KINGSWOOD

Kingswood Capital Partners, LLC Equity Research

INITIATING COVERAGE

Materials

Brazil Potash Corp. (NYSE: GRO)

Rating: Buy

Price Target: $12.00

Share Price: $2.42

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Company Data

Average Daily Volume (M)	508.79
52-Week Range	1.24-4.99
Shares Outstanding (M)	53.37
Market Cap (M)	150.00
Enterprise Value (M)	141.28
Total Cash (M), mrq	9.34
Total Debt (M)	0.66
Total Debt to Cap	0.055%

Estimates

FYE: Dec		2026E	2027E
EPS	Q1	($0.18)	($0.12)
	Q2	($0.18)	($0.10)
	Q3	($0.12)	($0.10)
	Q4	($0.12)	($0.10)
	FY	($0.58)	($0.42)
P/E		NA	NA
Rev (M)	Q1	$0.00	$0.00
	Q2	$0.00	$0.00
	Q3	$0.00	$0.00
	Q4	$0.00	$0.00
	FY	$0.00	$0.00
EV/Sales		NMF	NMF

One-Year Performance Chart

As of February 2, 2026. Source: E-Trade.

February 3, 2026

Binary Speculative Play on Growing Global Potash Demand and on Brazil's Agricultural Development.

Initiating coverage with a Buy rating and $12 price target

Summary

We are initiating coverage of Brazil Potash Corp. (NYSE-GRO) with a Buy rating and a $12.00 12-month price target. Brazil Potash Corp. engages in the exploration and development of potash properties in Brazil. The company holds an interest in the Autazes project located in the state of Amazonas, Brazil. Brazil Potash Corp. was incorporated in 2006 and is headquartered in Toronto, Canada.

We view GRO shares as a binary, high-risk/high-reward investment opportunity centered on successful execution of $2.5 billion project-level financing (expected Q1-Q2 2026) for the company's flagship Autazes Potash Project in Amazonas State, Brazil. The investment thesis is based on Brazil Potash's strategic positioning to address Brazil's critical potash import dependency (98% of consumption imported), supported by 91% of planned production capacity pre-sold under long-term take-or-pay offtake agreements, all required installation licenses secured, and favorable macro fundamentals in the global potash market. However, this opportunity carries substantial execution risk, with the company's ability to secure $2.5 billion in project financing representing an existential near-term catalyst.

Key Investment Considerations

Strategic Import Substitution Opportunity. Brazil is the world's largest potash importer, accounting for roughly 22% of global imports, and is the second-largest potash consumer after China. It relies on imports for 98% of its needs, bringing in over 13 million tons annually at a cost of $4–6 billion USD. The Autazes Project by Brazil Potash aims to produce

2.4 million tons MOP per year, meeting about 18-20% of Brazil's domestic demand and reducing import dependency—an effort actively backed by Brazilian government policies in the fertilizer sector.

Located in the Amazon Basin, the underground mine project benefits from proximity to Mato Grosso and access to river transport. As per management guidance, it provides an estimated $140-150/ton logistics cost advantage over imported potash from Canada, Russia, or Belarus.

In-country potash production significantly reduces Brazil's exposure to international shipping costs, international commodity price volatility, and logistics risks. Even assuming relative cost parity to current potash imports, the Autazes Project we believe will guarantee Brazil's agricultural sector a safe and steady supply of potash for its agricultural needs free of international shipping costs and the geopolitical risk inherent in any overwhelming dependency on import commodity flow and its logistics cost premium. According to data highlighting the relative difference between the logistics cost of the routes (Port of Paranaguá to Rondonópolis; Port of Santo to Alto Araguaia and Port of Itaqui to Porto Nacional between Brazil Potash and the average of the foreign competitors: Uralkali; Belaruskali; Canpotex; ICL and K+S), Brazil Potash's location results in ~71% lower transportation costs to Brazilian customers versus foreign competitors. That said, the expected domestic production cost advantage of the Autazes Project we believe will inevitably lead to more favorable pricing in the Brazil agricultural sector, leading to its continued growth and global ascendancy.

Significantly reducing shipping and logistics costs gives Brazil Potash a significant gross margin advantage relative to its peers. We estimate that Brazil Potash's shipping and logistics cost component of COGS, once the mine is fully operational in 2031-32, will be only about $53 per tonne, compared to an average shipping COGS component of about $200 per tonne for a typical international exporter of potash. This enormous COGS advantage we believe will translate into our unusually high gross margin of over 40% vs a peer group average of ~35%, yielding an EBITDA margin of over 70% beyond 2031. Our 2032 EBITDA estimate is $801.4 million.

The company's "capital-light" development strategy will lead to a competitive advantage in securing project financing. Assigning capital risk to third parties (such as the company's agreement with the power infrastructure provider Fictor Energia) effectively reduces the need for up-front capital intensity and we believe should lead to more favorable financing terms for the Autazes Project, and will likely reduce the company's cost of capital and CapEx spending.

Favorable Macro Environment: Elevated Potash Prices. Global potash prices were $352 per ton FOB Vancouver as of October 31, 2025, a 26.56% increase year-over-year and 40–75% higher than pre-2020 levels, though below the 2022 peak of $1,200 per ton. Prices remain elevated due to geopolitical constraints on 42% of supply (Belarus and Russia sanctions) and ongoing demand growth from population increases and more intensive agriculture. The IFA (Internation Fertilizers Association) projects global K2O demand rising from 39.6 Mt in FY2024 to 41 Mt in FY2025 (+3.5%), with 42–45 Mt forecast by 2029 (1–2% CAGR). Brazil's nutrient demand is set to grow by 4–5 Mt K2O from 2025–2029, giving it the highest regional growth rate and reinforcing the need for domestic potash supply.

Regulatory Environment: All Permits Secured; Construction Completed. Brazil Potash obtained all 21 required construction licenses from IPAAM (Amazonas Environmental Protection Institute) by August 2024, covering key project elements like mine shafts, processing plant, and port facilities. This comprehensive permitting completion notably reduces project timeline risk versus peers still awaiting approvals. With the Autazes construction project now completed, Brazil Potash Corp.is now able to begin the mining process.

De-Risked Revenue Model: 91% Production Is Pre-Sold. Brazil Potash has successfully executed binding, long-term take-or-pay offtake agreements with three major agricultural companies, collectively securing 91% of the project’s 2.4 million ton annual capacity (2.18 Mt pre-sold). These agreements represent a significant de-risking milestone for a development-stage mining project, providing revenue visibility, and enhancing the company’s ability to secure project financing.

The offtake portfolio comprises:

- **Keytrade Fertilizantes Brasil Ltda.:** 814K tons per year (34% of capacity), binding take-or-pay agreement executed August 20, 2025
- **Amaggi:** 550K tons per year (23% of capacity), including strategic logistics partnership for river barge transportation
- **Kimia Solutions Ltda.:** Up to 704K tons per year (30% of capacity), 10-year take-or-pay commitment executed October 28, 2025

These contracts span 10-17 years with take-or-pay commitments, meaning customers are obligated to pay for contracted volumes regardless of actual offtake, providing downside protection against demand volatility. The pricing mechanisms are linked to CFR Brazil market indexes with adjustments, ensuring alignment with prevailing market conditions while maintaining revenue floors, including approximately $40–$50 per ton in freight capture.

Notably, Amaggi—Brazil’s largest farmer and a major logistics operator with 362,000 hectares of productive farmland—brings not only offtake commitment but also critical expertise in Amazon River system logistics, a key component of the project’s cost advantage.

Other regulatory milestones. These include archaeological clearance from IPHAN (National Historic and Artistic Heritage Institute) in February 2025, enabling fauna rescue and vegetation clearance needed for shaft sinking. A federal court ruling in October 2023 confirmed IPAAM's authority and resolved disputes that had delayed permits, further accelerating progress. This established legal precedent and the federal court validation provided de-risked regulatory certainty that most development-stage mining projects lack, positioning Brazil Potash distinctly ahead of peers still navigating environmental approvals.

A pending Supreme Federal Court investigation regarding mining rights within 10 Kms of other indigenous lands does not affect Autazes, as Brazil Potash's mineral reserves lie outside this buffer zone. The company has structured operations to remain viable regardless of this outcome.

Company Overview and Business Model

Brazil Potash Corp. is a Canada-incorporated mineral development company focused exclusively on advancing its flagship Autazes Potash Project in Amazonas State, Brazil. The company was originally incorporated under Canadian federal jurisdiction and maintains its headquarters in Toronto, Ontario, Canada, while operational management and project development activities are centered in Manaus, Brazil.

The company’s common shares trade on the NYSE American Exchange under the symbol “GRO”, following completion of an initial public offering in the United States. The NYSE American listing followed a 4-for-1 reverse stock split executed October 18, 2024, designed to meet the exchange’s minimum share price requirements and enhance institutional investor accessibility. The company also has BDR's on Brazil's B3 stock exchange, under the symbol GROP31.

Business Model

Brazil Potash is a pure-play development-stage potash company with a singular strategic focus: advancing the Autazes Potash Project from permitting and financing through construction, commissioning, and commercial production. The company currently generates no revenue from operations and is in the pre-production development phase, with all expenditures directed toward technical studies, permitting, stakeholder engagement, financing activities, and early-stage site preparation.

Upon successful construction and ramp-up, the business model will transition to conventional potash mining operations with the following characteristics:

- **Underground Mining:** Room-and-pillar mining of sylvinite ore at depths of 685-865 meters
- **Processing Operations:** Conventional hot leaching processing to produce ~2.4 million tons per year MOP
- **Revenue Model:** Sales to Brazilian agricultural customers under long-term offtake agreements (91% capacity)
- **Logistics Advantage:** Amazon river barge transportation to agricultural markets

Geographic Footprint

Brazil Potash's operations are entirely concentrated in the Autazes municipality of Amazonas State in northwestern Brazil. The project is located approximately 112 kilometers east of Manaus, the capital city of Amazonas State and a major commercial hub with a metropolitan population exceeding 2 million.

Strategic Advantages:

- Proximity to agricultural markets via Amazon River system
- Access to skilled labor pool and equipment suppliers in Manaus
- Underexplored geology with resource expansion potential
- Government support for import substitution

Operational Challenges:

- Remote location increases mobilization costs
- Amazon region environmental sensitivity requires exemplary management
- Seasonal climate factors (rainfall, flooding)
- Ongoing Indigenous consultation needs

Corporate Structure

Brazil Potash Corp. (the Canadian parent company) operates in Brazil through its wholly-owned Brazilian subsidiary, **Potássio do Brasil Ltda.**, which holds all mineral rights, permits, and licenses for the Autazes Project. This corporate structure is standard for foreign mining companies operating in Brazil, as Brazilian mining law requires local entity ownership of mineral concessions.

Project Overview – Autazes Potash

Project Location and Infrastructure

Site Details:

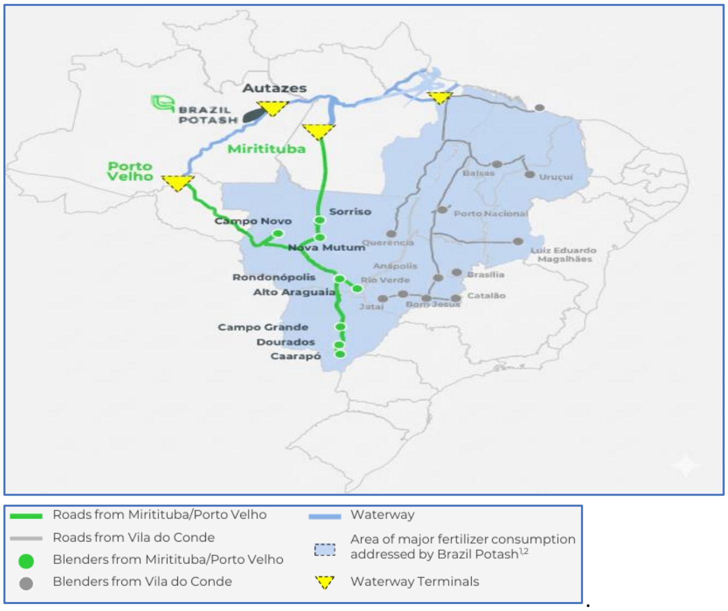
- **Location:** Autazes, Amazonas State, Brazil
- **Distance from Manaus:** 112 km east
- **Coordinates:** Approximately 3°30'S, 59°30'W (Amazon Basin)

Source: Company reports.

Infrastructure Access:

The project benefits from strategic geographic positioning with access to both regional infrastructure and key agricultural markets:

- **Road Access:** BR-319 highway provides connection to Manaus
- **River Transportation:** Direct access to Amazon river system enables low-cost barge transportation (estimated $140-150 per ton savings versus road/rail). Planned river barge port with dedicated loading facilities
- **Power Infrastructure:** MOU with Fictor Energia for construction of dedicated transmission line from Brazil's 84% renewable grid (~$200 million investment)
- **Water Supply:** Operational permits for two wells secured; 98% water recycling system designed
- **Port Facilities:** Dedicated river terminal with potash stockpile capacity, loading conveyors, and barge docking infrastructure



Source: Brazil Potash Corp.

Mineral Resources and Reserves

Brazil Potash's mineral resource and reserve estimates are based on the Pre-Feasibility Study (PFS) completed October 14, 2022, prepared in accordance with SEC Mining Modernization Rules (S-K 1300).

Proven and Probable Reserves:

Category	Tonnage (Mt)	Grade (MOP %)	Contained MOP (Mt)	% Total
Proven	69	28.9	19.9	36%
Probable	122	27.5	33.6	64%
Total	**191**	**28.0**	**53.5**	**100%**

Source: Brazil Potash Corp..

The 28-30% K2O grade is considered high-grade for potash deposits globally, comparing favorably to many Canadian Saskatchewan deposits (typically 20-30% K2O) and significantly exceeding solution mining deposits (<20% K2O). The high grade reduces processing costs per ton of finished product.

Geological Setting

The Autazes deposit consists primarily of **sylvinite ore**—an intimate mixture of sylvite (KCl) and halite (NaCl). The potash mineralization occurs as relatively flat-lying bedded layers within evaporite sequences of the Amazon Basin, deposited during ancient marine evaporation cycles approximately 300-400 million years ago.

Deposit Characteristics:

- **Depth**: 685-865 meters below surface (moderate for potash mining)
- **Ore Texture**: Fine to medium-grained, amenable to conventional hot leaching
- **Structural Geology**: Flat-lying geometry ideal for room-and-pillar mining
- **Lateral Extent**: Multiple kilometers based on 191 Mt reserve estimate

Mining Method and Operations

Underground Room-and-Pillar Mining:

The project will employ conventional room-and-pillar mining, used in approximately 90% of global underground potash operations:

- **Development:** Two mine shafts (production and service/ventilation) provide underground access
- **Extraction:** Rooms 20-30 meters wide separated by pillars 15-25 meters wide
- **Recovery Rate:** 50-60% extraction ratio (half mined, half left as support)
- **Equipment:** Continuous mining machines or drill-and-blast methods

Processing Operations:

Conventional hot leaching-based potash processing technology:

1. **Crushing and Grinding:** Reduce ore size and liberate KCl crystals
2. **Hot Leach**: Melt KCl and halite using hot water
3. **Crystallization**: KCl changes back to solid at different temperature than halite allowing for separation and concentration to 95% KCl
4. **Drying:** Rotary dryers reduce moisture to <1%
5. **Sizing:** Screen product to 0.5-4mm particle size
6. **Final Product:** 60-62% K2O content MOP fertilizer

Key Environmental Features:

- **98% Water Recycling:** Near-closed-loop system minimizes freshwater consumption
- **Underground Tailings Backfill:** Eliminates surface tailings dam failure risk
- **Two Surface Water Collection Sites:** Prevent contamination during seasonal flooding

Production Plan

Target Capacity: 2.4 million tons per year MOP

Ramp-Up Schedule:

Period	Phase	Production Volume	Capacity Utilization
2028	Initial commissioning	0.8 Mt	33%
2029	Process optimization	1.5 Mt	63%
2030	Near full capacity	2.1 Mt	88%
2031-2053	Steady-state operations	2.4 Mt	100%

Timeline: First production targeted 2027-2028 (optimistic) to 2029-2030 (realistic), contingent on Q1-Q2 2026 financing close and 30-month construction timeline.

Capital Expenditures

Total Initial Capex: $2.5 billion

Estimated Allocation:

Area	Total Costs (US$ MM)	% of Total
Mining	$701.4	28.2%
Process Plant & Equipment (Aggregated)	$1,068.0	42.9%
Indirect Costs	$135.2	5.4%
Owner's Costs	$165.8	6.7%
Contingency	$200.2	8.0%
Total Project Costs (Pre-Tax)	**$2,271.6**	**91.4%**
Taxes, Duties, Fees	$214.5	8.6%
Total Project Costs (After Tax)	**$2,486.1**	**100.0%**
Total Costs (Including Escalation)	**$2,486.1**	**100.0%**

Source: Brazil Potash Corp.

Sustaining Capital: $40-50 million annually for underground development, equipment replacement, and plant maintenance.

Operating Expenses

OpEx Breakdown by Activity:

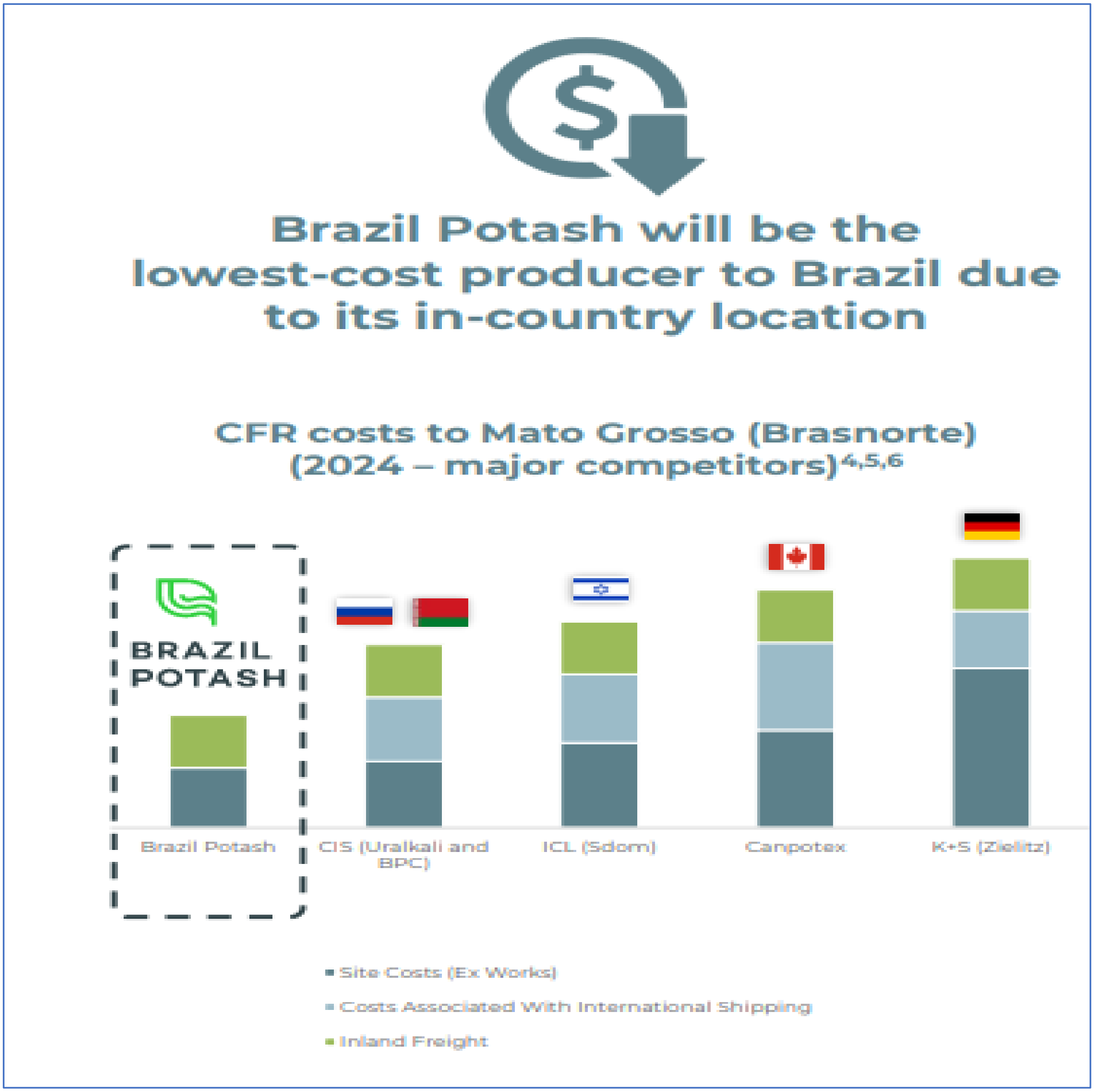
Cost Component	$/ton	% of Total
Energy (Electricity)	$22	28%
Wear & Tear (Maintenance)	$9	11%
Other Mining Costs	$6	8%
Mobile Equipment Operating	$6	8%
Process Reagents	$20	25%
Logistics (Mine to Port)	$3	4%
Labor	$6	8%
General & Administrative	$7	9%
Total Operating Cost	**$79**	**100%**

Source: Brazil Potash Corp.

Key Cost Drivers:

1. **Energy (28%):** Electricity at ~$0.04/kWh (Brazil grid rate) – 85% renewable sources provide carbon advantage
2. **Process Reagents (25%):** Hot leach brine chemicals, hot leaching reagents
3. **Mining Costs (59%):** Underground development, drilling, blasting, hoisting to surface

***Cost Competitiveness**:*



Source: Brazil Potash Corp.

At $160/t AISC (as per management guidance), Brazil Potash is positioned in the lowest quartile globally and more competitive than 70% of incumbent producers at marginal pricing (~$280/t). The combination of lower opex ($79/t) and $140-150/ton logistics cost advantage over imported potash from Canada, Russia, or Belarus positions Brazil Potash as lowest delivered-cost supplier to Brazilian farmers.

Financial Analysis & Projections

Historical Financial Performance

As a development-stage company with no revenue from operations, Brazil Potash's financial history reflects typical cash burn:

Income Statement (FY2022-FY2024):

Fiscal Year	Revenue ($M)	Operating Expenses ($M)	Net Loss ($M)
FY2022	$0	$(32.7)	$(32.6)
FY2023	$0	$(13.3)	$(13.2)
FY2024	$0	$(46.6)	$(46.4)

Source: Brazil Potash Corp.

Brazil Potash reported zero revenue for FY2022–FY2024, reflecting its pre-operational status. Operating expenses and net losses were highest in FY2024 ($46.6M, $46.4M), much lower in FY2023 ($13.3M, $13.2M), and significant in FY2022 ($32.7M, $32.6M). The large losses were mainly driven by share-based compensation and ongoing development costs. This pattern highlights the company's continued cash burn as it advances toward production.

Balance Sheet (FY2022-FY2024):

Fiscal Year	Total Assets	Cash	Total Debt	Equity
FY2022	$133.2	$11.8	$3.0	$130.2
FY2023	$133.1	$2.4	$3.9	$129.2
FY2024	$141.1	$18.9	$5.6	$135.4

*Source**: Brazil Potash Corp. FY23&24, FY2024***
All figures in $M

- Total assets remained stable from 2022 to 2023, before rising to $141.1M in 2024, highlighting resumed investment and asset growth.
- Cash reserves dropped sharply in 2023 but rebounded to $18.9M in 2024, suggesting timing differences in financing or operational expenditures and fresh capital inflows in FY2024.

- Equity strengthened to $135.4M in FY2024 while total debt increased moderately, indicating the company maintained a strong capital base relative to leverage during project scale-up.

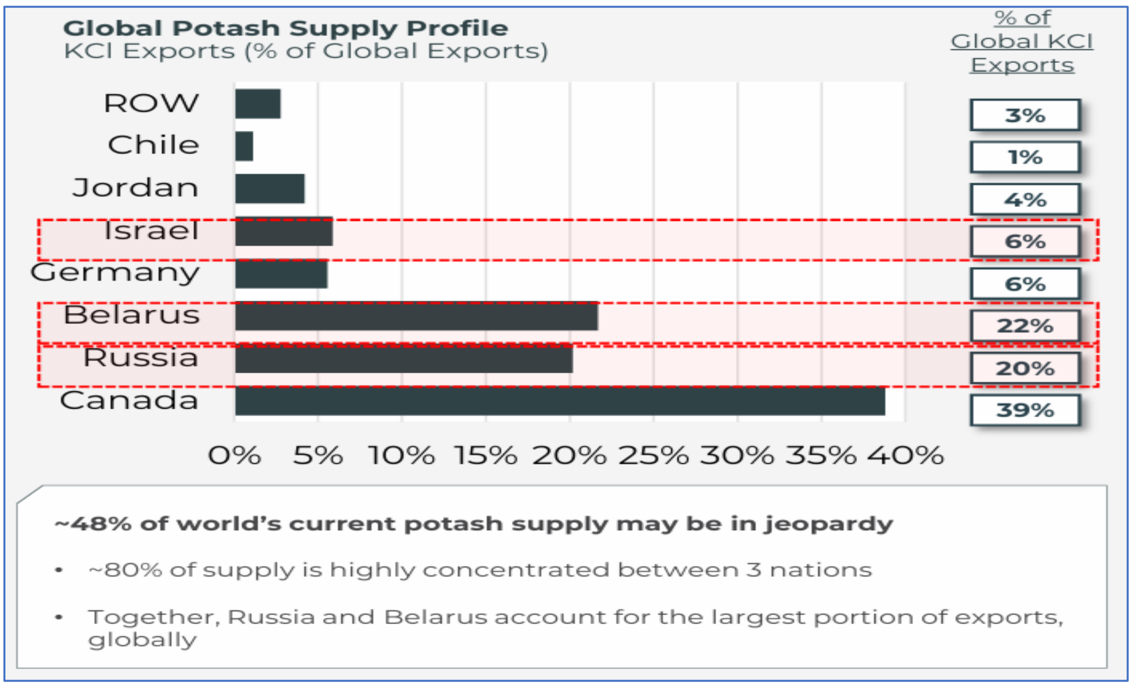
Going Concern Status: Auditor's report (Form 20-F/A, April 9, 2025) included "Material Uncertainty Related to Going Concern" opinion, standard for pre-revenue development companies but highlighting that without successful financing, the company cannot proceed.

Market Fundamentals & Commodity Outlook

Global Potash Supply

Current Production: 67.7 million tons K2O (2023)

Top Producers: -



Source: Brazil Potash Corp.

Supply Constraints:

Belarus and Russia collectively represent 42% of global production. Western sanctions imposed following Russia's invasion of Ukraine (2022) and Belarus political unrest (2020-2021) significantly disrupted global trade flows, removing or constraining 15-20 Mt of annual supply from traditional channels and supporting elevated prices.

New Supply Additions (2024-2028):

Project	Capacity (Mt)	Timeline
BHP Jansen (Canada)	4.35	2026-2027
Laos Projects	1.5 - 2.0	2025-2027
Russia Expansions	2.0 - 3.0	Sanction-dependent
Brazil Potash Autazes	2.4	2028-2030
Global Capacity	76	By 2028

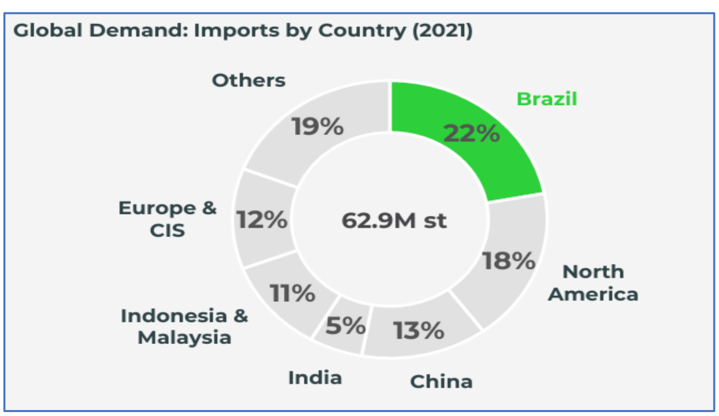
Source: Brazil Potash Corp.

Global Potash Demand

Current Demand: 39.6 million tons K2O (FY2024)

Forecast Growth: - FY2025: 41 Mt (+3.5%) - 2029: 42-45 Mt (1-2% CAGR)

Global Demand:



Source: Brazil Potash Corp.

- South Asia (India) will see potash demand rise by 2.0-2.5 Mt, driven by population growth and government subsidies.
- Latin America (Brazil) will increase consumption by 1.5-2.0 Mt due to soybean and corn expansion as well as intensification.
- East Asia (China) demand is stable and mature, growing by 0.5-1.0 Mt.
- North America expects modest potash demand growth of 0.2-0.5 Mt.
- Europe's demand for potash is flat to slightly declining owing to environmental regulations.

Brazil-Specific Demand:

Brazil is the world's second-largest potash consumer with annual consumption of ~13.8 million tons MOP (as of 2024), representing:

- 98% import dependency
- Strategic vulnerability to supply disruptions and price volatility
- Government policy priority for import substitution
- Brazil's Potash consumption is growing at CAGR of 6.8% vs. global consumption growth of 5.1% (2023E – 2027E)

Potash Price Outlook

Recent potash pricing stood at $358/t as of December 31, 2025, reflecting a 22.51% increase year-over-year. Historically, potash prices peaked at $600–800/t during the 2008–2009 commodity super-cycle and then maintained an elevated plateau of $400–500/t from 2010 to 2014. A prolonged trough followed, with prices falling to $200–300/t between 2015 and 2021 due to a global supply surplus. The onset of the Russia-Ukraine conflict in 2022 caused an exceptional spike to $1,200/t, driven by sanctions and supply disruptions. Since 2023, prices have normalized within the $280–350/t range, marking a return to more typical market conditions.

Market Structure

Global potash production is highly concentrated, with the top 3 producers controlling approximately 80% of total capacity. Product differentiation is limited, as MOP is largely considered a commodity. Pricing in the potash market is determined by overall supply and demand dynamics. Individual producer power has a minimal influence on price formation.

Brazil Potash's Competitive Position:

Upon reaching 2.4 Mt production, Brazil Potash will represent approximately 3.3% of global capacity, positioning it as a price-taker unable to influence global prices. It is expected to supply around 17-20% of Brazil's domestic potash consumption, highlighting its strategic importance. The project offers competitive advantages including $140-150/t logistics savings (as per management guidance), elimination of currency exposure for Brazilian buyers, and improved supply security. Proximity to end users enables just-in-time delivery and further strengthens its market position.

Comparable Companies Analysis

Criteria: Global potash producers (operating and development-stage), geographic diversity, scale range from small producers to industry leaders.

Company	Ticker	Mkt Cap	Capacity	Stage
Nutrien Ltd.	TSX: NTR	$27.9B	18.0 Mt/yr	Operating
Mosaic Co.	NYSE: MOS	$7.8B	10.6 Mt/yr	Operating
Intrepid	NYSE: IPI	$333M	0.515 Mt/yr	Operating
Verde Agri	TSX: NPK	$500-800M	3.0 Mt/yr	Operating
Kore Potash	LSE: KP2	$50-100M	2.2 Mt/yr	Development
K+S AG	XETRA: SDF	$3.3B	2.0 Mt	Operating

Source: Brazil Potash Corp.

Kore Potash – Most Comparable Peer:

Kore Potash (LSE/ASX: KP2) represents the **most directly comparable peer** to Brazil Potash:

- **Development Stage:** Both pre-production, EPC contract signed (Kore November 2024)
- **Capacity:** Nearly identical (2.2 Mt vs 2.4 Mt, 92% match)
- **Mine Life:** 23 years for both projects
- **Capex:** Similar range ($2.07B Kore vs $2.5B Brazil Potash)
- **NPV:** Kore $1.7B @ 10% discount (Brazil Potash $1.25B)
- **IRR:** Kore 18% real post-tax (Brazil Potash 18.2%)
- **Mining Method:** Both underground conventional mining
- **Export Method:** Marine (Kore - Congo) vs. River (Brazil Potash - Amazon)

Kore provides direct benchmark for NPV/IRR expectations and validates Brazil Potash valuation methodology.

Valuation Comparison

Enterprise Value / Production Capacity:

Company	EV/Cap ($/t)	Notes
Nutrien	$2333/t	Integrated ag retail + potash
Mosaic	$1730/t	Phosphate + potash diversified
Intrepid	$646/t	Small US solution mining
Verde	$1182/t	Brazil greenfield, ramping
Kore	$48/t	Development, no revenue
K+S	$1133/t	Bethune expansion
Brazil Potash	**$40/t**	
All Peer Median	**$1133/t**	**Brazil Potash at 96% discount**
Dev-Stage Median	**$346/t**	**Brazil Potash at 88% discount**
Operating Stage Median	**$1,730/t**	**Brazil Potash at 98% discount**

Source: Brazil Potash Corp.

Key Findings:

1. **Brazil Potash trades at 96% discount to peer median** – reflects pre-revenue stage, financing uncertainty, construction risk, micro-cap liquidity discount
2. **Kore Potash most comparable** but Brazil Potash offers superior logistics advantage ($140-150/t total freight savings out of which inland is $40-50/t)
3. **Verde Agritech** only other Brazil-based producer, but lower-grade thermopotash from glauconite (8.73% K_2O vs 28-30% for Brazil Potash standard MOP)

Operating Metrics Comparison

Company	AISC	Capacity	Life	Location
Nutrien	$95-110	18.0 Mt	50+ yrs	Canada
Mosaic	$100-120	10.6 Mt	40+ yrs	Can/USA
Intrepid	$180-220	0.515 Mt	15+ yrs	USA
Verde	$140-160	3.0 Mt	30+ yrs	Brazil
Kore	$177	2.2 Mt	23 yrs	Congo
Brazil Potash	**$160**	**2.4 Mt**	**23 yrs**	**Brazil**

Source: Brazil Potash Corp.

Comparative Advantages:

1. Brazil Potash saves **$40-50/t inland freight** vs. imports
2. **79% lower carbon intensity** vs. Saskatchewan production (Brazil 85% renewable grid vs Saskatchewan 81% fossil fuels)
3. **Delivered cost Santos to Mato Grosso:** $160/t vs. $282/t (Canpotex – Nutrien, Mosaic JV)- as per management guidance

The combination of competitive lower opex ($79/t) and substantial logistics advantage positions Brazil Potash as **lowest delivered-cost supplier to Brazilian agricultural markets**.

Valuation & Price Target

Our $12.00 12-month price target employs a DCF model that focuses on GRO's estimated EBITDA terminal value in 2032, when we expect to see the Autazes Project reach full production. Until that year, we do not expect the company to generate any meaningful revenue nor any cash flows. (In fact, we don't foresee any positive free cash flows being generated until sometime after that date). Therefore, we base our discount model on our 2032 EBITDA assumption of $801.3 million as the basis for a Terminal Value using a peer group multiple method and a multiple of 6x, with a base case perpetual growth rate of 1.5%. We further base our model on a Discount Rate/WACC of 14.5%, discounted by 6 annual periods to 2026. We then adjust the EBITDA terminal value for 2026 by the Year Six discount factor to arrive at a target EV of $2.134B. Our $12.00 per share target is derived using an assumed fully diluted share count of 180 million shares, rounded up from the model's final $11.85 per share.

	EBITDA
Full Production Revenue - 2032 (000):	$ 1,100,000
Estimated EBITDA - 2032 (000)	$ 801,378
Estimated EBITDA Growth Rate in Perpetuity	1.5%
EBITDA Terminal Value - Peer Multiple Method (000)	$ 4,808,267
Estimated Discount Rate/WACC:	14.50%
Discount Time Periods (annual; 2026-2032):	6
Discount Factor of Terminal Value (2026)	0.44377934
PV of EBITDA Terminal Value (2026)	$ 2,133,810
Target EV/EBITDA multiple*	6.0x
Target Valuation, 2026:	**$ 2,133,810**
PRICE TARGET/SHARE:	**$ 11.85**
Fully diluted share count (000)	180,000

Source: Kingswood Capital Partners estimates.

*** Estimated peer group EV/EBITDA multiple**

Additional Valuation Considerations

The following alternative valuation frameworks serve to further buttress our investment thesis on Brazil Potash Corp., and are useful in providing alternative perspectives on valuing the company.

I. Net Asset Value (NAV) Framework

Our valuation framework begins with a full asset-level NAV analysis for Brazil Potash's Autazes Project, applying the updated technical and financial assumptions provided and following sector-standard development-stage risk adjustments.

The Autazes Project remains the core value driver and the only asset with sufficient data to support a full NPV model. Using the collected technical and financial metrics, we build a project-level NPV that reflects the economics of a 2.4 Mtpa potash operation with long-life production and competitive operating costs.

Autazes Project NPV

Based on the company's latest feasibility inputs, we value the Autazes Project using a 10% real discount rate and risk-adjust the resulting NPV by an 85% probability factor to reflect construction-stage execution risk.

Project NPV (unrisked): US$2,497.6 million

Risk-adjusted Project NPV: US$2,123.0 million

NAV Build-up

We construct Brazil Potash's total NAV by adjusting the risked Autazes NPV for corporate items, cash, and financing structure.

Pre-financing NAV calculation

Component	Value ($M)
Risked Autazes Project NPV	$2,123
Add: Cash & Equivalents)	$14.0
Add: Other Assets	$71.9
Less: Corporate Adjustments	$0.0
Pre-Financing NAV	**$2,208.9**

Source: Kingswood Capital Partners

Financing & Dilution Framework:

To complete project development, we apply a single financing scenario consisting of equity issuance and debt funding:

Total required financing: **US$2,588.6M**

New shares issued at US$4.00/share: **647.14M**

Existing fully diluted shares outstanding: **53.2M**

Post-financing shares outstanding: **694.37M**

Post-Financing NAV

We incorporate the net effect of financing into the NAV:

Post-Financing NAV: US$4,473.9 million NAV per Share (Post-Financing): US$6.44 per share

This NAV now reflects a consistent share-count logic, a full development financing case, and updated project economics.

II. Relative Valuation Framework

In addition to the NAV approach, we benchmark Brazil Potash against comparable potash developers and producers using four valuation lenses:

1. **Price-to-NAV (P/NAV)**
2. **EV/Resource Ton**
3. **EV/Capacity Ton**
4. **EV/EBITDA**

1. P/NAV Analysis
Applying a 0.75× P/NAV multiple to the company's post-financing NAV yields:
P/NAV-derived value: US$4.83 per share
This reflects a moderate discount relative to established producers, appropriate for a company transitioning from development toward construction.
2. EV/Resource Ton Multiple
Using the project's measured, indicated, and inferred K_2O resource base:
Peer multiple applied: US$18 per ton
EV/Resource valuation: US$4.51 per share
3. EV/Capacity Ton Multiple
Using the 2.4 Mtpa production capacity:
Peer multiple applied: US$600 per ton
EV/Capacity valuation: US$2.10 per share
4. EV/EBITDA Multiple
Using updated steady-state EBITDA estimates and a 7× sector multiple:
EV/EBITDA valuation: US$9.84 per share
This higher valuation reflects the project's strong margin potential and competitive cost structure.

Scenario-Based Valuation
We construct Bull, Base, and Bear scenarios based on potash pricing, opex/capex outcomes, and execution timelines.

- Bull Case: US$7.50–10.00 per share
- Base Case: US$5.50–7.50 per share
- Bear Case: US$2.00–4.00 per share

Base Case Midpoint: US$6.50 per share

Management Overview

Mayo Schmidt – Executive Chairman: Former Chairman & CEO of Nutrien Ltd., the world's largest fertilizer company. Previously served as CEO of Hydro One and Viterra. Extensive experience with Fortune 100 companies including General Mills and ConAgra. Brings deep industry relationships and financing expertise to Brazil Potash.

Matt Simpson – Chief Executive Officer: Former General Manager Mine at Rio Tinto's Iron Ore Company of Canada. He managed $300M+ annual spend and 70 million tons/year operations. Experience includes Hatch designing and constructing metallurgical refineries globally.

Marcos Pedrini – VP Marketing: 35+ years of experience selling and delivering potash in Brazil. Former General Manager Agriculture Sales at Vale, Brazil's largest mining company. Instrumental in securing offtake agreements with major Brazilian agricultural distributors.

Lúcio Rabello – Head of Environment & Licensing: 20+ years licensing experience in Amazonas State. Former President of Amazonas State Environmental Agency (IPAAM). Critical to achieving all 21 Construction Licenses in August 2024.

Raphael Bloise – Project Director (Construction): 45+ years construction experience including Vale, Mirabela Nickel, and Carajás Project. Led construction of 700 kV transmission lines from Belo Monte hydroelectric project. Will oversee $2.5B construction program.

Our Earnings Model's Key Assumptions

Our earnings model assumes full production capacity in CY32, with at total revenue of $1.1 billion, a gross margin of 41%, and an EBITDA of $801.378 million and an EBITDA margin of 73%. We are also modeling a fully diluted share count of 180 million shares, yielding a fully diluted EPS of $1.34 in CY32.

All figures in thousands of U.S. Dollars except % and per share items

Brazil Potash Corp. (NYSE-GRO)									
GAAP Basis, except where noted									
Fiscal Year Ends December 31	Dec-24	Dec-25	Dec-26	Dec-27	Dec-28	Dec-29	Dec-30	Dec-31	Dec-32
($ in thousands, except per share data)	**CY24A**	**CY25A**	**CY26E**	**CY27E**	**CY28E**	**CY29E**	**CY30E**	**CY31E**	**CY32E**
Total Revenue	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 300,000**	**$ 525,000**	**$ 1,100,000**
Cost of Revenue	0	0	0	0	0	0	675,000	637,500	650,000
Gross Profit	**0**	**0**	**0**	**0**	**0**	**0**	**(375,000)**	**(112,500)**	**450,000**
Gross Margin	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*-125.0%*	*-21.4%*	*40.9%*
Operating Expenses:									
SG&A	46,600	12,000	14,000	14,000	15,000	21,000	21,840	22,714	23,622
% of Total Revenue	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*7.3%*	*4.3%*	*2.1%*
Depreciation & Amortization	0	0	0	0	0	0	570,000	480,000	375,000
% of Total Revenue	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*190.0%*	*91.4%*	*34.1%*
Other Expenses	0	0	0	0	0	0	0	0	0
% of Total Revenue	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0*	*0.0%*	*0.0%*
Other Non-Cash Expenses	35,734	44,983	42,000	48,000	49,000	50,000	52,000	52,000	60,000
% of Total Revenue	*0.0%*	*0.0%*	0	*0.0%*	*0.0%*	*0.0%*	*17.3%*	*9.9%*	*5.5%*
EBITDA	**(81,934)**	**(12,000)**	**(14,000)**	**(14,000)**	**(15,000)**	**(21,000)**	**173,160**	**344,786**	**801,378**
EBITDA Margin (%)	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*57.7%*	*65.7%*	*72.9%*
Operating Income	**(82,334)**	**(56,983)**	**(14,000)**	**(62,000)**	**(64,000)**	**(71,000)**	**(448,840)**	**(187,214)**	**366,378**
Other Expense, Net:									
Interest Income/Expense, net	400	0	0	0	0	0	(125,000)	(125,000)	(125,000)
Pretax Income	**(81,934)**	**(56,983)**	**(14,000)**	**(62,000)**	**(64,000)**	**(71,000)**	**(573,840)**	**(312,214)**	**241,378**
Provision for income taxes	200	0	0	0	0	0	0	0	0
Effective Tax Rate	*-0.2%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*
Net Income (Non-GAAP)	**(82,134)**	**(56,983)**	**(14,000)**	**(62,000)**	**(64,000)**	**(71,000)**	**(573,840)**	**(312,214)**	**241,378**
Shares outstanding	36,200	38,400	100,000	147,500	160,000	170,000	180,000	180,000	180,000
EPS	**($2.27)**	**($1.48)**	**($0.58)**	**($0.42)**	**($0.40)**	**($0.42)**	**($3.19)**	**($1.73)**	**$1.34**

Source: Company Reports, Kingswood Capital Partners estimates.

Risks to Price Target

Key Risk #1: Project Financing Execution (Existential)

With approximately $310 million historically invested in project development and early-stage work, and Fictor Energia's $220 million power-line commitment expected to form part of the $2.5 billion construction capital stack, the company must still secure the remaining ~$2.2 billion in project financing to construct the Autazes Project. With about $18.9 million of cash at the end of FY2024 plus $28 million of PIPE financing recently closed, the company remains highly dependent on successful project financing to advance to construction. Without full funding, construction cannot begin, offtake agreements could lapse, and permits may expire. The management intends to sell a 30–51% interest at the Brazil asset level and rely heavily on project debt for financing the remaining capital. Management prefers this approach over raising the capital at NYSE listed Brazil Potash Corp. level because it minimizes equity dilution for existing investors in the NYSE listed company. However, the overall financing requirement remains large and execution risk is high.

Mitigating Factors: 91% offtake agreements with take-or-pay terms, BTIG capital markets mandate (November 2025), possible Brazilian bank support due to strategic importance, and robust project economics supporting debt service coverage.

Key Risk #2: Possible Shareholder Dilution

Given the $2.5 billion financing requirement against a $113 million market cap, shareholder dilution would be substantial if all capital were raised at the parent NYSE listed Brazil Potash Corp. level. As per management guidance, Brazil Potash mitigates this risk by raising approximately 60% (~$1.5 billion) in debt and limiting equity to 40% (~$1.0 billion). This debt structure is validated by project finance banks as providing sufficient coverage ratios. Most capital is expected to be raised at the Autazes asset level (30–51% equity stake sale) rather than at the NYSE listed parent company, allowing asset investors to achieve approximately 1x MOIC annually during production. Additionally, Franco-Nevada's 4% perpetual gross revenue royalty option (US$1 million upfront) provides non-dilutive funding; the Royalty Purchase Price will deliver Franco-Nevada a 12.5% pre-tax IRR based on feasibility study and analyst price forecasts, contingent on option exercise and key financing milestones.

While residual dilution risk exists if parent-level capital raises become necessary, the asset-level funding model and Franco-Nevada arrangement substantially mitigate dilution scenarios.

Key Risk #3: Capital Cost Overruns and Construction Execution

Development-stage mining projects often see capital cost overruns of 20–40% above feasibility estimates. Brazil Potash's Autazes Project is at heightened risk due to its remote Amazon location (112 km from Manaus), deep underground shafts (685–865 meters), and first-time operator status. A 20% overrun would lift capital needs to $3.12 billion, while a 30% overrun to $3.38 billion would worsen economics and strain financing—potentially requiring more funding and shareholder dilution.

Mitigating factors include a solid PFS engineering cost basis, cost advantages from high-grade ore and river transport, and experienced mining contractors for key operations. Also, the company has the ability to fabricate large sections of the processing plant as modules, with size limited mainly by what fits on a Panamax-class vessel, rather than by the much smaller envelopes of components that must typically be delivered to most mines on transport trucks.

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As of August 2025.

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