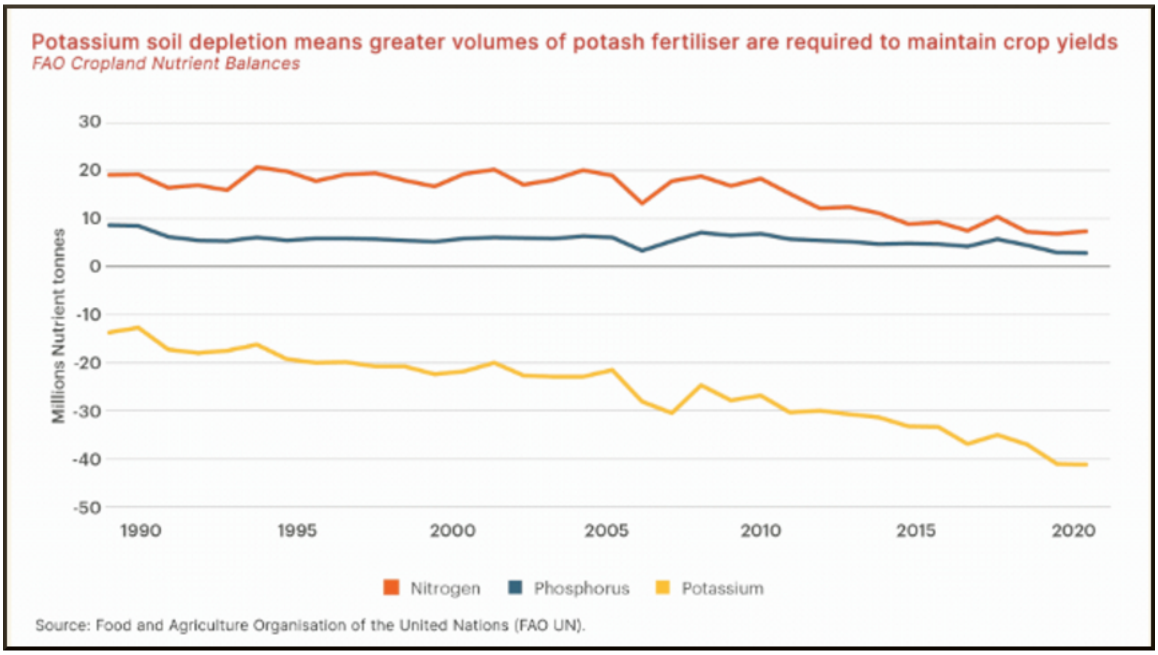
In our comments to *The Globe & Mail* back in April, we noted that BHP's future-facing commodities strategy is all about serving the market for megatrends, because feeding the world is a megatrend. Potash fits in with any modernization drive to secure key mineral commodities in the future, and not only due to potash's significant as an essential crop nutrient to grow food, but also because of the elevated geopolitical risk profile that comes with potash production, supply networks and demand hubs.

In 2021, BHP forecast that the first stage of the Jansen Potash Project would cost US$7.5bn. The price tag has since climbed to US$11.7bn. Although the first production is still on schedule for mid-2027, the previous CEO Mike Henry has stepped down in place of new CEO Brandon Craig as of July 2026. Craig is the fifth leader to oversee BHP's Jansen Potash Project.

The execution risk is even greater for the new CEO, Brandon Craig, because the capex keeps ballooning into multi-billions of dollars, while the timeline for first production at Stage 1 is less than one year from now. Will we see first Jansen potash production in mid-2027? This is still the overarching question for the global potash market. Indeed, it will be a major achievement to get first production out of a large-scale potash mine by mid-2027.

New FAO report drives feed the World Megatrend

In a recent report by the Food and Agriculture Organisation (FAO), a UN authority that reports on global food security trends, FAO argues that structural potassium deficits are emerging in many regions of the world.



Source: BHP's Economic and Commodity Outlook in 2026,

https://www.bhp.com/investor-hub/reports-and-presentations/economic-and-commodity-outlook/2026/08/economic-and-commodity-outlook

There has been, in recent years, evident depletion of potassium in soils due to higher fertilizer prices.

Signs of potassium soil depletion should mean higher demand for potash fertilizers. Without substantial levels of potash in the soils, crop yields will be a greater risk of survival due to heat stress and disease.

In FAO's latest report, the organization doesn't believe that increasing potash deficits in the world's soils are sustainable and an immediate solution should be at hand in potash application rates to maintain crop yields around the globe. For example, FAO expects potash demand to rise around 70% by 2030 and then surpassing 100 million tonnes of potash demand by 2050 - that says 100 million!

Concluding Thought

In addition to the Jansen Potash Project in Canada, there are also new potash expansions from Russia, Belarus and Laos. In the long term, potash market dynamics will change according to both national food security programs of countries, but also to rising agricultural commodities prices. It is agriculture and food that incentivize potash capacity expansions after all.

.

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

Important disclosures

I, Joshua Mayfield, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

Hallgarten's Equity Research rating system consists of LONG, SHORT and NEUTRAL recommendations. LONG suggests capital appreciation to our target price during the next twelve months, while SHORT suggests capital depreciation to our target price during the next twelve months. NEUTRAL denotes a stock that is not likely to provide outstanding performance in either direction during the next twelve months, or it is a stock that we do not wish to place a rating on at the present time. The information contained herein is based on sources that we believe to be reliable, but we do not guarantee their accuracy. Prices and opinions concerning the composition of market sectors included in this report reflect the judgments of this date and are subject to change without notice. This report is for information purposes only and is not intended as an offer to sell or as a solicitation to buy securities.

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

Web access at:

Research: www.hallgartenco.com