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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

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**FORM 10-Q**

**Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934  
For the Quarterly Period Ended September 30, 2024**

or

**Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_**

Commission File Number: 001-34025



**INTREPID POTASH, INC.**

(Exact Name of Registrant as Specified in its Charter)

**Delaware**

(State or other jurisdiction of  
incorporation or organization)

**707 17<sup>th</sup> Street, Suite 4200**

**Denver,**

(Address of principal executive offices)

**26-1501877**

(I.R.S. Employer  
Identification No.)

**Colorado**

**80202**

(Zip Code)

**(303) 296-3006**

(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act

Title of each class	Trading symbol	Name of each exchange on which registered
Common Stock, par value \$0.001 per share	IPI	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files.) Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer  Non-accelerated filer   
Smaller reporting company  Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes  No

As of October 31, 2024, the registrant had outstanding 13,163,221 shares of common stock, par value \$0.001 per share.

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**PART I - FINANCIAL INFORMATION**  
**ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**  
**INTREPID POTASH, INC.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
**(In thousands, except share and per share amounts)**

	<b>September 30, 2024</b>	<b>December 31, 2023</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 38,034	\$ 4,071
Short-term investments	1,979	2,970
Accounts receivable:		
Trade, net	32,223	22,077
Other receivables, net	2,659	1,470
Inventory, net	109,578	114,252
Prepaid expenses and other current assets	5,783	7,200
<b>Total current assets</b>	<b>190,256</b>	<b>152,040</b>
Property, plant, equipment, and mineral properties, net	354,898	358,249
Water rights	19,184	19,184
Long-term parts inventory, net	32,385	30,231
Long-term investments	4,699	6,627
Other assets, net	9,395	8,016
Non-current deferred tax asset, net	195,402	194,223
<b>Total Assets</b>	<b>\$ 806,219</b>	<b>\$ 768,570</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Accounts payable	\$ 8,917	\$ 12,848
Accrued liabilities	14,733	14,061
Accrued employee compensation and benefits	11,810	7,254
Other current liabilities	7,730	12,401
<b>Total current liabilities</b>	<b>43,190</b>	<b>46,564</b>
Advances on credit facility		4,000
Asset retirement obligation, net of current portion	31,944	30,077
Operating lease liabilities	855	741
Finance lease liabilities	2,082	1,451
Deferred other income, long-term	46,053	—
Other non-current liabilities	1,502	1,309
<b>Total Liabilities</b>	<b>125,626</b>	<b>84,142</b>
<b>Commitments and Contingencies</b>		
Common stock, 0.001 par value; 40,000,000 shares authorized;		
12,908,078 and 12,807,316 shares outstanding		
at September 30, 2024, and December 31, 2023, respectively	14	13
Additional paid-in capital	667,597	665,637
Retained earnings	34,994	40,790
Less treasury stock, at cost	(22,012)	(22,012)
<b>Total Stockholders' Equity</b>	<b>680,593</b>	<b>684,428</b>
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$ 806,219</b>	<b>\$ 768,570</b>

See accompanying notes to these Condensed Consolidated Financial Statements.

**INTREPID POTASH, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)**  
(In thousands, except per share amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
<b>Sales</b>	\$ 57,549	\$ 54,465	\$ 198,891	\$ 222,420
Less:				
Freight costs	8,022	7,909	30,275	30,015
Warehousing and handling costs	3,058	2,731	8,733	8,265
Cost of goods sold	38,266	39,921	135,767	148,502
Lower of cost or net realizable value inventory adjustments	471	3,413	2,326	3,413
<b>Gross Margin</b>	<u>7,732</u>	<u>491</u>	<u>21,790</u>	<u>32,225</u>
Selling and administrative	9,154	7,685	25,448	24,491
Accretion of asset retirement obligation	623	535	1,867	1,605
Impairment of long-lived assets	874	521	3,082	521
Loss on sale of assets	134	59	626	252
Other operating income	(1,370)	(522)	(4,029)	(1,252)
Other operating expense	540	1,379	2,953	3,132
<b>Operating (Loss) Income</b>	<u>(2,223)</u>	<u>(9,166)</u>	<u>(8,157)</u>	<u>3,476</u>
<b>Other Income</b>				
Equity in loss of unconsolidated entities	(289)	(54)	(256)	(292)
Interest income	536	88	1,327	249
Other income	136	19	204	75
<b>(Loss) Income Before Income Taxes</b>	<u>(1,840)</u>	<u>(9,113)</u>	<u>(6,882)</u>	<u>3,508</u>
<b>Income Tax Benefit (Expense)</b>	7	1,917	1,086	(1,893)
<b>Net (Loss) Income</b>	<u>\$ (1,833)</u>	<u>\$ (7,196)</u>	<u>\$ (5,796)</u>	<u>\$ 1,615</u>
Weighted Average Shares Outstanding:				
Basic	12,908	12,789	12,871	12,750
Diluted	<u>12,908</u>	<u>12,789</u>	<u>12,871</u>	<u>12,876</u>
<b>(Loss) Earnings Per Share:</b>				
Basic	\$ (0.14)	\$ (0.56)	\$ (0.45)	\$ 0.13
Diluted	<u>\$ (0.14)</u>	<u>\$ (0.56)</u>	<u>\$ (0.45)</u>	<u>\$ 0.13</u>

See accompanying notes to these Condensed Consolidated Financial Statements.

**INTREPID POTASH, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (UNAUDITED)**  
(In thousands, except share amounts)

Nine-Month Period Ended September 30, 2024						
	Common Stock		Treasury Stock	Additional Paid-in Capital	Retained Earnings	Total Stockholders' Equity
	Shares	Amount				
<b>Balance, December 31, 2023</b>	12,807,316	\$ 13	\$ (22,012)	\$ 665,637	\$ 40,790	\$ 684,428
Net loss	—	—	—	—	(5,796)	(5,796)
Stock-based compensation	—	—	—	2,735	—	2,735
Vesting of restricted common stock, net of common stock used to fund employee income tax withholding due upon vesting	100,762	1	—	(775)	—	(774)
<b>Balance, September 30, 2024</b>	<b>12,908,078</b>	<b>\$ 14</b>	<b>\$ (22,012)</b>	<b>\$ 667,597</b>	<b>\$ 34,994</b>	<b>\$ 680,593</b>
Three-Month Period Ended September 30, 2024						
	Common Stock		Treasury Stock	Additional Paid-in Capital	Retained Earnings	Total Stockholders' Equity
	Shares	Amount				
<b>Balance, June 30, 2024</b>	<b>12,908,078</b>	<b>\$ 14</b>	<b>\$ (22,012)</b>	<b>\$ 667,419</b>	<b>\$ 36,827</b>	<b>\$ 682,248</b>
Net loss	—	—	—	—	(1,833)	(1,833)
Stock-based compensation	—	—	—	178	—	178
<b>Balance, September 30, 2024</b>	<b>12,908,078</b>	<b>\$ 14</b>	<b>\$ (22,012)</b>	<b>\$ 667,597</b>	<b>\$ 34,994</b>	<b>\$ 680,593</b>
Nine-Month Period Ended September 30, 2023						
	Common Stock		Treasury Stock	Additional Paid-in Capital	Retained Earnings	Total Stockholders' Equity
	Shares	Amount				
<b>Balance, December 31, 2022</b>	<b>12,687,822</b>	<b>\$ 13</b>	<b>\$ (22,012)</b>	<b>\$ 660,614</b>	<b>\$ 76,463</b>	<b>\$ 715,078</b>
Net income	—	—	—	—	1,615	1,615
Stock-based compensation	—	—	—	5,071	—	5,071
Vesting of restricted common stock, net of common stock used to fund employee income tax withholding due upon vesting	101,504	—	—	(1,337)	—	(1,337)
<b>Balance, September 30, 2023</b>	<b>12,789,326</b>	<b>\$ 13</b>	<b>\$ (22,012)</b>	<b>\$ 664,348</b>	<b>\$ 78,078</b>	<b>\$ 720,427</b>
Three-Month Period Ended September 30, 2023						
	Common Stock		Treasury Stock	Additional Paid-in Capital	Retained Earnings	Total Stockholders' Equity
	Shares	Amount				
<b>Balance, June 30, 2023</b>	<b>12,789,326</b>	<b>\$ 13</b>	<b>\$ (22,012)</b>	<b>\$ 662,826</b>	<b>\$ 85,274</b>	<b>\$ 726,101</b>
Net loss	—	—	—	—	(7,196)	(7,196)
Stock-based compensation	—	—	—	1,522	—	1,522
<b>Balance, September 30, 2023</b>	<b>12,789,326</b>	<b>\$ 13</b>	<b>\$ (22,012)</b>	<b>\$ 664,348</b>	<b>\$ 78,078</b>	<b>\$ 720,427</b>

See accompanying notes to these Condensed Consolidated Financial Statements.

**INTREPID POTASH, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)**  
**(In thousands)**

	<b>Nine Months Ended September 30,</b>	
	<b>2024</b>	<b>2023</b>
<b>Cash Flows from Operating Activities:</b>		
Net (loss) income	\$ (5,796)	\$ 1,615
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Depreciation, depletion and amortization	26,931	28,305
Accretion of asset retirement obligation	1,867	1,605
Amortization of deferred financing costs	226	226
Amortization of intangible assets	246	241
Stock-based compensation	2,735	5,071
Lower of cost or net realizable value inventory adjustments	2,326	3,413
Impairment of long-lived assets	3,082	521
Loss on disposal of assets	626	252
Allowance for doubtful accounts	—	110
Allowance for parts inventory obsolescence	643	140
Unrealized loss on equity investment	101	—
Equity in (earnings) loss of unconsolidated entities	256	292
Distribution of earnings from unconsolidated entities	—	452
Changes in operating assets and liabilities:		
Trade accounts receivable, net	(10,146)	2,536
Other receivables, net	(1,245)	(1,659)
Inventory, net	(448)	2,379
Prepaid expenses and other current assets	(226)	(898)
Deferred tax assets, net	(1,179)	1,756
Accounts payable, accrued liabilities, and accrued employee compensation and benefits	4,009	(5,216)
Operating lease liabilities	(1,074)	(1,218)
Deferred other income	43,308	—
Other liabilities	(1,306)	(1,298)
Net cash provided by operating activities	<u>64,936</u>	<u>38,625</u>
<b>Cash Flows from Investing Activities:</b>		
Additions to property, plant, equipment, mineral properties and other assets	(32,583)	(58,484)
Purchase of investments	—	(1,415)
Proceeds from sale of assets	4,656	125
Proceeds from redemptions/maturities of investments	2,000	4,500
Other investing, net	416	668
Net cash used in investing activities	<u>(25,511)</u>	<u>(54,606)</u>
<b>Cash Flows from Financing Activities:</b>		
Proceeds from short-term borrowings on credit facility	—	7,000
Repayments of short-term borrowings on credit facility	(4,000)	(5,000)
Payments of financing lease	(680)	(399)
Employee tax withholding paid for restricted stock upon vesting	(775)	(1,337)
Net cash (used in) provided by financing activities	<u>(5,455)</u>	<u>264</u>

**INTREPID POTASH, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)**  
(In thousands)

	Nine Months Ended September 30,	
	2024	2023
<b>Net Change in Cash, Cash Equivalents and Restricted Cash</b>	33,970	(15,717)
<b>Cash, Cash Equivalents and Restricted Cash, beginning of period</b>	4,651	19,084
<b>Cash, Cash Equivalents and Restricted Cash, end of period</b>	\$ 38,621	\$ 3,367
<b>Supplemental disclosure of cash flow information</b>		
Net cash paid during the period for:		
Interest	\$ 382	\$ 287
Income taxes	\$ 9	\$ 295
Amounts included in the measurement of operating lease liabilities	\$ 1,143	\$ 1,357
Accrued purchases for property, plant, equipment, and mineral properties	\$ 1,868	\$ 3,241
Right-of-use assets exchanged for operating lease liabilities	\$ 751	\$ 48
Right-of-use assets exchanged for financing lease liabilities	\$ 1,562	\$ 3,009

See accompanying notes to these Condensed Consolidated Financial Statements.

## INTREPID POTASH, INC.

### NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

#### Note 1 — COMPANY BACKGROUND

We are a diversified mineral company that delivers potassium, magnesium, sulfur, salt, and water products essential for customer success in agriculture, animal feed, and the oil and gas industry. We are the only U.S. producer of muriate of potash (sometimes referred to as potassium chloride or potash), which is applied as an essential nutrient for healthy crop development, utilized in several industrial applications, and used as an ingredient in animal feed. In addition, we produce a specialty fertilizer, Trio®, which delivers three key nutrients, potassium, magnesium, and sulfate, in a single particle. We also provide water, salt, magnesium chloride, brine, and various oilfield products and services.

Our extraction and production operations are conducted entirely in the continental U.S. We produce potash from three solution mining facilities: our HB solution mine in Carlsbad, New Mexico, our solution mine in Moab, Utah, and our brine recovery mine in Wendover, Utah. We also operate the North compaction facility in Carlsbad, New Mexico, which compacts and granulates product from the HB mine. We produce Trio® from our conventional underground East mine in Carlsbad, New Mexico.

We have permitted, licensed, declared, and partially adjudicated water rights in New Mexico that support our mining and industrial operations. Water that is not used to support our mining and industrial operations is primarily sold to support oil and gas development in the Permian Basin in New Mexico near our Carlsbad facilities. We continue to work to expand our water business. See Note 15—Commitments and Contingencies below for further information regarding our water rights.

We also operate certain land, water rights, grazing leases, and other related assets in southeast New Mexico. We refer to these assets and operations as "Intrepid South." Due to the strategic location of Intrepid South, part of our long-term operating strategy is selling small parcels of land, including restricted use agreements of surface or subsurface rights, to customers where such sales provide a solution to such customer's operations in the oil and gas industry.

We have three segments: potash, Trio®, and oilfield solutions. We account for sales of byproducts as revenue in the potash or Trio® segment based on which segment generates the byproduct. Intersegment sales prices are market based and are eliminated.

"Intrepid," "our," "we," or "us" means Intrepid Potash, Inc. and its consolidated subsidiaries.

#### Note 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Financial Statement Presentation**—Our unaudited Condensed Consolidated Financial Statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC"). Certain information and note disclosures normally included in annual financial statements prepared in accordance with U.S. generally accepted accounting principles ("GAAP") have been condensed or omitted pursuant to those rules and regulations. In the opinion of management, all adjustments, consisting of normal recurring accruals considered necessary for a fair presentation of interim financial information, have been included. These unaudited Condensed Consolidated Financial Statements should be read in conjunction with our Annual Report on Form 10-K for the year ended December 31, 2023.

**Pronouncements Issued But Not Yet Adopted**—In December 2023, the Financial Accounting Standards Board (the "FASB") issued ASU 2023-09, "Income Taxes (Topic 740): Improvements to Income Tax Disclosures" ("ASU 2023-09"). ASU 2023-09 requires that an entity disclose specific categories in the effective tax rate reconciliation as well as provide additional information for reconciling items that meet a quantitative threshold, certain disclosures of state versus federal income tax expenses and taxes paid. ASC 2023-09 is effective for fiscal years beginning after December 15, 2024. We are currently evaluating the guidance and expect it to only impact disclosures with no impact to results of operations, cash flows and financial condition.

In November 2023, the FASB issued ASU 2023-07, "Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures" ("ASU 2023-07"). This new guidance: (i) introduces a requirement to disclose significant segment expenses regularly provided to the chief operating decision maker ("CODM"), (ii) extends certain annual disclosures to interim periods, (iii) clarifies disclosure requirements for single reportable segment entities, (iv) permits more than one measure of segment profit or loss to be reported under certain conditions, and (v) requires disclosure of the title and position of the CODM. The standard is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted. The guidance applies retrospectively to all periods presented in the financial statements. We are currently evaluating the guidance and expect it to only impact disclosures with

no impact to results of operations, cash flows, and financial condition.

**Reclassifications of Prior Period Presentation**—Certain prior period amounts have been reclassified in order to conform to the current period presentation. These reclassifications had no effect on the reported results of operations.

**Note 3 — EARNINGS PER SHARE**

Basic earnings per share is computed by dividing net income by the weighted-average number of shares of common stock outstanding during the period. For purposes of determining diluted earnings per share, basic weighted-average common shares outstanding is adjusted to include potentially dilutive securities, including restricted stock, stock options, and performance units. The treasury-stock method is used to measure the dilutive impact of potentially dilutive shares. Potentially dilutive shares are excluded from the diluted weighted-average shares outstanding computation in periods in which they have an anti-dilutive effect. The following table shows the calculation of basic and diluted earnings per share (in thousands, except per share amounts):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Net (loss) income	\$ (1,833)	\$ (7,196)	\$ (5,796)	\$ 1,615
Basic weighted-average common shares outstanding	12,908	12,789	12,871	12,750
Add: Dilutive effect of restricted stock	—	—	—	80
Add: Dilutive effect of stock options	—	—	—	46
Diluted weighted-average common shares outstanding	<u>12,908</u>	<u>12,789</u>	<u>12,871</u>	<u>12,876</u>
Basic	\$ (0.14)	\$ (0.56)	\$ (0.45)	\$ 0.13
Diluted	<u>\$ (0.14)</u>	<u>\$ (0.56)</u>	<u>\$ (0.45)</u>	<u>\$ 0.13</u>

The following table shows the shares that have an anti-dilutive effect and are excluded from the diluted weighted-average shares outstanding computations (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Anti-dilutive effect of restricted stock	372	372	369	213
Anti-dilutive effect of stock options outstanding	<u>273</u>	<u>273</u>	<u>273</u>	<u>173</u>

**Note 4 — CASH, CASH EQUIVALENTS AND RESTRICTED CASH**

We consider financial instruments with original maturities of three months or less to be cash equivalents. Total cash, cash equivalents and restricted cash, as shown on the Condensed Consolidated Statements of Cash Flows are included in the following accounts at September 30, 2024, and 2023 (in thousands):

	<b>September 30, 2024</b>	<b>September 30, 2023</b>
Cash and cash equivalents	\$ 38,034	\$ 2,791
Restricted cash included in other current assets	25	25
Restricted cash included in other long-term assets	562	551
Total cash, cash equivalents, and restricted cash as shown in the statement of cash flows	<b><u>\$ 38,621</u></b>	<b><u>\$ 3,367</u></b>

Restricted cash included in other current and long-term assets on the Condensed Consolidated Balance Sheets represents amounts for which use is restricted by contractual agreements with various entities, principally the Bureau of Land Management or the states of Utah and New Mexico, as security to fund future reclamation obligations at our sites.

**Note 5 — INVENTORY AND LONG-TERM PARTS INVENTORY**

The following summarizes our inventory, recorded at the lower of weighted-average cost or estimated net realizable value, as of September 30, 2024, and December 31, 2023 (in thousands):

	<b>September 30, 2024</b>	<b>December 31, 2023</b>
Finished goods product inventory	\$ 53,734	\$ 66,033
In-process inventory	35,135	28,044
Total product inventory	88,869	94,077
Current parts inventory, net	20,709	20,175
Total current inventory, net	109,578	114,252
Long-term parts inventory, net	32,385	30,231
Total inventory, net	<b><u>\$ 141,963</u></b>	<b><u>\$ 144,483</u></b>

Parts inventory is shown net of estimated allowances for obsolescence of \$0.2 million and \$0.9 million as of September 30, 2024, and December 31, 2023, respectively.

**Note 6 — PROPERTY, PLANT, EQUIPMENT, AND MINERAL PROPERTIES**

Property, plant, equipment, and mineral properties were comprised of the following (in thousands):

	<b>September 30, 2024</b>	<b>December 31, 2023</b>
Land	\$ 24,136	\$ 24,136
Ponds and land improvements	96,307	91,333
Mineral properties and development costs	161,757	159,775
Buildings and plant	93,477	90,150
Machinery and equipment	318,680	297,494
Vehicles	7,888	7,332
Office equipment and improvements	10,627	10,150
Operating lease ROU assets	4,829	5,274
Breeding stock	264	315
Construction in progress	11,400	23,942
Total property, plant, equipment, and mineral properties, gross	\$ 729,365	\$ 709,901
Less: accumulated depreciation, depletion, and amortization	(374,467)	(351,652)
<b>Total property, plant, equipment, and mineral properties, net</b>	<b>\$ 354,898</b>	<b>\$ 358,249</b>

During the year ended December 31, 2023, we recorded an impairment related to our Trio® segment assets because the net book value of the assets exceeded the estimated fair value of the assets. The fair value of the Trio® segment assets was primarily determined using the expected proceeds received in an orderly sale of the individual assets. For any Trio® segment capital spending during the nine months ended September 30, 2024, we also estimated the fair value of those assets using the expected proceeds received in an orderly sale of those new assets. As a result, we recorded an additional impairment of \$3.1 million in the nine months ended September 30, 2024.

We incurred the following expenses for depreciation, depletion, and amortization, including expenses capitalized into inventory, for the following periods (in thousands):

	<b>Three Months Ended September 30,</b>		<b>Nine Months Ended September 30,</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Depreciation	\$ 8,013	\$ 9,102	\$ 23,072	\$ 25,156
Depletion	704	621	2,837	1,968
Amortization of right of use assets	316	399	1,022	1,181
<b>Total incurred</b>	<b>\$ 9,033</b>	<b>\$ 10,122</b>	<b>\$ 26,931</b>	<b>\$ 28,305</b>

## Note 7 — OTHER LONG-TERM DEFERRED INCOME

**Cooperative Development Agreement**—In December 2023, we entered into the Third Amendment of Cooperative Development Agreement (the "Amendment") with XTO Holdings, LLC ("XTO Holdings") and XTO Delaware Basin LLC, as successors in interest to BOPCO, L.P. ("XTO Delaware Basin," and together with XTO Holdings, "XTO"), with an effective date of January 1, 2024 ("Amendment Date"). The Amendment further amends that certain Cooperative Development Agreement, by and between us, BOPCO, L.P. and the other parties thereto, effective as of February 28, 2011 (as amended, including by the Amendment, the "CDA"), which was executed for the purpose of pursuing the cooperative development of potassium and oil and gas on certain lands. The CDA restricts and limits the rights of Intrepid and XTO, as successors in interest to BOPCO, L.P., to explore and develop their respective interests, including limitations on the locations of wells. Intrepid and XTO entered into the Amendment in an effort to further the cooperation, remove the restrictions and limitations, and allow for the efficient co-development of resources within the Designated Potash Area ("DPA") consistent with the United States Secretary of the Interior Order 3324.

Pursuant to the Amendment, among other things, we agreed to provide support to XTO for development and operation of XTO's oil and gas interests within the DPA. As consideration under the Amendment, XTO agreed to pay us an initial fee of \$50.0 million (the "Initial Fee"). We received a partial payment of \$5.0 million of the Initial Fee in December 2023, and we received payment of the remaining \$45.0 million from XTO in January 2024.

The Amendment further provides that we shall receive an additional one-time payment equal to \$50.0 million (the "Access Fee"), which XTO will pay within 90 days upon the earlier occurrence of (i) the approval of the first new or expanded drilling island within a specific area to be used by XTO or (ii) within seven years of the anniversary of the Amendment Date. XTO is also required to pay additional amounts to Intrepid as an "Access Realization Fee," up to a maximum of \$100.0 million, (the "Access Realization Fee") in the event of certain additional drilling activities by XTO.

Because the cooperative development support we are providing under the CDA is not an output of our ordinary business activities, ASC Topic 606, *Revenue from Contracts with Customers* ("ASC 606") does not apply to the CDA. However, we apply the principles in ASC 606 by analogy to determine amounts of other income to recognize.

Under ASC 606, we are required to identify the performance obligations in the CDA and to determine the transaction price. The transaction price may include fixed consideration, variable consideration, or both. Variable consideration may only be included in the transaction price if it is probable that a significant reversal of amounts recognized will *not* occur (referred to as the variable consideration constraint). The Access Realization Fee is considered variable consideration.

Our performance obligation under the Amendment is to "stand-ready" to provide support to XTO, when and as needed, during the term of the Amendment. We estimate the transaction price to be \$100.0 million, which is comprised of the \$50.0 million Initial Fee and the \$50.0 million Access Fee. We are not including any amounts of the Access Realization Fee in the transaction price because of the variable consideration constraint. Since our performance obligation is a "stand-ready" obligation, we are recognizing the transaction price on a straight-line basis over the term of the Amendment which ends on February 28, 2046.

For the three and nine months ended September 30, 2024, we recorded other operating income of \$1.1 million and \$3.4 million, respectively, from the Amendment. Because we have not yet been paid the Access Fee included in the transaction price, we recorded a long-term receivable for the amount of the Access Fee that we earned during the nine months ended September 30, 2024 of \$1.7 million, which is included in "Other Assets" on the Condensed Consolidated Balance Sheets. For the amount of the Initial Fee we earned during the three and nine months ended September 30, 2024, we reduced the "Deferred other income, long-term" liability recorded on our Condensed Consolidated Balance Sheets.

As of September 30, 2024, we had \$2.3 million recorded in "Other current liabilities," and \$46.1 million recorded in "Deferred other income, long-term" on the Condensed Consolidated Balance Sheets for the unearned portion of the Initial Fee. As of December 31, 2023, we had \$5.0 million recorded in "Other current liabilities," and zero recorded in "Deferred other income, long-term" on the Condensed Consolidated Balance Sheets.

**Note 8 — DEBT**

**Revolving Credit Facility**—We maintain a \$150 million revolving credit facility with a syndicate of lenders with Bank of Montreal as administrative agent. The revolving credit facility has a maturity date to August 4, 2027. As of September 30, 2024, borrowings under the credit facility bear interest at the Secured Overnight Financing Rate ("SOFR") plus an applicable margin of 1.50% to 2.25% per annum, based on our leverage ratio as calculated in accordance with the amended agreement governing the revolving credit facility. Borrowings under the revolving credit facility are secured by substantially all of our current and non-current assets, and the obligations under the credit facility are unconditionally guaranteed by several of our subsidiaries.

We occasionally borrow and repay amounts under the revolving credit facility for near-term working capital needs or other purposes and may do so in the future. During the three months ended September 30, 2024, we made no borrowings and made no repayments under the revolving credit facility. During the nine months ended September 30, 2024, we made no borrowings and made \$4.0 million in repayments under the revolving credit facility. During the three months ended September 30, 2023, we made \$2.0 million in borrowings and made no repayments under the revolving credit facility. During the nine months ended September 30, 2023, we made \$7.0 million in borrowings and made \$5.0 million in repayments under the revolving credit facility. As of September 30, 2024, we had no borrowings outstanding and no outstanding letters of credit under this facility. As of December 31, 2023, we had \$4.0 million in borrowings outstanding and no outstanding letters of credit under this facility.

As of September 30, 2024, we were in compliance with all applicable covenants under the revolving credit facility.

**Interest Expense**—Interest expense is recorded net of any capitalized interest associated with investments in capital projects. We incurred gross interest expense of \$0.2 million and \$0.5 million for the three and nine months ended September 30, 2024, respectively, and \$0.2 million and \$0.5 million for the three and nine months ended September 30, 2023, respectively.

Amounts included in interest expense, net for the three and nine months ended September 30, 2024, and 2023 were as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Interest expense on borrowings	\$ 53	\$ 58	\$ 134	\$ 133
Commitment fee on unused credit facility	57	57	171	169
Amortization of deferred financing costs	75	75	226	226
Gross interest expense	185	190	531	528
Less capitalized interest	(185)	(190)	(531)	(528)
Interest expense, net	\$ —	\$ —	\$ —	\$ —

#### **Note 9 — INTANGIBLE ASSETS**

We have water rights, recorded at \$19.2 million at September 30, 2024, and December 31, 2023. Our water rights have indefinite lives and are not amortized. We evaluate our water rights at least annually as of October 1 for impairment, or more frequently if circumstances require.

We account for other intangible assets as finite-lived intangible assets and amortize those intangible assets over the period of estimated benefit, using the straight-line method. As of September 30, 2024, the weighted average amortization period for the other intangible assets was approximately 14.8 years. At September 30, 2024, and December 31, 2023, these intangible assets had a net book value of \$4.9 million and \$4.9 million, respectively, and are included in "Other assets, net" on the Condensed Consolidated Balance Sheets.

#### **Note 10 — FINANCIAL INFORMATION FOR SUBSIDIARY GUARANTORS OF POSSIBLE FUTURE PUBLIC DEBT**

Intrepid Potash, Inc., as the parent company, has no independent assets or operations, and operations are conducted solely through its subsidiaries. Cash generated from operations is held at the parent-company level as cash on hand and cash equivalents and totaled \$38.0 million and \$4.1 million at September 30, 2024, and December 31, 2023, respectively. If one or more of our wholly-owned operating subsidiaries guarantee public debt securities in the future, those guarantees will be full and unconditional and will constitute the joint and several obligations of the subsidiary guarantors. The assets and liabilities of our other subsidiaries are immaterial. There are no restrictions on our ability to obtain cash dividends or other distributions of funds from the subsidiary guarantors, except those imposed by applicable law.

**Note 11 — ASSET RETIREMENT OBLIGATION**

We recognize an estimated liability for future costs associated with the abandonment and reclamation of our mining properties. A liability for the fair value of an asset retirement obligation and a corresponding increase to the carrying value of the related long-lived asset are recorded as the mining operations occur or the assets are acquired.

Our asset retirement obligation is based on the estimated cost to close and reclaim the mining operations, the economic life of the properties, and federal and state regulatory requirements. The liability is discounted using credit adjusted risk-free rate estimates at the time the liability is incurred or when there are upward revisions to estimated costs. The credit adjusted risk-free rates used to discount our reclamation liabilities range from 6.9% to 12.0%. Revisions to the liability occur due to construction of new or expanded facilities, changes in estimated closure costs or economic lives, or to reflect new federal or state rules, regulations, or requirements regarding the closure or reclamation of mines.

Following is a table of the changes to our asset retirement obligation for the following periods (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Asset retirement obligation, at beginning of period	\$ 31,603	\$ 27,934	\$ 30,359	\$ 26,864
Accretion of discount	623	535	1,867	1,605
<b>Total asset retirement obligation, at end of period</b>	<b>\$ 32,226</b>	<b>\$ 28,469</b>	<b>\$ 32,226</b>	<b>\$ 28,469</b>
Less current portion of asset retirement obligation	\$ (282)	\$ (300)	\$ (282)	\$ (300)
<b>Long-term portion of asset retirement obligation</b>	<b>\$ 31,944</b>	<b>\$ 28,169</b>	<b>\$ 31,944</b>	<b>\$ 28,169</b>

The current portion of the asset retirement obligation is included in "Other current liabilities" on the Condensed Consolidated Balance Sheet as of September 30, 2024.

## Note 12 — REVENUE

**Revenue Recognition**—We account for revenue in accordance with ASC 606. Under ASC 606, we recognize revenue when control of the promised goods or services is transferred to customers in an amount that reflects the consideration we expect in exchange for those goods or services. The timing of revenue recognition, billings, and cash collection may result in contract assets or contract liabilities.

**Contract Balances:** As of September 30, 2024, and December 31, 2023, we had a total of \$2.5 million and \$2.3 million of contract liabilities, respectively, of which \$1.0 million and \$1.0 million were current as of September 30, 2024, and December 31, 2023, respectively, and included in "Other current liabilities" on the Condensed Consolidated Balance Sheets. Customer advances received before we have satisfied our performance obligations are accounted for as a contract liability (sometimes referred to in practice as deferred revenue).

Our deferred revenue activity for the three and nine months ended September 30, 2024, and 2023 is shown below (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Beginning balance	\$ 2,857	\$ 2,168	\$ 2,303	\$ 2,374
Additions	27	313	1,324	627
Recognized as revenue during period	(419)	(291)	(1,162)	(811)
Ending Balance	<u>\$ 2,465</u>	<u>\$ 2,190</u>	<u>\$ 2,465</u>	<u>\$ 2,190</u>

**Disaggregation of Revenue:** The tables below show the disaggregation of revenue by product and reconciles disaggregated revenue to segment revenue for the three and nine months ended September 30, 2024, and 2023. We believe the disaggregation of revenue by products best depicts how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic conditions (in thousands):

Product	Three Months Ended September 30, 2024				
	Potash Segment	Trio® Segment	Oilfield Solutions Segment	Intersegment Eliminations	Total
Potash	\$ 21,692	\$ —	\$ —	\$ (59)	\$ 21,633
Trio®	—	18,887	—	—	18,887
Water	—	—	7,918	—	7,918
Salt	2,720	41	—	—	2,761
Magnesium Chloride	2,116	—	—	—	2,116
Brine Water	1,808	—	943	—	2,751
Other	20	—	1,463	—	1,483
Total Revenue	<u>\$ 28,356</u>	<u>\$ 18,928</u>	<u>\$ 10,324</u>	<u>\$ (59)</u>	<u>\$ 57,549</u>

Product	Nine Months Ended September 30, 2024				
	Potash Segment	Trio® Segment	Oilfield Solutions Segment	Intersegment Eliminations	Total
Potash	\$ 78,242	\$ —	\$ —	\$ (199)	\$ 78,043
Trio®	—	81,584	—	—	81,584
Water	—	—	12,659	—	12,659
Salt	9,199	354	—	—	9,553
Magnesium Chloride	3,467	—	—	—	3,467
Brine Water	4,975	—	3,236	—	8,211
Other	83	—	5,291	—	5,374
Total Revenue	<u>\$ 95,966</u>	<u>\$ 81,938</u>	<u>\$ 21,186</u>	<u>\$ (199)</u>	<u>\$ 198,891</u>

Product	Three Months Ended September 30, 2023					Total
	Potash Segment	Trio® Segment	Oilfield Solutions Segment	Intersegment Eliminations		
Potash	\$ 21,980	\$ —	\$ —	\$ (71)	\$ 21,909	
Trio®	—	20,605	—	—	—	20,605
Water	48	1,368	1,133	—	—	2,549
Salt	2,676	57	—	—	—	2,733
Magnesium Chloride	2,035	—	—	—	—	2,035
Brine Water	863	—	1,030	—	—	1,893
Other	—	—	2,741	—	—	2,741
Total Revenue	<u>\$ 27,602</u>	<u>\$ 22,030</u>	<u>\$ 4,904</u>	<u>\$ (71)</u>	<u>\$ 54,465</u>	

  

Product	Nine Months Ended September 30, 2023					Total
	Potash Segment	Trio® Segment	Oilfield Solutions Segment	Intersegment Eliminations		
Potash	\$ 110,241	\$ —	\$ —	\$ (260)	\$ 109,981	
Trio®	—	76,887	—	—	—	76,887
Water	228	3,890	5,320	—	—	9,438
Salt	8,997	275	—	—	—	9,272
Magnesium Chloride	4,839	—	—	—	—	4,839
Brine Water	3,058	—	2,853	—	—	5,911
Other	—	—	6,092	—	—	6,092
Total Revenue	<u>\$ 127,363</u>	<u>\$ 81,052</u>	<u>\$ 14,265</u>	<u>\$ (260)</u>	<u>\$ 222,420</u>	

### Note 13 — COMPENSATION PLANS

**Equity Incentive Compensation Plan**—Our Board of Directors and stockholders adopted a long-term incentive compensation plan called the Intrepid Potash, Inc. Amended and Restated Equity Incentive Plan (the "Plan"). The Plan was most recently amended and restated in May 2022. We have issued common stock, restricted stock, performance units, and non-qualified stock option awards under the Plan. As of September 30, 2024, approximately 1.0 million shares remained available for issuance under the Plan.

During the nine months ended September 30, 2024, the Compensation Committee granted an aggregate of 165,216 shares of restricted stock to executive officers and other key employees. These awards vest over three years, and in some cases, contain a market condition. In May 2024, the Compensation Committee granted an aggregate of 20,739 shares of restricted stock to members of our Board of Directors, which vest over one year. In September 2024, the Compensation Committee granted an aggregate of 6,282 shares of restricted stock to members of our Board of Directors, which will vest on the earlier of the date a member of the Board of Directors resigns, May 25, 2025, or the day before the 2025 Annual Meeting of Stockholders.

During the nine months ended September 30, 2023, the Compensation Committee granted an aggregate of 225,117 restricted shares to executive officers and other key employees. These awards vest over three years, and in some cases, contain a market condition. In May 2023, the Compensation Committee granted an aggregate of 22,226 restricted shares to members of our Board of Directors, which vest over one year.

As of September 30, 2024, the following awards were outstanding under the Plan (in thousands):

	Outstanding as of September 30, 2024
Restricted Shares	258
Non-qualified Stock Options	273

Total share-based compensation expenses were \$0.2 million and \$1.5 million for the three months ended September 30, 2024, and 2023, respectively, and \$2.7 million and \$5.1 million for the nine months ended September 30, 2024, and 2023, respectively. As of September 30, 2024, we had \$4.0 million of total remaining unrecognized compensation expense related to awards that is expected to be recognized over a weighted-average period of 1.4 years.

On September 30, 2024, we entered in a Separation Agreement and General Release (the "Agreement") with the court-appointed guardian of our former principal executive officer, Robert P. Jornayvaz III. Pursuant to the Agreement, we agreed to pay \$2.0 million to Mr. Jornayvaz for compensation owed to him, certain benefits, and Mr. Jornayvaz forfeited 118,975 shares of unvested restricted stock. The liability for the payment made to Mr. Jornayvaz in October 2024 is included in "Accrued employee compensation and benefits" on the Condensed Consolidated Balance Sheet at September 30, 2024, and the associated expense is included in "Selling and administrative" expenses on the Condensed Consolidated Statement of Operations for the three and nine months ended September 30, 2024.

**Note 14 — INCOME TAXES**

Our anticipated annual tax rate is impacted primarily by the amount of taxable income associated with each jurisdiction in which our income is subject to income tax, permanent differences between the financial statement carrying amounts and tax bases of assets and liabilities, and the benefit associated with the estimated effect of the percentage depletion deduction.

A summary of our provision for income taxes is as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Current portion of income tax expense	\$ 58	\$ 3	\$ 93	\$ 137
Deferred portion of income tax (benefit) expense	(65)	(1,920)	(1,179)	1,756
<b>Total income tax (benefit) expense</b>	<b>\$ (7)</b>	<b>\$ (1,917)</b>	<b>\$ (1,086)</b>	<b>\$ 1,893</b>

Our effective tax rate for the three months ended September 30, 2024 was 0.4%, while our effective tax rate for the nine months ended September 30, 2024 was 15.8%. Our effective tax rate differed from the statutory rate during these periods primarily from the permanent difference between book and tax income due to the percentage depletion deduction and the officers' compensation deduction. Our effective tax rate for the three and nine months ended September 30, 2023 was 21.0% and 54.0%, respectively. Our effective tax rate differed from the statutory rate during these periods primarily from the estimated permanent difference between book and tax income for the first nine months of 2023 due to the percentage depletion deduction and the officers' compensation deduction.

As of September 30, 2024, we continue to be in a three-year cumulative income position. However, losses incurred in 2023 and through the first nine-months of 2024 have reduced the amount of three-year cumulative income. If weakness in fertilizer pricing, lower production, additional impairments, or additional losses were to continue, it is possible that there may be significant negative evidence to cause us to record a valuation allowance within the next 12 months. The timing and amount of any valuation allowance is subject to significant judgement that is considered with the timing and amounts of actual and future earnings. Recording any valuation allowance would result in increased income tax expense in the period the valuation allowance is recorded which could have a material effect on net income.

**Note 15 — COMMITMENTS AND CONTINGENCIES**

**Reclamation Deposits and Surety Bonds**—As of September 30, 2024, and December 31, 2023, we had \$27.1 million and \$26.8 million, respectively, of security placed principally with the Bureau of Land Management ("BLM") and the states of Utah and New Mexico for eventual reclamation of our various facilities. As of September 30, 2024, \$0.5 million consisted of long-term restricted cash deposits and \$26.6 million was secured by surety bonds issued by an insurer. As of December 31, 2023, \$0.5 million consisted of long-term restricted cash deposits and \$26.3 million was secured by surety bonds issued by an insurer. The restricted cash deposits are included in "Other assets, net" on the Condensed Consolidated Balance Sheets and the surety bonds are held in place by an annual fee paid to the issuer.

We may be required to post additional security to fund future reclamation obligations as reclamation plans are updated or as statutory, regulatory, or other agency requirements change.

**Legal**—We are subject to claims and legal actions in the ordinary course of business. We expense legal costs as they are incurred. While there are uncertainties in predicting the outcome of any claim or legal action, except as noted below, we believe the ultimate resolution of these claims or actions is not reasonably likely to have a material adverse effect on our financial condition, results of operations, or cash flows.

*Water Rights and Other Legal Contingencies*

On March 17, 2022, following an expedited inter se proceeding, a court entered a subfile order and partial final judgment and decree ("Order") determining the validity of our claim to 20,000 acre feet of Pecos River surface water rights. The Order found that our predecessors in interest had forfeited all but approximately 5,800 acre feet of water per year, and that of the remaining 5,800 acre feet of water that had not been forfeited, all but 150 acre feet of water had been abandoned prior to 2017. The Order limited our right to 150 acre feet per annum of water for industrial-salt processing use. We appealed

the Order to the New Mexico Court of Appeals ("NMCA"), which, on July 7, 2023, affirmed the Order. On November 17, 2023, we filed a request for the New Mexico Supreme Court ("NMSC") to reconsider and review the NMCA's decision to affirm the Order's abandonment determination. The NMSC agreed to review the NMCA's abandonment determination on February 7, 2024, where it is still before the court.

In 2017 and 2018 the New Mexico Office of the State Engineer ("OSE") granted us preliminary and emergency authorizations to sell approximately 5,700 acre-feet of water per year from our Pecos River Water rights. The preliminary and emergency authorizations allowed for water sales to begin immediately, subject to repayment if the underlying water rights were ultimately found to be invalid. If the NMCA's decision is ultimately affirmed, we may have to repay for the water we sold under the preliminary and emergency authorizations. Repayment of this water can be up to two times the amount of water removed from the river. Repayment is customarily made in-kind over a period of time but can take other forms including cash repayment. If we are not able to repay in-kind due to the lack of remaining water rights or logistical constraints, we may need to purchase water to meet this repayment or be subject to a cash repayment. We cannot reasonably estimate the potential volume, timing, or form of repayment, if any, and have not recorded a loss contingency in our Condensed Consolidated Statement of Operations related to this legal matter.

We have estimated contingent liabilities recorded in "Other current liabilities" on the Condensed Consolidated Balance Sheets of \$2.3 million as of September 30, 2024, mainly related to the potential underpayment of royalties from 2012 to 2016, and a potential fine related to a violation of one of our air quality permits at our New Mexico facility. As of December 31, 2023, we had \$3.4 million in contingent liabilities mainly related to the potential underpayment of royalties from 2012 to 2016 and potential royalties on water revenues in 2019 to 2022. In March 2024 we paid \$1.9 million to the New Mexico State Land Office to resolve the matter related to potential royalties on water revenues from 2019 to 2022.

#### **Note 16 — FAIR VALUE**

We measure our financial assets and liabilities in accordance with ASC Topic 820, *Fair Value Measurements and Disclosures*. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Assets and liabilities measured at fair value are classified using the following hierarchy, which is based upon the transparency of inputs to the valuation at the measurement date:

Level 1 - Quoted market prices in active markets for identical assets or liabilities.

Level 2 - Inputs, other than Level 1, that are either directly or indirectly observable.

Level 3 - Unobservable inputs developed using estimates and assumptions which reflect those that market participants would use.

The classification of fair value measurement within the hierarchy is based upon the lowest level of input that is significant to the measurement.

Other financial instruments consist primarily of cash equivalents, accounts receivable, refundable income taxes, investment securities, accounts payable, accrued liabilities, and, if any, advances under our credit facility. With the exception of investment securities, we believe cost approximates fair value for our financial instruments because of the short-term nature of these instruments.

**Cash Equivalents**—As of September 30, 2024, we had cash equivalents of \$1.5 million. As of December 31, 2023, we had cash equivalents of \$0.5 million.

**Held-to-Maturity Debt Investments**—As of September 30, 2024, and December 31, 2023, we owned debt investment securities classified as held-to-maturity because we have the intent and ability to hold these investments to maturity. Our held-to-maturity debt investment securities consist of investment grade corporate bonds and U.S. government issued bonds. These debt securities are carried at amortized cost and consist of the following (amounts in thousands):

As of September 30, 2024					
	<b>Amortized Cost</b>	<b>Gross Unrealized Gains</b>	<b>Gross Unrealized Losses</b>	<b>Fair Value</b>	
<b>Short-term</b>					
Corporate bonds	\$ 499	\$ —	\$ —	\$ 499	
Government bonds	1,480	—	(1)	1,479	
<b>Total</b>	<b>\$ 1,979</b>	<b>\$ —</b>	<b>\$ (1)</b>	<b>\$ 1,978</b>	
As of December 31, 2023					
	<b>Amortized Cost</b>	<b>Gross Unrealized Gains</b>	<b>Gross Unrealized Losses</b>	<b>Fair Value</b>	
<b>Short-term</b>					
Corporate bonds	\$ 991	\$ —	\$ (9)	\$ 982	
Government bonds	1,979	—	(13)	1,966	
<b>Total</b>	<b>\$ 2,970</b>	<b>\$ —</b>	<b>\$ (22)</b>	<b>\$ 2,948</b>	
<b>Long-term</b>					
Corporate bonds	\$ —	\$ —	\$ —	\$ —	
Government bonds	954	1	(4)	951	
<b>Total</b>	<b>\$ 954</b>	<b>\$ 1</b>	<b>\$ (4)</b>	<b>\$ 951</b>	

Our long-term held to maturity investments are recorded in "Long-term investments" on the Condensed Consolidated Balance Sheets. As of September 30, 2024 and December 31, 2023, we had \$2.0 million and \$3.9 million in held-to-maturity debt investment securities, respectively. As of September 30, 2024, our held-to-maturity investments mature in less than one year.

**Investments in Equity Securities**—In May 2020, we acquired a non-controlling equity investment in W.D. Von Gonten Laboratories ("WDVGL") for \$3.5 million. We initially accounted for this investment as an equity investment without a readily determinable fair value and elected to measure our investment, as permitted by GAAP, at cost plus or minus any adjustments for observable changes in prices resulting from orderly transactions for the identical or a similar investment of the same issuer or impairment.

In July 2022, WDVGL entered into an agreement (the "Purchase Agreement") with National Energy Services Reunited Corporation ("NESR"), a British Virgin Islands corporation headquartered in Houston, Texas. Under the terms of the Purchase Agreement, WDVGL was combined with the consulting business owned by W.D. Von Gonten ("Consulting") to form a new entity, W.D. Von Gonten Engineering, LLC ("Engineering"), and NESR purchased Engineering in a majority stock transaction at an agreed upon selling price. NESR stock received from the sale of Engineering was distributed to investors in WDVGL and Consulting in August 2024.

In February 2023, we received \$0.2 million in cash for our investment in WDVGL. Initially, we recorded that cash received as a liability because we were required to return the cash to WDVGL if the sale of Engineering to NESR was not finalized. The sale of Engineering to NESR has since been finalized and the recorded value of our investment in WDVGL was reduced to \$3.3 million, which is the aggregate cost basis of the 336,773 shares of NESR stock we received in August 2024 related to the sale of WDVGL.

NESR trades on the over-the-counter "Pink Market." As required by Accounting Standards Codification ("ASC") Topic 321 - *Investments-Equity Securities* ("ASC 321"), equity securities are valued at fair value in the Condensed Consolidated Balance Sheet at September 30, 2024, and unrealized gains and losses for investments in equity securities are included in the Condensed Consolidated Statement of Operations. At September 30, 2024, the fair value of our investment in NESR equity securities is \$3.2 million, and is included in "Long-term investments" on the Condensed Consolidated Balance Sheet at September 30, 2024, and the unrealized loss of \$0.1 million is included in "Other income" on the Condensed Consolidated Statement of Operations for the three and nine months ended September 30, 2024.

As of December 31, 2023, our investment in WDVGL was accounted for as an equity investment without a readily determinable fair value and we elected to measure our investment, as permitted by GAAP, at cost plus or minus any adjustments for observable changes in prices resulting from orderly transactions for the identical or a similar investment of the same issuer or impairment. We had not recorded any adjustments to the carrying value of this investment since the purchase in May 2020. We included this investment in "Long-term investments" on the Condensed Consolidated Balance Sheet as of December 31, 2023.

**Equity Method Investments**—We are a limited partner with a 16% interest in PEP Ovation, LP ("Ovation") as of September 30, 2024, and December 31, 2023. This investment is accounted for under the equity method whereby we recognize our proportional share of the income or loss from our investment in Ovation on a one-quarter lag. This investment is included in "Long-term investments" on the Condensed Consolidated Balance Sheets. For the three and nine months ended September 30, 2024, our proportional share of Ovation's net loss was \$0.3 million and \$0.3 million, respectively. For the three and nine months ended September 30, 2023, our proportional share of Ovation's net loss was \$0.1 million and \$0.3 million, respectively.

## Note 17 — BUSINESS SEGMENTS

Our operations are organized into three segments: potash, Trio®, and oilfield solutions. We determine reportable segments based on several factors including the types of products and services sold, production processes, markets served and the financial information available for our CODM. We evaluate performance based on the gross margins of the respective business segments and do not allocate corporate selling and administrative expenses, among others, to the respective segments.

Intersegment sales prices are market-based and are eliminated in the "Other" column. Information for each segment is provided in the tables that follow (in thousands).

<b>Three Months Ended September 30, 2024</b>	<b>Potash</b>	<b>Trio®</b>	<b>Oilfield Solutions</b>	<b>Other</b>	<b>Consolidated</b>
Sales	\$ 28,356	\$ 18,928	\$ 10,324	\$ (59)	\$ 57,549
Less: Freight costs	3,217	4,864	—	(59)	8,022
Warehousing and handling costs	1,819	1,239	—	—	3,058
Cost of goods sold	18,783	12,221	7,262	—	38,266
Lower of cost or net realizable value inventory adjustments	471	—	—	—	471
Gross Margin	\$ 4,066	\$ 604	\$ 3,062	\$ —	\$ 7,732
Depreciation, depletion, and amortization incurred <sup>1</sup>	\$ 6,670	\$ 864	\$ 1,134	\$ 447	\$ 9,115

<b>Nine Months Ended September 30, 2024</b>	<b>Potash</b>	<b>Trio®</b>	<b>Oilfield Solutions</b>	<b>Other</b>	<b>Consolidated</b>
Sales	\$ 95,966	\$ 81,938	\$ 21,186	\$ (199)	\$ 198,891
Less: Freight costs	9,976	20,498	—	(199)	30,275
Warehousing and handling costs	4,889	3,844	—	—	8,733
Cost of goods sold	65,823	55,949	13,995	—	135,767
Lower of cost or net realizable value inventory adjustments	2,326	—	—	—	2,326
Gross Margin	\$ 12,952	\$ 1,647	\$ 7,191	\$ —	\$ 21,790
Depreciation, depletion, and amortization incurred <sup>1</sup>	\$ 19,819	\$ 2,599	\$ 3,400	\$ 1,359	\$ 27,177

<b>Three Months Ended September 30, 2023</b>	<b>Potash</b>	<b>Trio®</b>	<b>Oilfield Solutions</b>	<b>Other</b>	<b>Consolidated</b>
Sales	\$ 27,602	\$ 22,030	\$ 4,904	\$ (71)	\$ 54,465
Less: Freight costs	2,894	5,086	—	(71)	7,909
Warehousing and handling costs	1,541	1,190	—	—	2,731
Cost of goods sold	18,673	17,714	3,534	—	39,921
Lower of cost or net realizable value inventory adjustments	1,083	2,330	—	—	3,413
Gross Margin (Deficit)	\$ 3,411	\$ (4,290)	\$ 1,370	\$ —	\$ 491
Depreciation, depletion, and amortization incurred <sup>1</sup>	\$ 7,272	\$ 1,754	\$ 950	\$ 226	\$ 10,202

<b>Nine Months Ended September 30, 2023</b>	<b>Potash</b>	<b>Trio®</b>	<b>Oilfield Solutions</b>	<b>Other</b>	<b>Consolidated</b>
Sales	\$ 127,363	\$ 81,052	\$ 14,265	\$ (260)	\$ 222,420
Less: Freight costs	12,237	18,038	—	(260)	30,015
Warehousing and handling costs	4,630	3,635	—	—	8,265
Cost of goods sold	78,697	58,666	11,139	—	148,502
Lower of cost or net realizable value inventory adjustments	1,083	2,330	—	—	3,413
Gross Margin (Deficit)	\$ 30,716	\$ (1,617)	\$ 3,126	\$ —	\$ 32,225
Depreciation, depletion and amortization incurred <sup>1</sup>	\$ 20,753	\$ 4,365	\$ 2,772	\$ 656	\$ 28,546

<sup>1</sup> Depreciation, depletion, and amortization incurred for potash and Trio® excludes depreciation, depletion and amortization amounts absorbed in or relieved from inventory.

The following table shows the reconciliation of reportable segment sales to consolidated sales and the reconciliation of segment gross margins to consolidated income before taxes (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Total sales for reportable segments	\$ 57,608	\$ 54,536	\$ 199,090	\$ 222,680
Elimination of intersegment sales	(59)	(71)	(199)	(260)
<b>Total consolidated sales</b>	<b>\$ 57,549</b>	<b>\$ 54,465</b>	<b>\$ 198,891</b>	<b>\$ 222,420</b>
Total gross margin for reportable segments	\$ 7,732	\$ 491	\$ 21,790	\$ 32,225
Elimination of intersegment sales	(59)	(71)	(199)	(260)
Elimination of intersegment expenses	59	71	199	260
Unallocated amounts:				
Selling and administrative	9,154	7,685	25,448	24,491
Impairment of long-lived assets	874	521	3,082	521
Loss on disposal of assets	134	59	626	252
Accretion of asset retirement obligation	623	535	1,867	1,605
Other operating income	(1,370)	(522)	(4,029)	(1,252)
Other operating expense	540	1,379	2,953	3,132
Equity in loss of unconsolidated entities	289	54	256	292
Interest income	(536)	(88)	(1,327)	(249)
Other non-operating income	(136)	(19)	(204)	(75)
(Loss) income before income taxes	<b>\$ (1,840)</b>	<b>\$ (9,113)</b>	<b>\$ (6,882)</b>	<b>\$ 3,508</b>

Total assets are not presented for each reportable segment as they are not reviewed by, nor otherwise regularly provided to, the CODM.

**ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

This Quarterly Report on Form 10-Q (this "Quarterly Report") contains forward-looking statements within the meaning of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the Securities Act of 1933, as amended. These forward-looking statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. All statements in this Quarterly Report other than statements of historical fact are forward-looking statements. Forward-looking statements include statements about, among other things, our future results of operations and financial position, our business strategy and plans, our expected capital investments and our objectives for future operations. In some cases, you can identify these statements by forward-looking words, such as "estimate," "expect," "anticipate," "project," "plan," "intend," "believe," "forecast," "foresee," "likely," "may," "should," "goal," "target," "might," "will," "could," "predict," and "continue." Forward-looking statements are only predictions based on our current knowledge, expectations, and projections about future events.

These forward-looking statements are subject to a number of risks, uncertainties, and assumptions, including the following:

- changes in the price, demand, or supply of our products and services;
- challenges and legal proceedings related to our water rights;
- our ability to successfully identify and implement any opportunities to grow our business whether through expanded sales of water, Trio®, byproducts, and other non-potassium related products or other revenue diversification activities;
- the costs of, and our ability to successfully execute, any strategic projects;
- declines or changes in agricultural production or fertilizer application rates;
- declines in the use of potassium-related products or water by oil and gas companies in their drilling operations;
- our ability to prevail in outstanding legal proceedings against us;
- our ability to comply with the terms of our revolving credit facility, including the underlying covenants;
- further write-downs of the carrying value of assets, including inventories;
- circumstances that disrupt or limit production, including operational difficulties or variances, geological or geotechnical variances, equipment failures, environmental hazards, and other unexpected events or problems;
- changes in reserve estimates;
- currency fluctuations;
- adverse changes in economic conditions or credit markets;
- the impact of governmental regulations, including environmental and mining regulations, the enforcement of those regulations, and governmental policy changes;
- adverse weather events, including events affecting precipitation and evaporation rates at our solar solution mines;
- increased labor costs or difficulties in hiring and retaining qualified employees and contractors, including workers with mining, mineral processing, or construction expertise;
- changes in management and the board of directors, and our reliance on key personnel, including our ability to identify, recruit, and retain key personnel;
- changes in the prices of raw materials, including chemicals, natural gas, and power;
- our ability to obtain and maintain any necessary governmental permits or leases relating to current or future operations;
- interruptions in rail or truck transportation services, or fluctuations in the costs of these services;
- our inability to fund necessary capital investments;
- global inflationary pressures and supply chain challenges;
- the impact of global health issues, and other global disruptions on our business, operations, liquidity, financial condition and results of operations; and

- the other risks, uncertainties, and assumptions described in Item 1A. Risk Factors of our Annual Report on Form 10-K for the year ended December 31, 2023, this Quarterly Report and in other reports we file with the SEC.

In addition, new risks emerge from time to time. It is not possible for our management to predict all risks that may cause actual results to differ materially from those contained in any forward-looking statements we may make.

In light of these risks, uncertainties, and assumptions, the future events and trends discussed in this Quarterly Report may not occur and actual results could differ materially and adversely from those anticipated or implied in these forward-looking statements. As a result, you should not place undue reliance on these forward-looking statements. We undertake no obligation to update or revise publicly any forward-looking statements to conform those statements to actual results or to reflect new information or future events.

Throughout this Quarterly Report, we refer to average net realized sales price per ton, which is a non-GAAP financial measure. More information about this measure, including a reconciliation of this measure to the most directly comparable GAAP financial measure, is below under the heading "Non-GAAP Financial Measure."

## Company Overview

We are a diversified mineral company that delivers potassium, magnesium, sulfur, salt, and water products essential for customer success in agriculture, animal feed and the oil and gas industry. We are the only U.S. producer of muriate of potash (sometimes referred to as potassium chloride, KCl or potash), which is applied as an essential nutrient for healthy crop development, utilized in several industrial applications, and used as an ingredient in animal feed. In addition, we produce a specialty fertilizer, Trio®, which delivers three key nutrients, potassium, magnesium, and sulfate, in a single particle. We also provide water, magnesium chloride, brine, and various oilfield products and services.

Our extraction and production operations are conducted entirely in the continental U.S. We produce potash from three solution mining facilities: our HB solution mine in Carlsbad, New Mexico, our solution mine in Moab, Utah, and our brine recovery mine in Wendover, Utah. We also operate our North compaction facility in Carlsbad, New Mexico, which compacts and granulates product from the HB mine. We produce Trio® from our conventional underground East mine in Carlsbad, New Mexico.

We have permitted, licensed, declared, and partially adjudicated water rights in New Mexico under which we sell water primarily to support oil and gas development in the Permian Basin near our Carlsbad facilities. In May 2019, we acquired certain land, water rights, grazing leases, and other related assets from Dinwiddie Cattle Company. We refer to these assets and operations as "Intrepid South." Due to the strategic location of Intrepid South, part of our long-term operating strategy is selling small parcels of land, including restricted use agreements of surface or subsurface rights to customers, where such sales provide a solution to customers' operations in the oil and gas industry.

We have three segments: potash, Trio®, and oilfield solutions. We account for the sale of byproducts as revenue in the potash or Trio® segment based on which segment generated the byproduct. Intersegment sales prices are market based and are eliminated.

## Recent Developments

On April 16, 2024, our Board granted Robert P. Jornayvaz III, our Executive Chairman of the Board and Chief Executive Officer, a temporary medical leave of absence, as he recovered from a non-work related accident. In connection with Mr. Jornayvaz's medical leave, the Board temporarily delegated all responsibilities of the Chairman of the Board to Barth Whitham, Lead Director. In addition, the Board appointed Matthew D. Preston, the Company's Chief Financial Officer, as acting principal executive officer of the Company. The Board also appointed Hugh E. Harvey, our co-founder with Mr. Jornayvaz, to serve as a Class III director on the Board. Subsequently, on July 10, 2024, our Board announced that it was unlikely that Mr. Jornayvaz would return from his extended medical leave of absence and it had initiated a search process to identify a successor to Mr. Jornayvaz in the Chief Executive Officer role. The Board also elected Mr. Whitham, formerly Lead Independent Director, as its Chair.

On September 30, 2024, Mr. Jornayvaz resigned as Chief Executive Officer and as a member of the Board. The search process to identify a successor to Mr. Jornayvaz as Chief Executive Officer continues and Mr. Preston continues as acting principal executive officer of the Company until a permanent Chief Executive Officer is appointed by the Board.

## Significant Business Trends and Activities

Our financial results have been, or are expected to be, impacted by several significant trends and activities, which are described below. We expect that the trends described below may continue to impact our results of operations, cash flows, and financial position.

• **Potash pricing and demand.** Our potash average net realized sales price per ton<sup>(1)</sup> decreased to \$356 and \$387 for the three and nine months ended September 30, 2024, respectively, compared to \$433 and \$474, respectively, for the same periods in 2023. Sales volume declined 14% in the nine months ended September 30, 2024, compared to the same period in 2023 as we had less inventory to begin the year due to decreased production at our HB and Wendover facilities combined with strong demand during the fall 2023 season. Since the summer-fill program was announced in June 2024, Corn Belt pricing has remained at summer-fill levels due to sufficient inventory and limited buying to test market values.

As a small producer, domestic pricing of our potash is influenced principally by the price established by our competitors. The interaction of global potash supply and demand, ocean, land, and barge freight rates, currency fluctuations, and crop commodity values and outlook, also influence pricing. Our price expectations could be affected by, among other things, weather, planting decisions, rail car availability, commodity price decreases and the price and availability of other potassium products.

Various factors affect potash sales and shipments, which increases the volatility of sales volumes from quarter to quarter and season to season. We experience seasonality in potash demand, with more purchases historically occurring in February through May and September through November when purchasers are looking to have product on hand for the spring and fall application seasons in the U.S. The specific timing of when farmers apply potash remains highly weather dependent and varies across the numerous growing regions within the U.S. The timing of potash sales is also significantly influenced by the marketing programs of potash producers, as well as storage volumes closer to the farm gate.

• **Trio® pricing and demand.** Our Trio® average net realized sales price per ton<sup>(1)</sup> increased to \$312 and decreased to \$305 for the three and nine months ended September 30, 2024, respectively, compared to \$298 and \$329, respectively, for the same periods in 2023. Sales volumes in the nine months ended September 30, 2024, increased 12% compared to the same period in 2023 on supportive sulfate values and better than expected late season demand into row crop markets during the first half of 2024. In July, we announced a Trio® summer-fill program which reduced the Carlsbad posted price by \$25 per ton during a one-week order window for delivery during the third quarter of 2024. After the order window closed, the Carlsbad posted price increased by \$15 per ton for spot orders.

We also experience seasonality in domestic Trio® demand, with more purchases coming in the first and second quarters in advance of the spring application season in the U.S. In turn, we generally have increased inventory levels in the third and fourth quarters in anticipation of expected demand for the following year.

• **Water sales.** In the three and nine months ended September 30, 2024, total water sales were \$7.9 million and \$12.7 million, respectively, compared to \$2.5 million and \$9.4 million during the same periods of 2023. Sales increased in the third quarter of 2024 compared to the prior year as we supplied and sourced water for a frac on our South ranch. Year-to-date water sales increased compared to the prior year due to the frac during the third quarter, offset by less water sold from our Caprock water rights as we maximize injection rates at our HB mine. We expect our water sales in the fourth quarter of 2024 will decrease towards the rates seen in the first half of 2024, as we do not forecast any frac demand on our South ranch. We continue to pursue opportunities to supply or source water for additional fracs on our South ranch, although the timing of those opportunities, if any, is uncertain.

See Note 15 of our unaudited Condensed Consolidated Financial Statements included in "Item 1. Condensed Consolidated Financial Statements (Unaudited)" of this Quarterly Report on Form 10-Q regarding legal proceedings related to our water rights.

• **Byproduct sales.** We sell byproducts such as salt, magnesium chloride, brines, and water that are derived from our potash and Trio® operations. Byproduct sales were \$6.7 million during the third quarter of 2024, compared to \$7.0 million for the same period of 2023. Byproduct sales were \$18.1 million during the first nine months of 2024, compared to \$21.3 million for the same period of 2023 as increased brine sales were offset by decreased sales of magnesium chloride and water. We expect minimal, if any, byproduct sales of water for the remainder of 2024 as we continue to maximize injection rates at our HB mine.

• **Strategic Focus on our Solar Solution Mining Facilities.** Key current and future projects include:

- Phase Two of the HB Injection Pipeline Project - The in-line pigging system to clean the new pipeline and remove scaling to help ensure more consistent flow rates was commissioned in the third quarter to all brine injection sites.

We expect our brine injection rates will increase to between 2,000 - 2,500 gallons per minute, the highest rate in company history, which will improve the brine availability and residence time in the HB cavern system.

- We completed the construction of a new primary pond in Wendover in June 2024 and are in the process of filling the pond with brine. Similar to our caverns at the Moab and HB mines, the primary ponds at Wendover serve as the brine storage area, and adding another primary pond will help us meet our goals of maximizing brine availability, increasing brine grade, and improving production. We expect to see the production benefits of the new primary pond beginning in 2025 - 2026 production year.
- HB AMAX Cavern - In the third quarter of 2024, we started the permitting process to drill a sample well into the AMAX Cavern at HB in order to measure the brine chemistry of the existing cavern. AMAX is the largest cavern in the HB system and is expected to serve as an expansion area to the original HB caverns which have been in service for over ten years. We expect to finish the sample well permitting process in the first quarter of 2025 with test well drilling taking place shortly thereafter.

<sup>(1)</sup> Average net realized sales price per ton is a non-GAAP financial measure. More information about this non-GAAP financial measure is below under the heading "Non-GAAP Financial Measure."

**Consolidated Results**

(in thousands, except per ton amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Sales <sup>1</sup>	\$ 57,549	\$ 54,465	\$ 198,891	\$ 222,420
Cost of goods sold	\$ 38,266	\$ 39,921	\$ 135,767	\$ 148,502
<b>Gross Margin</b>	<b>\$ 7,732</b>	<b>\$ 491</b>	<b>\$ 21,790</b>	<b>\$ 32,225</b>
Selling and administrative	\$ 9,154	\$ 7,685	\$ 25,448	\$ 24,491
<b>Net (Loss) Income</b>	<b>\$ (1,833)</b>	<b>\$ (7,196)</b>	<b>\$ (5,796)</b>	<b>\$ 1,615</b>
<b>Average net realized sales price per ton<sup>2</sup></b>				
Potash	\$ 356	\$ 433	\$ 387	\$ 474
Trio <sup>®</sup>	\$ 312	\$ 298	\$ 305	\$ 329

<sup>1</sup>Sales include sales of byproducts which were \$6.7 million and \$7.0 million for the three months ended September 30, 2024, and 2023, respectively, and \$18.1 million and \$21.3 million for the nine months ended September 30, 2024, and 2023, respectively.

<sup>2</sup>Average net realized sales price per ton is a non-GAAP financial measure. More information about this non-GAAP financial measure is below under the heading "Non-GAAP Financial Measure."

**Consolidated Results for the Three Months Ended September 30, 2024, and 2023****Sales**

Our total sales for the three months ended September 30, 2024, increased \$3.1 million, or 6%, compared to the same period in 2023, as oilfield solutions segment sales increased \$5.4 million and potash segment sales increased \$0.8 million, partially offset by a decrease of \$3.1 million in Trio<sup>®</sup> segment sales.

Our oilfield solutions segment sales, which includes sales of water, brine water, surface use, and easements, increased \$5.4 million, or 111%, in the three months ended September 30, 2024, compared to the same period in 2023, driven by a \$6.8 million increase in water sales, partially offset by a \$1.4 million decrease in surface use and easement revenues. Our oilfield solutions segment water revenues increased due to the completion of a large frac on Intrepid South during the third quarter of 2024. Surface use and easement revenues fluctuate based on the timing of recognizing revenue from the various performance obligations contained in the underlying agreements.

Our total potash segment sales increased \$0.8 million for the three months ended September 30, 2024, compared to the same period in 2023, as potash segment byproduct sales increased \$1.0 million, partially offset by a \$0.3 million decrease in potash sales. During the three months ended September 30, 2024, potash segment byproduct sales increased, compared to the same period in 2023, due to an increase in brine water sales driven by continued strong demand from oil and gas operators near our facilities in New Mexico. While we sold 17% more tons of potash during the three months ended September 30, 2024, compared to the same period in 2023, our average net realized sales price per ton decreased 18%.

Our Trio<sup>®</sup> segment sales decreased \$3.1 million in the three months ended September 30, 2024, compared to the same period in 2023, as Trio<sup>®</sup> sales decreased \$1.7 million, or 8%, and Trio<sup>®</sup> segment byproduct water sales decreased \$1.4 million. While our Trio<sup>®</sup> average net realized sales price per ton increased 5% in the three months ended September 30, 2024, compared to the same period in 2023, we sold 13% fewer tons. We sold less Trio<sup>®</sup> segment byproduct water as we increased the volume of water used for injection at our HB plant and we sold fewer barrels of water from our Caprock water rights.

Our total byproduct sales, which are recorded in either our potash segment or Trio<sup>®</sup> segment, decreased \$0.4 million in the three months ended September 30, 2024, compared to the same period in 2023, due to a decrease in byproduct water sales. We did not sell any byproduct water during the three months ended September 30, 2024, as we increased the volume of water used for injection at our HB plant and we sold fewer barrels of water from our Caprock water rights.

**Cost of Goods Sold**

Our total cost of goods sold decreased \$1.7 million during the three months ended September 30, 2024, compared to the same period in 2023, as Trio® segment cost of goods sold decreased \$5.5 million, partially offset by a \$3.7 million increase in our oilfield solutions cost of goods sold and a \$0.1 million increase in our potash segment cost of goods sold.

Our Trio® segment cost of goods sold decreased \$5.5 million, or 31%, during the three months ended September 30, 2024, compared to the same period in 2023, because we sold 13% fewer tons, and we incurred less production expenses. Our Trio® labor expenses decreased because we stopped operating an additional underground shift at our East mine during the first quarter of 2024, and our depreciation expense incurred decreased as we recorded an impairment of our Trio® segment assets during the fourth quarter of 2023. In addition, we produced 19% more tons of Trio® in the three months ended September 30, 2024, compared to the same period in 2023, which lowered our per ton production costs. A significant portion of our Trio® production costs are fixed and an increase in the number of tons produced decreases our per ton production costs.

Our potash segment cost of goods sold increased \$0.1 million, or 1%, during the three months ended September 30, 2024, compared to the same period in 2023. While we sold 17% more tons of potash in the three months ended September 30, 2024, compared to the same period in 2023, our beginning of the third quarter 2024 potash weighted average carrying cost per ton decreased due to lower of cost or net realizable value inventory adjustments recorded during the first six months of 2024. Additionally, we produced 19% more tons of potash during the three months ended September 30, 2024, compared to the same period during 2023, which lowered our per ton production costs. A significant portion of our production costs are fixed and an increase in the number of potash tons produced decreases our per ton production costs.

Our oilfield solutions cost of goods sold increased \$3.7 million, or 105%, during the three months ended September 30, 2024, compared to the same period in 2023, as we purchased more third-party water to sell for the large frac job that was completed at Intrepid South during the third quarter of 2024.

#### **Lower of Cost or Net Realizable Value Inventory Adjustments**

In the three months ended September 30, 2024, we incurred \$0.5 million of lower of cost or net realizable value inventory adjustments in our potash segment, as our weighted average carrying costs for certain potash products exceeded our expected average net realized sales price for those products. We incurred \$3.4 million in lower of cost or net realizable value inventory adjustments related to potash and Trio® products in the three months ended September 30, 2023.

#### **Gross Margin**

During the three months ended September 30, 2024, we generated gross margin of \$7.7 million compared to gross margin of \$0.5 million during the same period in 2023. As discussed above, our gross margin increased during the three months ended September 30, 2024, due to improved Trio® segment cost of goods sold and increased sales in our oilfield solutions segment.

#### **Impairment Expense**

During the year ended December 31, 2023, we recorded an impairment related to our Trio® segment assets because the net book value exceeded the estimated fair value of the assets. The fair value of the Trio® segment assets was primarily determined using the expected proceeds received in an orderly sale of the individual assets. For any Trio® segment capital spending during the three months ended September 30, 2024, we also estimated the fair value of those assets using the expected proceeds received in an orderly sale of those new assets and recorded an impairment of \$0.9 million in the three months ended September 30, 2024. We recorded a \$0.5 million impairment related to our non-operating working interest in an oil and gas well during the three months ended September 30, 2023.

#### **Other Operating Income**

Other operating income increased \$0.8 million during the three months ended September 30, 2024, compared to the same period in 2023 due to other operating income recorded related to the Third Amendment to the Cooperative Development Agreement (the "Amendment") we signed with XTO in December 2023, that became effective as of January 1, 2024. As discussed in further detail in Note 7 - Other Long-term Deferred Income to the Condensed Consolidated Financial Statements, we are recognizing as other operating income the estimated transaction price associated with the Amendment on a straight-line basis over the term of the Amendment.

#### **Income Tax Expense**

During the three months ended September 30, 2024, we realized an immaterial amount of income tax benefit compared to income tax benefit of \$1.9 million during the same period in 2023, as we generated a smaller net loss during the three months ended September 30, 2024, than during the same period in 2023.

#### **Net Income**

We generated a net loss of \$1.8 million during the three months ended September 30, 2024, compared to a net loss of \$7.2 million in the same period in 2023, due to the factors discussed above.

#### **Consolidated Results for the Nine Months Ended September 30, 2024, and 2023**

##### **Sales**

Our total sales for the nine months ended September 30, 2024 decreased \$23.5 million, or 11%, compared to the same period in 2023, as potash segment sales decreased \$31.4 million, or 25%, partially offset by a \$6.9 million, or 49%, increase in oilfield solutions segment sales and a \$0.9 million, or 1%, increase in Trio® segment sales.

Our total potash segment sales decreased \$31.4 million for the nine months ended September 30, 2024, compared to the same period in 2023, as potash sales decreased \$31.9 million partially offset by an increase of \$0.6 million in potash segment byproduct revenues. Our average net realized sales price per potash ton decreased 18% and we sold 14% fewer tons. Potash sales prices have been pressured during 2024 by increased global potash inventory levels. Potash tons sold decreased compared to the prior year because we began 2024 with fewer tons of potash available to sell due to decreased potash production from our HB and Wendover facilities in the second half of 2023.

Our Trio® segment sales increased \$0.9 million in the nine months ended September 30, 2024, compared to the same period in 2023, as Trio® sales increased \$4.7 million, or 6%, partially offset by a \$3.9 million decrease in Trio® segment byproduct water sales. We sold 12% more tons of Trio® in the nine months ended September 30, 2024, compared to the same period in 2023, partially offset by a 7% decrease in our Trio® average net realized sales price per ton. Our Trio® tons sold increased during the nine months ended September 30, 2024, compared to the same period in 2023, as we sold more Trio® tons into row crop markets, particularly driven by the sulfate value of Trio®. During the first nine months of 2024, average Trio® prices were negatively affected by the 18% decrease in the average price for potash. However, Trio® prices only declined 7% as customers saw the relative value of the sulfate and low chloride potassium components of Trio®. We sold less Trio® segment byproduct water as we increased the volume of water used for injection at our HB plant and had fewer overall sales of water from our Caprock water rights.

Our oilfield solutions segment sales, which includes sales of water, brine water, and surface use agreements and easements, increased \$6.9 million, or 49%, in the nine months ended September 30, 2024, compared to the same period in 2023, driven by a \$7.3 million increase in water sales, a \$0.4 million increase in brine water sales, partially offset by an \$0.8 million decrease in other products and services. Our oilfield solutions segment water revenues increased due to the completion of a large frac on Intrepid South during the third quarter of 2024. Continued robust oil and gas activity near Intrepid South has driven strong demand for products and services offered through our oilfield solutions segment.

Our total byproduct sales, which are recorded in either our potash segment or Trio® segment, decreased \$3.3 million in the nine months ended September 30, 2024, compared to the same period in 2023, due mainly to a decrease in byproduct water sales. We did not sell any byproduct water during the nine months ended September 30, 2024, as we increased the volume of water used for injection at our HB plant and had fewer overall sales of water from our Caprock water rights.

##### **Cost of Goods Sold**

Our total cost of goods sold decreased \$12.7 million during the nine months ended September 30, 2024, compared to the same period in 2023. Our potash segment cost of goods sold decreased \$12.9 million, and our Trio® segment cost of goods sold decreased \$2.7 million, partially offset by an increase of \$2.9 million in our oilfield solutions cost of goods sold.

Our potash segment cost of goods sold decreased \$12.9 million, or 16%, mainly due to selling 14% fewer tons in the nine months ended September 30, 2024, compared to the same period in 2023.

Our Trio® segment cost of goods sold decreased \$2.7 million, or 5%, during the nine months ended September 30, 2024, compared to the same period in 2023, even though we sold 12% more tons of Trio®. Our Trio® cost of goods sold was positively impacted by decreases in certain production costs, such as production labor and benefits expense, as we stopped operating an additional underground shift in early 2024 at our East facility and restarted our fine langbeinite recovery process in March 2024. In addition, our beginning 2024 weighted average carrying cost per ton of our Trio® finished goods was reduced by the lower of cost or net realizable value inventory adjustment recorded in the fourth quarter of 2023. Finally, we produced 16% more tons of Trio® in the nine months ended September 30, 2024, compared to the same period in 2023, which lowered our per ton production costs. A significant portion of our production costs are fixed and an increase in the number of tons produced decreases our per ton production costs.

Our oilfield solutions cost of goods sold increased \$2.9 million, or 26%, during the nine months ended September 30, 2024, compared to the same period in 2023, mainly due to our purchasing more third-party water for resale to meet the demand for a large frac on Intrepid South.

##### **Lower of Cost or Net Realizable Value Inventory Adjustments**

In the nine months ended September 30, 2024, we incurred \$2.3 million of lower of cost or net realizable value inventory adjustments in our potash segment, as our weighted average carrying costs for certain potash products exceeded our expected average net realized sales price for those products. We incurred \$3.4 million in lower of cost or net realizable value inventory adjustments related to potash and Trio® products in the nine months ended September 30, 2023.

#### **Gross Margin**

During the nine months ended September 30, 2024, we generated gross margin of \$21.8 million compared to gross margin of \$32.2 million during the same period in 2023. As discussed above, our gross margin decreased mainly due to the decrease in sales driven by lower average net realized sales price per ton for potash and Trio® products and we sold fewer tons of potash in the nine months September 30, 2024, compared to the same period in 2023.

#### **Impairment Expense**

During the year ended December 31, 2023, we recorded an impairment related to our Trio® segment assets because the net book value exceeded the estimated fair value of the assets. The fair value of the Trio® segment assets was primarily determined using the expected proceeds received in an orderly sale of the individual assets. For any Trio® segment capital spending during the nine months ended September 30, 2024, we also estimated the fair value of those assets using the expected proceeds received in an orderly sale of those new assets and recorded an impairment of \$3.1 million. We recorded a \$0.5 million impairment related to our non-operating working interest in an oil and gas well during the nine months ended September 30, 2023.

#### **Other Operating Income**

Other operating income increased \$2.8 million in the nine months ended September 30, 2024, compared to the same period in 2023, due to other operating income recognized related to the Third Amendment to the Cooperative Development we signed with XTO in December 2023, that became effective as of January 1, 2024. As discussed in further detail in Note 7 - Other Long-term Deferred Income to the Condensed Consolidated Financial Statements, we are recognizing as other operating income the estimated transaction price associated with the Amendment on a straight-line basis over the term of the Amendment.

#### **Income Tax Expense**

During the nine months ended September 30, 2024, we incurred income tax benefit of \$1.1 million, compared to income tax expense of \$1.9 million during the same period in 2023, as we incurred a loss before income taxes in the nine months ended September 30, 2024, compared to income before taxes in the same period in 2023.

#### **Net Income**

We generated a net loss of \$5.8 million in the nine months ended September 30, 2024, compared to net income of \$1.6 million in the same period in 2023, due to the factors discussed above.

**Potash Segment**

(in thousands, except per ton amounts)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Sales <sup>1</sup>	\$ 28,356	\$ 27,602	\$ 95,966	\$ 127,363
Less: Freight costs	3,217	2,894	9,976	12,237
Warehousing and handling costs	1,819	1,541	4,889	4,630
Cost of goods sold	18,783	18,673	65,823	78,697
Lower of cost or net realizable value inventory adjustments	471	1,083	2,326	1,083
Gross Margin	\$ 4,066	\$ 3,411	\$ 12,952	\$ 30,716
Depreciation, depletion, and amortization incurred <sup>2</sup>	\$ 6,670	\$ 7,272	\$ 19,819	\$ 20,753
 Potash sales volumes (in tons)	54	46	183	213
Potash production volumes (in tons)	51	43	178	145
 Average potash net realized sales price per ton <sup>3</sup>	\$ 356	\$ 433	\$ 387	\$ 474

<sup>1</sup> Sales include sales of byproducts which were \$6.7 million and \$5.6 million for the three months ended September 30, 2024, and 2023, respectively, and \$17.7 million and \$17.1 million for the nine months ended September 30, 2024, and 2023, respectively.

<sup>2</sup> Depreciation, depletion, and amortization incurred excludes depreciation, depletion, and amortization amounts absorbed in or (relieved from) inventory.

<sup>3</sup> Average net realized sales price per ton is a non-GAAP financial measure. More information about this measure is below under the heading "Non-GAAP Financial Measure."

**Three Months Ended September 30, 2024, and 2023**

Our total sales in the potash segment increased \$0.8 million in the three months ended September 30, 2024, compared to the same period in 2023, as potash segment byproduct sales increased \$1.0 million, partially offset by a \$0.3 million decrease in potash sales. Our potash segment byproduct sales increased due to an increase in brine sales as we sold more barrels of brine at a higher average price during the three months ended September 30, 2024, compared to the same period in 2023, due to continued robust oilfield activity near our mines in New Mexico.

Our potash sales decreased in the three months ended September 30, 2024, compared to the same period in 2023, as our average net realized sales price per ton decreased 18%, partially offset by selling 17% more tons. Potash prices have declined as available global inventory has increased compared to 2023. We sold more tons of potash in the three months ended September 30, 2024, compared to the same period in 2023, because potash production increased in the second quarter of 2024, compared to the second quarter of 2023, and we had an earlier end to the spring season compared to the prior year, resulting in more tons of potash in inventory to begin the third quarter.

Potash segment freight expense increased 11% in the three months ended September 30, 2024, compared to the same period in 2023, as we sold 17% more tons of potash. Our potash freight expense is further impacted by the geographic distribution of our potash and byproduct sales and by the proportion of customers arranging for and paying their own freight costs.

Our potash segment cost of goods sold increased \$0.1 million, or 1%, during the three months ended September 30, 2024, compared to the same period in 2023. While we sold 17% more tons of potash in the three months ended September 30, 2024, compared to the same period in 2023, our beginning of the third quarter 2024 potash weighted average carrying cost per ton decreased due to lower of cost or net realizable value inventory adjustments recorded during the first six months of 2024. Additionally, we produced 19% more tons of potash during the three months ended September 30, 2024, compared to the same period during 2023, which lowered our per ton production costs. A significant portion of our production costs are fixed and an increase in the number of potash tons produced decreases our per ton production costs.

During the three months ended September 30, 2024, we recorded lower of cost or net realizable value inventory adjustments of \$0.5 million as our weighted average carrying cost per ton for inventoried potash products at our HB and Wendover facilities was higher than our expected average net realizable sales price per ton for those products. While potash production at our HB and Wendover facilities has improved in 2024, compared to 2023, potash production at these facilities remained below historical production levels which increased our weighted average carrying costs. A significant portion of our potash production costs are fixed and a decrease in the number of potash tons produced increases our potash production costs.

per ton. We recorded \$1.1 million in lower of cost or net realized value inventory adjustments in the potash segment in the third quarter of 2023.

Our potash segment gross margin increased \$0.7 million in the three months ended September 30, 2024, compared to the same period in 2023, due to the factors discussed above.

#### **Nine Months Ended September 30, 2024, and 2023**

Our total sales in the potash segment decreased \$31.4 million in the nine months ended September 30, 2024, compared to the same period in 2023, as potash sales recorded in the potash segment decreased \$31.9 million, or 29%, partially offset by a \$0.6 million increase in potash segment byproduct sales. Our potash sales decreased in the nine months ended September 30, 2024, compared to the same period in 2023, as our average net realized sales price per ton decreased 18%, and we sold 14% fewer tons. We sold fewer tons of potash in the nine months ended September 30, 2024, compared to the same period in 2023, as we began 2024 with less inventory of potash to sell due to lower potash production from our HB and Wendover facilities during the second half of 2023. While potash production has improved at our HB and Wendover facilities during the nine months ended September 30, 2024, compared to the same period in 2023, production levels at these facilities remain below historical production levels. Our average net realized sales price per potash ton decreased during the nine months ended September 30, 2024, compared to the same period in 2023, as the available supply of potash has increased.

Byproduct sales recorded in our potash segment during the nine months ended September 30, 2024, compared to the same period in 2023, increased \$0.6 million as brine sales increased \$1.9 million, partially offset by a \$1.4 million decrease in magnesium chloride sales. Brine sales increased during the nine months ended September 30, 2024, as we sold more barrels of brine at a higher average price compared to the prior year period due to continued oilfield activity near our mines. Magnesium chloride sales declined during the nine months ended September 30, 2024, due to mild winter weather which decreased demand for our deicing product in the first quarter of 2024, and we saw less demand from the dedust market impacting sales in the second and third quarters of 2024.

Potash segment freight expense decreased 18% in the nine months ended September 30, 2024, compared to the same period in 2023, as we sold 14% fewer tons of potash. Our potash freight expense is further impacted by the geographic distribution of our potash and byproduct sales and by the proportion of customers arranging for and paying their own freight costs.

Our potash segment cost of goods sold decreased 16% in the first nine months of 2024, compared to the same period in 2023, mainly due to selling 14% fewer tons of potash.

During the first nine months of 2024, we recorded lower of cost or net realizable value inventory adjustments of \$2.3 million as our weighted average carrying cost per ton for certain inventoried potash products at our HB and Wendover facilities was higher than our expected average net realized sales price per ton for those products. Because potash production at our HB and Wendover facilities was below historical production levels during the second half of 2023 and the first nine months of 2024, our weighted average production costs at those facilities increased. As mentioned, a significant portion of our potash production costs are fixed and a decrease in the number of potash tons produced increases our potash production costs per ton. We recorded \$1.1 million in lower of cost or net realized value inventory adjustments in the first nine months of 2023.

Our potash segment gross margin decreased \$17.8 million in the first nine months of 2024, compared to the first nine months of 2023, due to the factors discussed above.

#### **Additional Information Relating to Potash**

The table below shows our potash sales mix for the three and nine months ended September 30, 2024, and 2023:

	<b>Three Months Ended September 30,</b>		<b>Nine Months Ended September 30,</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Agricultural	72%	64%	75%	76%
Industrial	4%	4%	3%	3%
Feed	24%	32%	22%	21%

**Trio® Segment**

(in thousands, except per ton amounts)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Sales <sup>1</sup>	\$ 18,928	\$ 22,030	\$ 81,938	\$ 81,052
Less: Freight costs	4,864	5,086	20,498	18,038
Warehousing and handling costs	1,239	1,190	3,844	3,635
Cost of goods sold	12,221	17,714	55,949	58,666
Lower of cost or net realizable value inventory adjustments	—	2,330	—	2,330
Gross Margin (Deficit)	\$ 604	\$ (4,290)	\$ 1,647	\$ (1,617)
Depreciation, depletion, and amortization incurred <sup>2</sup>	\$ 864	\$ 1,754	\$ 2,599	\$ 4,365
 Sales volumes (in tons)	45	52	200	179
Production volumes (in tons)	62	52	184	159
 Average Trio® net realized sales price per ton <sup>3</sup>	\$ 312	\$ 298	\$ 305	\$ 329

<sup>1</sup> Sales include sales of byproducts which were \$0.0 million and \$1.4 million for the three months ended September 30, 2024, and 2023, respectively, and \$0.4 million and \$4.2 million for the nine months ended September 30, 2024, and 2023, respectively.

<sup>2</sup> Depreciation, depletion, and amortization incurred excludes depreciation, depletion, and amortization amounts absorbed in or (relieved from) inventory.

<sup>3</sup> Average net realized sales price per ton is a non-GAAP financial measure. More information about this measure is below under the heading "Non-GAAP Financial Measure."

**Three Months Ended September 30, 2024, and 2023**

Trio® segment sales decreased 14% during the three months ended September 30, 2024, compared to the same period in 2023. Trio® sales decreased \$1.7 million, and our Trio® segment byproduct sales decreased \$1.4 million. Trio® sales decreased primarily due to a 13% decrease in tons sold, partially offset by a 5% increase in our average net realized sales price per ton. Our average net realized sales price per ton increased during the three months ended September 30, 2024, compared to the same period in 2023, as Trio® prices for the 2024 summer fill program were \$15 per ton higher than the 2023 summer fill program prices. Also, we sold fewer tons internationally during the three months ended September 30, 2024, compared to the same period in 2023. Generally, we incur more freight expense on international sales compared to domestic sales, which decreases our average net realized sales price per ton.

Our Trio® segment byproduct sales decreased \$1.4 million in the three months ended September 30, 2024, compared to the same period in 2023, due to a decrease in Trio® segment byproduct water sales. During the three months ended September 30, 2024, we did not sell any byproduct water as we increased the volume of water used for injection at our HB plant.

Trio® freight costs decreased 4% in the third quarter of 2024, compared to the third quarter of 2023, as we sold fewer tons. Our Trio® freight expense is impacted by the geographic distribution of our Trio® sales and by the proportion of customers arranging for and paying their own freight costs.

Our Trio® cost of goods sold decreased 31% in the three months ended September 30, 2024, compared to the same period in 2023, as we sold 13% fewer tons. In addition, our cost of goods sold was positively impacted by decreases in certain production costs, such as production labor and benefits expense, as we moved to a reduced operating schedule at our East facility and restarted our fine langbeinite recovery process in March 2024. Finally, we produced more tons of Trio® in the three months ended September 30, 2024, compared to the same period in 2023, which lowered our per ton production costs. A significant portion of our production costs is fixed and an increase in the number of tons produced decreases our per ton production costs.

Our Trio® segment generated gross margin of \$0.6 million in the three months ended September 30, 2024, compared to gross deficit of \$4.3 million in the three months ended September 30, 2023, mainly due to the decrease in Trio® cost of goods sold.

## Impairment Expense

During the year ended December 31, 2023, we recorded an impairment related to our Trio® segment assets because the net book value exceeded the estimated fair value of the assets. The fair value of the Trio® segment assets was primarily determined using the expected proceeds received in an orderly sale of the individual assets. For any new Trio® segment capital spending during the three months ended September 30, 2024, we also estimated the fair value of those assets using the expected proceeds received in an orderly sale of those new assets, and we recorded an additional impairment of \$0.9 million. Although we have reduced capital spending at our East facility compared to prior years, we expect to incur additional capital expenditures in future periods for our Trio® segment assets that we will likely have to impair.

## Nine Months Ended September 30, 2024, and 2023

Trio® segment sales increased 1% during the nine months ended September 30, 2024, compared to the same period in 2023. Trio® sales increased \$4.7 million, partially offset by a decrease of \$3.8 million in our Trio® segment byproduct sales. Trio® sales increased primarily due to a 12% increase in Trio® tons sold, partially offset by a 7% decrease in our average net realized sales price per ton. Sales volumes increased during the nine months ended September 30, 2024, compared to the same period in 2023, as we sold more Trio® tons into row crop markets, particularly driven by the sulfate value of Trio®. Similar to potash prices discussed above, our Trio® average net realized sales price per ton has decreased as potassium fertilizer supplies improved.

Our Trio® segment byproduct sales decreased \$3.8 million in the nine months ended September 30, 2024, compared to the same period in 2023, due mainly to a decrease in Trio® segment byproduct water sales. We sold less byproduct water as we increased the volume of water used for injection at our HB plant and we had fewer overall sales of water from our Caprock water rights.

Trio® freight costs increased 14%, as we sold 12% more Trio® tons in the nine months ended September 30, 2024, compared to the same period in 2023. Our Trio® freight expense is impacted by the geographic distribution of our Trio® sales and by the proportion of customers arranging for and paying their own freight costs.

Our Trio® cost of goods sold decreased 5% in the nine months ended September 30, 2024, compared to the same period in 2023. While we sold 12% more tons of Trio®, our weighted average carrying cost per ton sold decreased due to decreases in certain production costs, such as production labor and benefits expense, as we moved to a reduced operating schedule at our East facility and restarted our fine langbeinite recovery process in March 2024. In addition, the beginning 2024 weighted average carrying cost per ton of our finished goods was reduced by the lower of cost or net realizable value inventory adjustment recorded in the fourth quarter of 2023. Finally, we produced more tons of Trio® in the nine months ended September 30, 2024, compared to the same period in 2023, which lowered our per ton production costs. A significant portion of our production costs are fixed and an increase in the number of tons produced decreases our per ton production costs.

Our Trio® segment recorded gross margin of \$1.6 million in the nine months ended September 30, 2024, compared to gross deficit of \$1.6 million in the same period in 2023, mainly due to the decrease Trio® cost of goods sold.

## Impairment Expense

During the year ended December 31, 2023, we recorded an impairment related to our Trio® segment assets because the net book value exceeded the estimated fair value of the assets. The fair value of the Trio® segment assets was primarily determined using the expected proceeds received in an orderly sale of the individual assets. For any new Trio® segment capital spending during the nine months ended September 30, 2024, we also estimated the fair value of those assets using the expected proceeds received in an orderly sale of those new assets, and we recorded an additional impairment of \$3.1 million. Although we have reduced capital spending at our East facility compared to prior years, we expect to incur additional capital expenditures in future periods for our Trio® segment assets that we will likely have to impair.

#### **Additional Information Relating to Trio®**

The table below shows the percentage of Trio® tons sold into the domestic and export markets during the three and nine months ended September 30, 2024, and 2023.

	<b>United States</b>	<b>Export</b>
For the Three Months Ended September 30, 2024	84%	16%
For the Nine Months Ended September 30, 2024	88%	12%
For the Three Months Ended September 30, 2023	81%	19%
For the Nine Months Ended September 30, 2023	87%	13%

#### **Oilfield Solutions Segment**

(in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Sales	\$ 10,324	\$ 4,904	\$ 21,186	\$ 14,265
Cost of goods sold	7,262	3,534	13,995	11,139
Gross Margin	\$ 3,062	\$ 1,370	\$ 7,191	\$ 3,126
Depreciation, depletion, and amortization incurred	\$ 1,134	\$ 950	\$ 3,400	\$ 2,772

#### **Three Months Ended September 30, 2024, and 2023**

Our oilfield solutions segment sales increased \$5.4 million in the three months ended September 30, 2024, compared to the same period in 2023, due to a \$6.8 million increase in water sales, partially offset by a \$1.3 million decrease in sales of other oilfield solution products and services. Our water sales increased during the three months ended September 30, 2024, compared to the same period in 2023, due to the completion of a large frac at Intrepid South. Our sales of other oilfield solution products and services decreased during the three months ended September 30, 2024, compared to the same period in 2023, as we recognized less revenues from surface use and easement agreements. Surface use and easement revenues fluctuate based on the timing of recognizing revenue from the various performance obligations contained in the underlying agreements.

Our cost of goods sold increased \$3.7 million, or 105%, in the three months ended September 30, 2024, compared to the same period in 2023, as we purchased more third-party water for resale to meet the demand for a large frac on Intrepid South.

Gross margin for the three months ended September 30, 2024, increased \$1.7 million compared to the same period in 2023, due to the factors discussed above.

#### **Nine Months Ended September 30, 2024, and 2023**

Our oilfield solutions segment sales increased \$6.9 million in the nine months ended September 30, 2024, compared to the same period in 2023, due to a \$7.3 million increase in water sales and a \$0.4 million increase in brine water sales, partially offset by a \$0.8 million decrease in other oilfield solution products and services. Our oilfield solutions segment water sales increased during the nine months ended September 30, 2024, compared to the same period in 2023, due to the completion of a large frac at Intrepid South during the third quarter of 2024. Our brine water sales increased due to continued strong demand from oil and gas operators in the Permian Basin near Intrepid South. Our sales of other oilfield solution products and services decreased during the nine months ended September 30, 2024, compared to the same period in 2023, as we recognized less revenues from surface use and easement agreements. Surface use and easement revenues fluctuate based on the timing of recognizing revenue from the various performance obligations contained in the underlying agreements.

Our cost of goods sold increased \$2.9 million, or 26%, in the nine months ended September 30, 2024, compared to the same period in 2023, as we purchased more third-party water for resale to meet the demand for a large frac on Intrepid South during the third quarter of 2024.

Gross margin for the nine months ended September 30, 2024, increased \$4.1 million compared to the same period in 2023, due to the factors discussed above.

## **Specific Factors Affecting Our Results**

### **Sales**

Our gross sales are derived from the sales of potash, Trio®, water, salt, magnesium chloride, brine water, and various other products and services offered to oil and gas producers. Total sales are determined by the quantities of products we sell and the sales prices we realize. For potash, Trio®, and salt, we quote prices to customers both on a delivered basis and on the basis of pick-up at our plants and warehouses. We incur freight costs on most of our potash, Trio® and salt sales, but some customers arrange and pay for their own freight directly. When we arrange and pay for freight, our quotes and billings are based on expected freight costs to the points of delivery. When we calculate our potash and Trio® average net realized sales price per ton, we deduct any freight costs included in sales before dividing by the number of tons sold. We believe the deduction of freight costs provides a more representative measure of our performance in the market due to variations caused by ongoing changes in the proportion of customers paying for their own freight, the geographic distribution of our products, and freight rates. Freight rates have been increasing, and if we are unable to pass the increased freight costs on to the customer, our average net realized sales price per ton is negatively affected. We manage our sales and marketing operations centrally and we work to achieve the highest average net realized sales price per ton we can by evaluating the product needs of our customers and associated logistics and then determining which of our production facilities can best satisfy these needs.

The volume of products we sell is determined by demand for our products and by our production capabilities. We operate our potash and Trio® facilities at production levels that approximate expected demand and consider current inventory levels and expect to continue to do so for the foreseeable future.

Our water sales and other products and services offered through our oilfield solutions segment are driven by demand from oil and gas exploration companies drilling in the Permian Basin. As such, demand for our water is generally stronger during a cyclical expansion of oil and gas drilling. Likewise, a cyclical contraction of oil and gas drilling may decrease demand for our water and the other products and services offered through our oilfield solutions segment.

### **Cost of Goods Sold**

Our cost of goods sold reflects the costs to produce our products. Many of our production costs are largely fixed and, consequently, our cost of sales per ton on a facility-by-facility basis tends to move inversely with the number of tons we produce, within the context of normal production levels. Our principal production costs include labor and employee benefits, maintenance materials, contract labor, and materials for operating or maintenance projects, natural gas, electricity, operating supplies, chemicals, depreciation and depletion, royalties, and leasing costs. Certain elements of our cost structure associated with contract labor, consumable operating supplies, reagents, and royalties are variable, but these variable elements make up a smaller component of our total cost structure. Our costs often vary from period to period based on the fluctuation of inventory, sales, and production levels at our facilities.

Our production costs per ton are also impacted when our production levels change, due to factors such as changes in the grade of ore delivered to the plant, levels of mine development, plant operating performance, and downtime. Because all of our potash is produced from solution mining, weather has a significant impact on our potash production. We expect that our labor and contract labor costs in Carlsbad, New Mexico, will continue to be influenced most directly by the demand for labor in the local region where we compete for labor with another fertilizer company, companies in the oil and gas industry, and a nuclear waste processing and storage facility.

We pay royalties to federal, state, and private lessors under our mineral leases. These payments typically equal a percentage of sales (less freight) of minerals extracted and sold under the applicable lease. In some cases, federal royalties for potash are paid on a sliding scale that varies with the grade of ore extracted. For the three and nine months ended September 30, 2024, our average royalty rate was 5.2% and 4.9%, respectively. For the three and nine months ended September 30, 2023, our average royalty rate was 4.8% and 4.9%, respectively.

### **Income Taxes**

We are subject to federal and state income taxes on our taxable income. Our effective tax rate for the nine months ended September 30, 2024, was 15.8%. Our effective tax rate differed from the statutory rate during this period primarily from the permanent difference between book and tax income for the percentage depletion deduction and the officers' compensation.

deduction. Our effective tax rate for the nine months ended September 30, 2023, was 54.0% which differed from the statutory rate primarily from the estimated permanent difference between book and tax income for the percentage depletion deduction and the officers' compensation deduction.

Our federal and state income tax returns are subject to examination by federal and state tax authorities.

For the nine months ended September 30, 2024, we incurred approximately \$1.2 million of deferred income tax benefit and \$0.1 million of current income tax expense. For the nine months ended September 30, 2023, we incurred income tax expense of \$1.9 million.

We evaluate our deferred tax assets and liabilities each reporting period using the enacted tax rates expected to apply to taxable income in the periods in which the deferred tax liability or asset is expected to be settled or realized. The estimated statutory income tax rates that are applied to our current and deferred income tax calculations are impacted most significantly by the states in which we conduct business. Changing business conditions for normal business transactions and operations, as well as changes to state tax rates and apportionment laws, potentially alter our apportionment of income among the states for income tax purposes. These changes in apportionment laws result in changes in the calculation of our current and deferred income taxes, including the valuation of our deferred tax assets and liabilities. The effects of any such changes are recorded in the period of the adjustment. These adjustments can increase or decrease the net deferred tax asset on our Condensed Consolidated Balance Sheets, and thus increase or decrease the deferred tax benefit or deferred income tax expense on the income statement.

As of September 30, 2024, we continue to be in a three-year cumulative income position. However, losses incurred in 2023 and through the first nine-months of 2024 have reduced the amount of three-year cumulative income. If weakness in fertilizer pricing, lower production, additional impairments, or additional losses were to continue, it is possible that there may be significant negative evidence to cause us to record a valuation allowance within the next 12 months. The timing and amount of any valuation allowance is subject to significant judgement that is considered with the timing and amounts of actual and future earnings. Recording any valuation allowance would result in increased income tax expense in the period the valuation allowance is recorded which could have a material effect on net income.

## Capital Investments

During the three and nine months ended September 30, 2024, cash paid for property, plant, equipment, mineral properties, intangible and other assets was \$9.6 million and \$32.6 million, respectively.

We expect to make capital investments in 2024 of \$37 million to \$40 million. We anticipate spending approximately \$20 million on sustaining capital in 2024 with the remainder of our estimated spending on opportunity projects, which include the completion of phase two of our new HB injection pipeline project, a new extraction well at our HB mine, and a new primary pond at our Wendover facility. We may adjust our investment plans as our expectations for 2024 change. We anticipate our 2024 operating plans and capital programs will be funded out of operating cash flows and existing cash. We may also use our revolving credit facility, to the extent available, to fund capital investments.

## Liquidity and Capital Resources

As of September 30, 2024, we had cash and cash equivalents of \$38.0 million, compared to \$4.1 million at December 31, 2023. The increase in our cash balance during the nine months ended September 30, 2024, was due primarily to the \$45 million cash payment received in January 2024 under the cooperative development agreement and Amendment with XTO, which is included in our cash flows provided by operating activities.

Our operations have primarily been funded from cash on hand, cash generated by operations, borrowings under our revolving credit facility, and proceeds from debt and equity offerings. We continue to monitor our future sources and uses of cash and anticipate that we may adjust our capital allocation strategies when, and as determined by our Board of Directors. We may, at any time we deem conditions favorable, attempt to improve our liquidity position by accessing debt or equity markets in accordance with our existing debt agreements. We also may attempt to raise capital in the future through the issuance of additional equity or debt securities, subject to prevailing market conditions. However, there is no assurance that we will be able to successfully raise additional capital on acceptable terms or at all. With our current cash on hand, the remaining availability under our credit facility, and the expected cash generated from operations, we believe we have sufficient liquidity to meet our obligations for the next twelve months.

The following summarizes our cash flow activity for the nine months ended September 30, 2024, and 2023 (in thousands):

	Nine Months Ended September 30,	
	2024	2023
Cash flows provided by operating activities	\$ 64,936	\$ 38,625
Cash flows used in investing activities	\$ (25,511)	\$ (54,606)
Cash flows (used in) provided by financing activities	\$ (5,455)	\$ 264

### Operating Activities

Net cash provided by operating activities through September 30, 2024, was \$64.9 million, an increase of \$26.3 million compared with the nine months of 2023, mainly due to a \$45 million cash payment received in January 2024 under the cooperative development agreement and Amendment with XTO, partially offset by the decrease in sales during the first nine months of 2024, compared to the first nine months of 2023.

### Investing Activities

Net cash used in investing activities decreased by \$29.1 million in the first nine months of 2024, compared with the same period in 2023, due to a decrease in capital spending and proceeds received for the sale of water recycling equipment.

### Financing Activities

**Revolving Credit Facility**—We maintain a \$150 million revolving credit facility with a syndicate of lenders with Bank of Montreal as administrative agent. The revolving credit facility has a maturity date to August 4, 2027. As of September 30, 2024, borrowings under the credit facility bear interest at the SOFR plus an applicable margin of 1.50% to 2.25% per annum, based on our leverage ratio as calculated in accordance with the amended agreement governing the revolving credit facility. Borrowings under the revolving credit facility are secured by substantially all of our current and non-current assets, and the obligations under the credit facility are unconditionally guaranteed by several of our subsidiaries.

We occasionally borrow and repay amounts under the revolving credit facility for near-term working capital needs or other purposes and may do so in the future. During the three months ended September 30, 2024, we made no borrowings and made no repayments under the revolving credit facility. During the nine months ended September 30, 2024, we made no borrowings and made \$4.0 million in repayments under the revolving credit facility. During the three months ended September 30, 2023, we made \$2.0 million in borrowings and made no repayments under the revolving credit facility. During the nine months ended September 30, 2023, we made \$7.0 million in borrowings and made \$5.0 million in repayments under the revolving credit facility. As of September 30, 2024, we had no borrowings outstanding and no outstanding letters of credit under this facility. As of December 31, 2023, we had \$4.0 million in borrowings outstanding and no outstanding letters of credit under this facility.

As of September 30, 2024, we were in compliance with all applicable covenants under the revolving credit facility.

As of October 31, 2024, we had approximately \$34.9 million in cash and cash equivalents and no borrowings under the revolving credit facility. We have \$150.0 million of remaining availability under the revolving credit facility as of October 31, 2024.

**Share Repurchase Program**—In February 2022, our Board of Directors approved a \$35 million share repurchase program. Under the share repurchase program, we may repurchase shares from time to time in the open market or in privately negotiated transactions. The timing, volume and nature of share repurchases, if any, will be at our sole discretion and will be dependent on market conditions, liquidity, applicable securities laws, and other factors. We may suspend or discontinue the share repurchase program at any time. We repurchased 608,657 shares totaling \$22.0 million from August 2022 through December 2022, with approximately \$13 million remaining available under the repurchase program authorization. For the nine months ended September 30, 2024, we did not repurchase any shares under the share repurchase program.

#### **Critical Accounting Policies and Estimates**

Our Annual Report on Form 10-K for the year ended December 31, 2023, describes the critical accounting policies that affect our more significant judgments and estimates used in the preparation of our consolidated financial statements. We have not made any significant changes to our critical accounting policies since December 31, 2023.

#### **Non-GAAP Financial Measure**

To supplement our consolidated financial statements, which are prepared and presented in accordance with GAAP, from time to time we use "average net realized sales price per ton," which is a non-GAAP financial measure. This non-GAAP financial measure should not be considered in isolation or as a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP. In addition, because the presentation of this non-GAAP financial measure varies among companies, our presentation of this non-GAAP financial measure may not be comparable to similarly titled measures used by other companies.

We believe average net realized sales price per ton, when used in conjunction with GAAP financial measures, provides useful information to investors for analysis of our business and operating results, enhances the overall understanding of past financial performance and future prospects, and allows for greater transparency with respect to the key metric we use in our financial and operational decision making. We use this non-GAAP financial measure as one of our tools in comparing period-over-period performance on a consistent basis and when planning, forecasting, and analyzing future periods. We believe this non-GAAP financial measure is used by professional research analysts and others in the valuation, comparison, and investment recommendations of companies in the potash mining industry. Many investors use the published research reports of these professional research analysts and others in making investment decisions.

**Average Net Realized Sales Price per Ton**

We calculate average net realized sales price per ton for each of potash and Trio®. Average net realized sales price per ton for potash is calculated as potash segment sales less potash segment byproduct sales and potash freight costs and then dividing that difference by the number of tons of potash sold in the period. Likewise, average net realized sales price per ton for Trio® is calculated as Trio® segment sales less Trio® segment byproduct sales and Trio® freight costs and then dividing that difference by Trio® tons sold. We consider average net realized sales price per ton to be useful, and believe it to be useful for investors, because it shows our potash and Trio® average per-ton pricing without the effect of certain transportation and delivery costs. When we arrange transportation and delivery for a customer, we include in revenue and in freight costs the costs associated with transportation and delivery. However, some of our customers arrange for and pay their own transportation and delivery costs, in which case these costs are not included in our revenue and freight costs. We use average net realized sales price per ton as a key performance indicator to analyze potash and Trio® sales and price trends.

Below is a reconciliation of average net realized sales price per ton to segment sales, the most directly comparable GAAP financial measure for the three and nine months ended September 30, 2024, and 2023:

	Three Months Ended September 30,			
	2024		2023	
	Potash	Trio®	Potash	Trio®
(in thousands, except per ton amounts)				
Total Segment Sales	\$ 28,356	\$ 18,928	\$ 27,602	\$ 22,030
Less: Segment byproduct sales	6,664	41	5,622	1,425
Freight costs	2,488	4,864	2,057	5,086
Subtotal	<u><u>\$ 19,204</u></u>	<u><u>\$ 14,023</u></u>	<u><u>\$ 19,923</u></u>	<u><u>\$ 15,519</u></u>
Divided by:				
Tons sold	54	45	46	52
Average net realized sales price per ton	\$ 356	\$ 312	\$ 433	\$ 298
Nine Months Ended September 30,				
	2024		2023	
	Potash	Trio®	Potash	Trio®
	\$ 95,966	\$ 81,938	\$ 127,363	\$ 81,052
Total Segment Sales	17,724	354	17,122	4,165
Less: Segment byproduct sales	7,505	20,498	9,321	18,038
Freight costs				
Subtotal	<u><u>\$ 70,737</u></u>	<u><u>\$ 61,086</u></u>	<u><u>\$ 100,920</u></u>	<u><u>\$ 58,849</u></u>
Divided by:				
Tons sold	183	200	213	179
Average net realized sales price per ton	\$ 387	\$ 305	\$ 474	\$ 329

### **ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

Part II, Item 7A., "Quantitative and Qualitative Disclosure About Market Risk," of our Annual Report on Form 10-K for the year ended December 31, 2023, describes our exposure to market risk. There have been no material changes to our market risk exposure since December 31, 2023.

### **ITEM 4. CONTROLS AND PROCEDURES**

#### **Evaluation of Disclosure Controls and Procedures**

We maintain disclosure controls and procedures as defined in Rule 13a-15(e) of the Exchange Act. Our disclosure controls and procedures are designed to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SECs rules and forms. Our disclosure controls and procedures are also designed to ensure that this information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure. Under the supervision and with the participation of management, including our principal financial officer and acting principal executive officer, we conducted an evaluation of the effectiveness of our disclosure controls and procedures as of September 30, 2024. Based on this evaluation, our principal financial officer and acting principal executive officer concluded that our disclosure controls and procedures were effective as of September 30, 2024, at the reasonable assurance level.

#### **Changes in Internal Control over Financial Reporting**

There were no changes in our internal control over financial reporting that occurred during the three months ended September 30, 2024, that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

#### **Inherent Limitations on Effectiveness of Controls**

Our management, including our principal financial officer and acting principal executive officer, do not expect that our disclosure controls or our internal control over financial reporting will prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within Intrepid have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, controls may become inadequate because of changes in conditions, or the degree of compliance with policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

## PART II - OTHER INFORMATION

### ITEM 1.      **LEGAL PROCEEDINGS**

For information regarding litigation, other disputes and regulatory proceedings see Part I - Item1. Financial Statements, Note 15 - Commitments and Contingencies.

## ITEM 1A. RISK FACTORS

Our future performance is subject to a variety of risks and uncertainties that could materially and adversely affect our business, financial condition, results of operations, and the trading price of our common stock. These risks and uncertainties are described in Part I, Item 1A. "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2023. Except as set forth below, there have been no material changes to these risks and uncertainties described in our Annual Report on Form 10-K for the year ended December 31, 2023.

### **We rely on our management personnel (including our directors) for the development and execution of our business strategy, and the loss of one or more members of our management team could harm our business.**

Our management personnel have significant relevant industry and company-specific experience. Our senior management team has developed and implemented first-of-their-kind processes and other innovative ideas that are important to our business. Our success depends, in part, upon the performance and continued services of our senior leadership team, including our directors. We do not currently maintain "key person" life insurance on any of our management personnel.

On April 16, 2024, our Board granted Robert P. Jornayvaz III, our Executive Chairman of the Board and Chief Executive Officer, a temporary medical leave of absence, as he recovered from a non-work related accident. In connection with Mr. Jornayvaz's medical leave, the Board temporarily delegated all responsibilities of the Chairman of the Board to Barth Whitham, Lead Director. In addition, the Board appointed Matthew D. Preston, the Company's Chief Financial Officer, as acting principal executive officer of the Company. The Board also appointed Hugh E. Harvey, our co-founder with Mr. Jornayvaz, to serve as a Class III director on the Board. Subsequently, on July 10, 2024, our Board announced that it was unlikely that Mr. Jornayvaz would return from his extended medical leave of absence and it had initiated a search process to identify a successor to Mr. Jornayvaz in the Chief Executive Officer role. The Board also elected Mr. Whitham, formerly Lead Independent Director, as its Chair.

On September 30, 2024, Mr. Jornayvaz resigned as Chief Executive Officer and as a member of the Board. The search process to identify a successor to Mr. Jornayvaz as Chief Executive Officer continues and Mr. Preston continues as acting principal executive officer of the Company until a permanent Chief Executive Officer is appointed by the Board.

Disruption to our organization as a result of leadership changes could have a material adverse effect on our business, financial condition and results of operations. If our leadership team fails to perform effectively or if we fail to attract or retain key executives, senior management or other key employees, our business, financial condition or results of operations could be harmed. The loss or inability to retain these individuals could disrupt our operations, and we may be unable to achieve our business strategies and grow effectively. To execute our business plans and strategies, we must also continue to attract and retain highly qualified personnel and we may incur significant costs, including stock-based compensation expense, to do so.

**ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS**

None.

**ITEM 3. DEFAULTS UPON SENIOR SECURITIES**

None.

**ITEM 4. MINE SAFETY DISCLOSURES**

We are committed to providing a safe and healthy work environment. The objectives of our safety programs are to eliminate workplace accidents and incidents; preserve employee health, and comply with all safety- and health-based regulations. We seek to achieve these objectives by training employees in safe work practices; establishing, following, and improving safety standards; involving employees in safety processes; openly communicating with employees about safety matters; and recording, reporting, and investigating accidents, incidents, and losses to avoid recurrence. As part of our ongoing safety programs, we collaborate with the Mine Safety and Health Administration ("MSHA") and the New Mexico Bureau of Mine Safety to identify and implement accident prevention techniques and practices.

Our East, West, and North facilities in New Mexico are subject to regulation under the Federal Mine Safety and Health Act of 1977 and the New Mexico Bureau of Mine Safety. MSHA inspects these facilities on a regular basis and issues various citations and orders when it believes a violation has occurred under federal law. Exhibit 95.1 to this Quarterly Report on Form 10-Q provides the information concerning mine safety violations and other regulatory matters required by SEC rules. Our Utah and HB facilities are subject to regulation by the Occupational Health and Safety Administration and, therefore, are not required to be included in the information provided in Exhibit 95.1.

**ITEM 5. OTHER INFORMATION**

During the three months September 30, 2024, no director or officer of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

**ITEM 6. EXHIBITS**

Exhibit No.	Description
<a href="#">3.1</a>	Second Amended and Restated Bylaws of Intrepid Potash, Inc. (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on September 16, 2024).
<a href="#">10.1</a>	Separation Agreement and General Release, dated as of September 30, 2024, by and between Intrepid Potash, Inc. and Louisa Craft Jornayvaz as Guardian and Conservator for and on behalf of Robert P. Jornayvaz III (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on October 4, 2024).
<a href="#">31.1</a>	Certification of Principal Financial Officer and Acting Principal Executive Officer pursuant to Rule 13a-14(a) and 15d-14(a), as amended.*
<a href="#">32.1</a>	Certification of Principal Financial Officer and Acting Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.**
<a href="#">95.1</a>	Mine Safety Disclosure Exhibit.*
101.INS	Inline XBRL Instance Document (Note that the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document).*
101.SCH	Inline XBRL Taxonomy Extension Schema Document.*
101.CAL	Inline XBRL Extension Calculation Linkbase Document.*
101.LAB	Inline XBRL Extension Label Linkbase Document.*
101.PRE	Inline XBRL Extension Presentation Linkbase Document.*
101.DEF	Inline XBRL Extension Definition Linkbase Document.*
104	Cover page Interactive Data File (formatted as Inline XBRL and contained in exhibit 101)

\* Filed herewith.

\*\* Furnished herewith.

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

INTREPID POTASH, INC.  
(Registrant)

Dated: November 5, 2024

*/s/ Matthew D. Preston*

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Matthew D. Preston - Chief Financial Officer and Acting Principal Executive Officer  
(Principal Executive Officer and Principal Financial Officer)

Dated: November 5, 2024

*/s/ Cris Ingold*

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Cris Ingold - Chief Accounting Officer  
(Principal Accounting Officer)

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER AND ACTING PRINCIPAL EXECUTIVE OFFICER**

**PURSUANT TO 15 U.S.C. SECTION 7241, AS**

**ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Matthew D. Preston, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Intrepid Potash, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: November 5, 2024

*/s/ MATTHEW D. PRESTON*

Matthew D. Preston  
*Chief Financial Officer and Acting Principal Executive Officer*

**CERTIFICATION OF  
PRINCIPAL FINANCIAL OFFICER AND ACTING PRINCIPAL EXECUTIVE OFFICER  
PURSUANT TO 18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the filing of the Quarterly Report on Form 10-Q for the quarter ended September 30 2024 (the "Report"), of Intrepid Potash, Inc. (the "Registrant") with the Securities and Exchange Commission and pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, I, Matthew D. Preston, Chief Financial Officer of the Registrant, certify that to the best of my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"); and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

Dated: November 5, 2024

*/s/ MATTHEW D. PRESTON*

*Matthew D. Preston  
Chief Financial Officer and Acting Principal Executive Officer*

This certification is furnished with this Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and will not, except to the extent required by such Act, be deemed filed by the Registrant for purposes of Section 18 of the Exchange Act. This certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent that the Registrant specifically incorporates it by reference.

**Exhibit 95.1**

The table below provides information for the quarter ended September 30, 2024, about certain mine safety and health citations issued to Intrepid or its subsidiaries by the Mine Safety and Health Administration (“MSHA”) under the Federal Mine Safety and Health Act of 1977 (the “Mine Act”) and about certain other regulatory matters.

Mine Name and MSHA Identification Number	Section 104 S&S Citations	Section 104(b) Orders	Section 104(d) Citations and Orders	Section 110(b)(2) Violations	Section 107(a) Orders	Total Dollar Value of MSHA Assessments Proposed	Total Number of Mining-Related Fatalities	Received Notice of Pattern of Violations Under Section 104(e)	Received Notice of Potential to Have Pattern under Section 104(e)	Legal Actions Pending as of the End of the Period	Legal Actions Initiated During the Period	Legal Actions Resolved During the Period
Intrepid Potash East (29-00170)	1	—	—	—	—	\$4,128	—	—	—	2	—	2
Intrepid Potash West (29-00175)	—	—	—	—	—	—	—	—	—	—	—	—
Intrepid Potash North (29-02028)	—	—	—	—	—	—	—	—	—	—	—	—

Below are additional details about the information provided in the table above:

- *General* - In general, the number of citations and orders will vary depending on the size of the mine, the individual inspector assigned to the mine, and the specific mine characteristics. Citations and orders can be contested and appealed and, in that process, are often reduced in severity and amount and are sometimes vacated.
- *MSHA Identification Numbers* - MSHA assigns an identification number to each mine and may or may not assign separate identification numbers to related facilities. We provide the information in the table by MSHA identification number.
- *Section 104 Significant and Substantial (“S&S”) Citations* - These citations are issued for alleged violations of a mining safety standard or regulation where there exists a reasonable likelihood that the hazard contributed to or will result in an injury or illness of a reasonably serious nature.
- *Section 104(b) Orders* - These orders are issued for alleged failure to totally abate the subject matter of a Section 104(a) citation within the period specified in the citation.
- *Section 104(d) Citations and Orders* - These citations and orders are issued for an alleged unwarrantable failure (i.e., aggravated conduct constituting more than ordinary negligence) to comply with a mining safety standard or regulation.
- *Section 110(b)(2) Violations* - These violations are issued, and penalties are assessed, for flagrant violations (i.e., a reckless or repeated failure to make reasonable efforts to eliminate a known violation that substantially and proximately caused, or reasonably could have been expected to cause, death or serious bodily injury).
- *Section 107(a) Orders* - These orders are issued for an imminent danger to immediately remove miners.
- *Total Dollar Value of MSHA Assessments Proposed* - Proposed assessments issued during the period do not necessarily relate to the citations or orders issued by MSHA during that period or to the pending legal actions reported in the table.
- *Notice of Pattern of Violations Under Section 104(e); Notice of Potential to Have Pattern under Section 104(e)* - These notices are issued for a pattern of violation of mandatory health or safety standards or for the potential to have such a pattern.
- *Legal Actions Pending, Initiated, and Resolved* - The Federal Mine Safety and Health Review Commission (the “Commission”) is an independent adjudicative agency that provides administrative trial and appellate review of legal disputes arising under the Mine Act. Each legal action is assigned a docket number by the Commission and may have as its subject matter one or more citations, orders, penalties, or complaints.

The table below summarizes the types of legal actions that were pending as of September 30, 2024:

Mine Name and MSHA Identification Number	Contests of Citations and Orders	Contests of Proposed Penalties	Complaints for Compensation	Complaints of Discharge, Discrimination or Interference	Applications for Temporary Relief	Appeals of Judges' Decisions or Orders	Total
Intrepid Potash East (29-00170)	2	—	—	—	—	—	2
Intrepid Potash West (29-00175)	—	—	—	—	—	—	—
Intrepid Potash North (29-02028)	—	—	—	—	—	—	—

- *Contests of Citations and Orders* relate to challenges by operators, miners or miners' representatives to the issuance of a citation or order issued by MSHA.
- *Contests of Proposed Penalties (Petitions for Assessment of Penalties)* are administrative proceedings challenging a civil penalty that MSHA has proposed for the violation contained in a citation or order.
- *Complaints for Compensation* are filed by miners entitled to compensation when a mine is closed by certain withdrawal orders issued by MSHA for the purpose of determining the amount of compensation, if any, due miners idled by the orders.
- *Complaints of Discharge, Discrimination or Interference* involve a miner's allegation that he or she has suffered a wrong by the operator because he or she engaged in some type of activity protected under the Mine Act, such as making a safety complaint, or that he or she has suffered discrimination and lost his or her position.