Intrepid Potash, Inc.
Form 10-K
February 19, 2015
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

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x Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the fiscal year ended December 31, 2014
or
¨ Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
Commission File Number: 001-34025
INTREPID POTASH, INC.
(Exact Name of Registrant as Specified in its Charter)

Delaware	26-1501877
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
707 17th Street, Suite 4200, Denver, Colorado	80202
(Address of principal executive offices)	(Zip Code)

(303) 296-3006
(Registrant's telephone number, including area code)
Securities registered pursuant to Section 12(b) of the Act:

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

Securities registered pursuant to Section 12(g) of the Act: None
Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes x No ¨
Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes ¨ No x
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 x No ¨
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files.) Yes x No ¨
Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of the Form 10-K or any amendment to this Form 10-K. x

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

Large accelerated filer x	Accelerated filer ¨	Non accelerated filer ¨ (Do not check if a smaller reporting company)	Smaller reporting company ¨

Indicate by check mark whether the registrant is a shell company (as defined by Rule 12b-2 of the Exchange Act). Yes ¨ No x

The aggregate market value of 55,427,763 shares of voting stock held by non-affiliates of the registrant, based upon the closing sale price of the common stock on June 30, 2014, the last business day of the registrant's most recently completed second fiscal quarter, of $16.76 per share as reported on the New York Stock Exchange was $928,969,308 Shares of common stock held by each director and executive officer and by each person who owns 10% or more of the registrant's outstanding common stock and is believed by the registrant to be in a control position were excluded. The determination of affiliate status for this purpose is not a conclusive determination of affiliate status for any other purposes.

As of January 31, 2015, the registrant had 75,998,708 shares of common stock, par value $0.001, outstanding (including 461,967 restricted shares of common stock).

DOCUMENTS INCORPORATED BY REFERENCE

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Certain information required by Items 10, 11, 12, 13 and 14 of Part III is incorporated by reference from portions of the registrant's definitive proxy statement relating to its 2015 annual meeting of stockholders to be filed within 120 days after December 31, 2014.

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PART I

Unless the context otherwise requires, the following definitions apply throughout this Annual Report on Form 10-K:

- "Intrepid," "our," "we," or "us" means Intrepid Potash, Inc. and its consolidated subsidiaries.
- "West," "East," "North," and "HB" mean our four operating facilities near Carlsbad, New Mexico. "Moab" means our operating facility in Moab, Utah. "Wendover" means our operating facility in Wendover, Utah. You can find more information about our facilities in Item 2 of this Annual Report on Form 10-K.
- "Tons" mean short tons. One short ton equals 2,000 pounds. Many of our international competitors refer to metric tonnes. One metric tonne equals 1,000 kilograms or 2,205 pounds.
- To supplement our consolidated financial statements, which are presented in this Annual Report on Form 10-K and which are prepared and presented in accordance with GAAP, we also use several non-GAAP financial measures to monitor and evaluate our performance. These non-GAAP financial measures include net sales, average net realized sales price, cash operating costs and average potash and Trio® gross margin. These non-GAAP financial measures are described and reconciled to the most comparable GAAP measures in Item 7: Management's Discussion and Analysis of Financial Condition and Results of Operations - Non-GAAP Financial Measures of this Annual Report on Form 10-K.
- We have included technical terms important to understanding our business in the "Glossary of Terms" in Item 1 of this Annual Report on Form 10-K.

CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

This Annual Report on Form 10-K 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 (the "Securities Act"). 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 Annual Report on Form 10-K other than statements of historical fact are forward looking statements. Forward-looking statements include statements about our future results of operations and financial position, our business strategy and plans, and our objectives for future operations, among other things. 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," "predic 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 potash or Trio®/langbeinite
- circumstances that disrupt or limit our production, including operational difficulties or operational variances due to geological or geotechnical variances
- interruptions in rail or truck transportation services, or fluctuations in the costs of these services
- increased labor costs or difficulties in hiring and retaining qualified employees and contractors, including workers with mining, mineral processing, or construction expertise
- the costs of, and our ability to successfully construct, commission, and execute, any of our strategic projects
- adverse weather events, including events affecting precipitation and evaporation rates at our solar solution mines
- changes in the prices of raw materials, including chemicals, natural gas, and power
- the impact of federal, state, or local governmental regulations, including environmental and mining regulations; the enforcement of those regulations; and governmental policy changes
- our ability to obtain any necessary governmental permits relating to the construction and operation of assets
- changes in our reserve estimates
- competition in the fertilizer industry
- declines or changes in U.S. or world agricultural production or fertilizer application rates
- declines in the use of potash products by oil and gas companies in their drilling operations
- changes in economic conditions
- our ability to comply with covenants in our debt-related agreements to avoid a default under those agreements, or the total amount available to us under our credit facility is reduced, in whole or in part, because of covenant limitations

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- disruption in the credit markets
- our ability to secure additional federal and state potash leases to expand our existing mining operations
- the other risks, uncertainties, and assumptions described in Item 1A. Risk Factors and elsewhere in this Annual Report on Form 10-K

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 Annual Report on Form 10-K 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 publicly update any forward-looking statements, except as required by law.

ITEM 1. BUSINESS

General

We are the only producer of muriate of potash ("potassium chloride" or "potash") in the United States and are one of two producers of langbeinite ("sulfate of potash magnesia"). Langbeinite is a low-chloride potassium fertilizer with the additional benefits of sulfate and magnesium. We generally describe this multi-nutrient specialty product as langbeinite when we refer to production and as Trio® when we refer to sales and marketing. Our revenues are generated exclusively from the sale of potash and Trio®. We are a leader in the utilization of solar solution mining to produce potash, which is one of the lowest cost production methods for potash.

Potassium is one of the three primary macronutrients essential to plant formation and growth. Since 2005, we have supplied, on average, approximately 1.5% of annual world potassium consumption and 9.4% of annual U.S. potassium consumption. We also produce salt, magnesium chloride, and metal recovery salts from our potash mining processes, the sales of which are accounted for as by-product credits to our cost of sales.

We own three solution mining facilities and two conventional underground facilities that we utilize for producing potash. Our solution mining production comes from our HB solar solution mine near Carlsbad, New Mexico, a solar solution mine near Moab, Utah and a solar evaporation shallow brine mine in Wendover, Utah. Our conventional production comes from our underground West and East mines near Carlsbad, New Mexico. We also operate the North compaction facility near Carlsbad, New Mexico, which services the West and HB mines. Trio® production comes from underground conventional mining of a mixed ore body that contains both potash and langbeinite, which is mined and processed at the East facility near Carlsbad, New Mexico. We have additional opportunities to develop mineralized deposits of potash in New Mexico as well as to improve recoveries in our processing plants. These opportunities potentially include additional solution mining activities and improved recoveries of langbeinite.

Our principal offices are located at 707 17th Street, Suite 4200, Denver, Colorado 80202, and our telephone number is (303) 296-3006.

We have one operating segment which is the extraction, production and sale of potassium containing products. Our extraction and production operations are conducted entirely in the continental United States. We sell potash primarily into the domestic U.S. market and Trio® into both the domestic and international markets.

Intrepid (through a predecessor entity) was formed in 2000.

Our Products and Markets

Our two primary products are potash and Trio®.

Potash

The majority of our revenues and gross margin are derived from the production and sales of potash. Our potash is marketed for sale into three primary markets. These markets are the agricultural market as a fertilizer input, the industrial market as a component in drilling and fracturing fluids for oil and gas wells and an input to industrial processes, and the animal feed market as a nutrient supplement. The agricultural market is predominately a user of

granular-sized potash and Trio®, while the industrial and animal feed markets largely consume standard and fine standard-sized product.

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We have the flexibility to produce all of our potash in a granular form. This flexibility has allowed us to expand our geographical reach for granular sales and to adjust our production of standard-sized product to more closely align with the specific product demand, thereby decreasing our dependence on sales of any one particular size of potash. In addition, we centrally manage our sales and marketing operations, including our freight and logistics planning, which allows us to evaluate the product needs of our customers and then determine which of our production facilities can be utilized to fill customer orders, all with the design of realizing the highest average gross margin per ton of potash sold by achieving the highest average net realized sales price possible for our potash.

Because many of our sales are geographically concentrated in the central and western United States, our sales can be affected by weather and other conditions in these regions. In addition, our sales into the industrial market tend to correlate with oil and gas pricing, as well as drilling and well completion activity.

Trio®

Trio® is marketed into two primary markets. These markets are the agricultural market as a fertilizer and the animal feed market as a nutrient. We market Trio® internationally through an exclusive marketing agreement with PCS Sales (USA), Inc. (“PCS Sales”) for sales outside the United States and Canada and via a non-exclusive agreement for sales into Mexico.

Industry Overview

Long-term global fertilizer demand has been driven primarily by population growth and global economic conditions with annual demand variations based on planted acreage, agricultural commodity yields and prices, inventories of grains and oilseeds, application rates of fertilizer, weather patterns, and farm sector income. We expect these key variables to continue to have an impact on global fertilizer demand for the foreseeable future. Sustained per capita income growth and agricultural policies in the developing world also affect global demand for fertilizer. Fertilizer demand is affected by other geopolitical factors such as temporary disruptions in fertilizer trade related to government intervention and changes in the buying patterns of key consuming countries. Volatility in agricultural commodity prices also may impact farmer fertilizer buying decisions.

As the global population grows, more food is required from decreasing arable land per capita. A balanced approach to nutrient application will allow farmers to maximize yield and aid in feeding this growing population. As incomes grow in the developing world, people tend to change their diet and consume more animal protein, which requires larger amounts of grain for feed. In addition, the focus on increasing renewable energy has led to regulatory policies supportive of ethanol and bio-diesel production, which currently rely on agricultural products as feedstock.

Fertilizer serves a fundamental role in global agriculture by providing essential crop nutrients that help sustain both the yield and the quality of crops. The three primary nutrients required for plant growth are nitrogen, phosphate, and potassium, and there are no known substitutes for these nutrients. A proper balance of each of the three nutrients is necessary to maximize their effectiveness. Potassium helps regulate plants’ physiological functions and improves plant durability, providing crops with protection from drought, disease, parasites, and cold weather. Unlike nitrogen and phosphate, the potassium contained in naturally occurring potash does not require additional chemical conversion to be used as a plant nutrient.

While industry experts continue to expect that potash consumption rates will increase as world population grows, significant additional capacity has been brought on line over the last two years by existing potash producers. There are a number of brownfield expansions that have been commissioned or that are under construction by the larger potash producers. The estimated worldwide annual capacity is now in excess of recent annual demand. We expect that this supply surplus will exist for several years. As it is difficult to operate at full capacity for sustained periods of time, the larger, well-established producers are operating at less than full capacity, and have a history of managing production levels to more closely meet worldwide demand.

Potash is mined from conventional underground mines, such as at our West and East mines near Carlsbad, as well as through solution mining sub-surface structures and brine recovery from surface resources, as is done at our Moab, Wendover and HB facilities. In conventional underground mines, shafts are sunk to the ore body and mining machines cut out the ore, which is lifted to the surface for processing. In solution mining, the potash is dissolved in brine and pumped to the surface for evaporation and processing.

Virtually all of the world’s potash is currently extracted from approximately 19 commercial deposits. According to the International Fertilizer Industry Association and data published by potash mining companies, six countries accounted for approximately 85% of the world’s aggregate potash production during 2013. During this time period, the top nine potash producers supplied approximately 94% of world production. The three major Canadian producers participate in the Canpotex marketing group that supplied approximately 35% of the global potash production in 2013, one producer in Russia supplied

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approximately 18% of global production and one producer in Belarus supplied approximately 12% of global potash production during 2012.

There are substantial challenges to adding new potash production as economically recoverable potash deposits are scarce, deep in the earth and geographically concentrated. In addition, a considerable amount of capital is required to produce potash. In addition to typical mining and processing infrastructure, product storage, product load out, and rail access to ship the product are required. A further challenge is that the majority of unexploited mineralized deposits of potash existing outside the Canadian province of Saskatchewan are located in remote and/or politically unstable regions such as the Congo, Thailand, Ethiopia, Argentina, and Kazakhstan.

Energy prices and consumption affect the potash industry in several ways. Energy policies in the U.S. have supported the development of biofuels, which currently rely upon agricultural products as feedstock. As demand and prices for these agricultural products increase or decrease, the use of fertilizer becomes more or less economically attractive. In addition, energy prices affect the global levels of oil and gas drilling, and potash is used as a fluid additive as a means to reduce the risk of swelling in clays in the formation. The level of drilling activity in the United States impacts demand for standard-sized potash.

Competition and Competitive Strategy

We sell into commodity markets and compete based on delivered price of potash and Trio®, reliability and timeliness of supply, and product quality. Products must be durable, and maintain particle size and potassium oxide ("K_2O") content benchmarks in order to compete effectively.

We compete primarily with much larger potash producers, principally Canadian producers and, to a lesser extent, producers located in Russia, Belarus, Chile, Germany, and Israel.

Our competitive strategy is focused on the following:

- Maximizing margin. We focus on marketing our products into markets that provide the greatest margins relative to our production capacity. By fully participating in these markets at competitive prices, we aim to operate our plants at maximum capacity, which in turn, maximizes production and reduces per ton operating costs. We have the advantage of being located close to the markets we serve and the North American market is much larger than our production capacity. Over the long term, we have achieved a higher average net realized sales price for our potash products compared to our North American competitors because of our freight advantage to key geographies, our diverse customer and market base and our flexible marketing approach. We continue to look for additional opportunities to control our fixed and variable operating expenses and plan to pursue various initiatives to increase the sustainability and reliability of our facilities.
- Expanding potash production. We are focused on expanding our potash production through the optimization of our current facilities and through additional solar solution production. The capital that we have invested in recent years has been focused on additional solution mining opportunities from our existing reserves and on increasing our recoveries at our West facility, which is expected to increase production and decrease our costs per ton.
- Expanding langbeinite production. We believe the demand for Trio® significantly exceeds the amount of supply. We are focused on increasing our Trio® production by developing our significant langbeinite reserves, optimizing our recovery techniques and maximizing the amount of premium-sized product we manufacture.

Competitive Strengths

- U.S. based potash-only producer. We are one of three publicly traded potash-only companies, and the only U.S. producer of potash. We are dedicated to the production and marketing of potash and Trio®. We are located in the heart of a market that consumes significantly more potash than we can produce on an annual basis. Our geographic location also provides us with a transportation advantage shipping our product to our customers.

As a U.S. producer, we enjoy a significantly lower total production tax and royalty burden than our principal competitors, which operate primarily in Saskatchewan, Canada. The Saskatchewan tax system for potash producers includes a capital tax and several potash mineral taxes, none of which are imposed on us as a U.S. producer. We currently pay an average royalty rate of approximately 4% of our net sales, which compares favorably to that of our competitors in Canada. The relative tax and royalty advantage for U.S. producers becomes more pronounced when profits per ton increase due primarily to the profit tax component of the Saskatchewan potash mineral tax.

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- Solar evaporation operations. The HB mine, located in the New Mexico desert, the Moab mine and the Wendover facility, both located in the Utah desert, utilize solar evaporation to crystallize potash from brines. Solar evaporation is a cost efficient production method because it significantly reduces our labor and energy consumption, which are two of the largest costs of production. Our understanding and application of low cost solution mining, combined with the fact that our reserves are located where a favorable climate for evaporation exists, make solar solution mining difficult for other producers to replicate. We also have significant reserves for future expansion of our solar solution mining operations.
- Assets located near our primary customer base. We believe that our locations allow us to obtain higher average net realized sales prices than our competitors, who must ship their products across longer distances to consuming markets, which are often export markets. Our location allows us to target sales to the markets in which we have the greatest transportation advantage, maximizing our average net realized sales price. Our access to strategic rail destination points and our location along major agricultural trucking routes support this advantage.
- Diversity of markets. We sell to three different markets for potash—the agricultural, industrial and feed markets. During 2014, these markets represented approximately 76%, 19%, and 5% of our potash sales, respectively.
- Marketing flexibility. We have the ability to convert all of our standard-sized product into granular-sized product as market conditions warrant. This also provides us with increased marketing flexibility as well as decreased dependence on any one particular market.
- Participation in specialty markets. Given the greater scarcity of langbeinite relative to potash and its agronomic suitability for certain soils and crops, there is demand for our langbeinite product, known as Trio®, outside of our core potash markets. There continues to be a growing awareness of the agronomic value of this specialty product.
- Significant reserve life and water rights. Our potash and langbeinite reserves each have substantial years of reserve life, with remaining reserve life ranging from 28 to 163 years, based on proven and probable reserve estimates. In addition to our reserves, we have valuable water rights and access to significant mineralized areas of potash for potential future exploitation.
- Existing facilities and infrastructure. Constructing a new potash production facility requires substantial time and extensive capital investment in mining, milling, and infrastructure to process, store and ship product. Our operating facilities already have significant facilities and infrastructure in place. We also have the ability to expand our business using existing installed infrastructure, in less time and with lower expenditures than would be required to construct entirely new mines.

International Sales and Distribution

During 2014, approximately 9% of our Trio® tons were sold internationally, representing approximately 2% of our total net sales. During the years ended December 31, 2014, 2013, and 2012, approximately 96% of our net sales were in the United States, with the remaining sales into countries and regions such as Ghana, Canada, Mexico and other countries in Latin America.

Major Customers

Within the agricultural market, we supply a diversified customer base of distributors, cooperatives, retailers, and dealers, which in turn supply farmers producing a wide range of crops in different geographies. Servicing the industrial and feed markets provides us with a customer base that is unrelated to agricultural markets.

In 2014, no customer accounted for more than 10% of our sales. In 2013 and 2012, one of our distributor customers accounted for approximately 11% and 22%, respectively, of our sales. Because of the size of our company compared to the overall size of the North American market and the regional demands for our products, we do not believe that a decline in a specific customer's purchases would have a material adverse long-term effect upon our financial results.

Environmental, Safety, and Health Matters

We are subject to an evolving set of federal, state, and local environmental, safety, and health (“ESH”) laws that regulate, or propose to regulate (1) soil, air and water quality standards for our facilities; (2) disposal, storage, and management

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of hazardous and solid wastes; (3) post-mining land reclamation and closure; (4) conditions of mining and production operations; (5) employee and contractor safety and occupational health; and (6) product content and labeling.

We employ, both within and outside Intrepid, environmental professionals to review our operations, assist with environmental compliance, and obtain new and maintain established permits and licenses to operate. These environmental professionals identify and address compliance issues regarding hydrocarbon management, solid and hazardous waste management, protection of water and air quality, asbestos abatement, potable water standards, reclamation and closure, radiation control, animal and plant life, and other ESH issues.

We have spent, and anticipate that we will continue to spend, financial and managerial resources to comply with ESH standards. In 2014, we had approximately $5.8 million of capital investments, and $0.3 million in other expenses, relating to environmental compliance, environmental studies and remediation efforts. We expect to have a similar level of expenditures in 2015. If potential negative effects to the environment are discovered, or if the potential negative effects are of a greater magnitude than currently estimated, material expenditures could be required in the future to remediate the identified effects at these or at other current or former sites.

We cannot predict the potential effects of new or changed laws, regulations, or permit requirements, including the matters discussed below, or changes in the ways that such laws, regulations, or permit requirements are enforced, interpreted, or administered. ESH laws and regulations are complex, are subject to change and have become more stringent over time. It is possible that greater than anticipated ESH capital expenditures or reclamation and closure expenditures will be required in 2015 or in the future. We expect continued government and public emphasis on environmental issues will result in increased future investments for environmental controls at our operations.

Product Registration Requirements

We are required to register fertilizer products with each U.S. state and foreign country where products are sold. Each brand and grade of commercial fertilizer must be registered with the appropriate state agency before being offered for sale, sold, or distributed in that state. Registration requires a completed application, guaranteed analysis, product labels, and registration fee. Sold products must have specified information printed on the bag, on tags affixed to the end of the package, or, if in bulk shipments, written or printed on the invoice, bill of lading, or shipping papers. State registrations are for one to two-year periods, depending on each state's requirements. In addition, each state requires tonnage reporting for products sold into that state either monthly, quarterly, semi-annually, or annually, depending on the state's requirements. Some states require the same registration and reporting process for feed grade products; industrial-grade products do not require registration or tonnage reporting.

Operating Requirements and Government Regulations

Permits. We are subject to numerous environmental laws and regulations, including laws and regulations regarding land use and reclamation; release of emissions to the atmosphere or water; plant and animal life; and the generation, treatment, storage, disposal, and handling of hazardous substances and wastes. These laws include the Clean Air Act; the Clean Water Act; the Resource Conservation and Recovery Act; the Comprehensive Environmental Response, Compensation, and Liability Act ("CERCLA"); the Toxic Substances Control Act; and various other federal, state, and local laws and regulations. Violations can result in substantial penalties, court orders to install pollution control equipment, civil and criminal sanctions, permit revocations and facility shutdowns. In addition, environmental laws and regulations may impose joint and several liability, without regard to fault, for cleanup costs on potentially responsible parties who have released, disposed of or arranged for release or disposal of hazardous substances in the environment.

We hold numerous environmental, mining and other permits or approvals authorizing operations at each of our facilities. Our operations are subject to permits for, among other things, extraction of salt and brine, discharges of process materials and waste to air and surface water, and injection of brine. Some of our proposed activities may require waste storage permits. A decision by a government agency to deny or delay issuing a new or renewed permit or approval, or to revoke or substantially modify an existing permit or approval, could limit or prevent us from mining at these properties. In addition, changes to environmental and mining regulations or permit requirements could limit our ability to continue operations at the affected facility. Expansion of our operations also is predicated upon securing the necessary environmental or other permits or approvals. In certain cases, as a condition to procuring the necessary permits and approvals, we are required to comply with financial assurance regulatory requirements. The purpose of

these requirements is to assure the government that sufficient company funds will be available for the ultimate reclamation, closure, and post-closure care at our facilities. We obtain bonds as financial assurance for these obligations. These bonds require annual payment and renewal.

We believe we are in compliance with existing regulatory programs, permits, and approvals where non-compliance could have a material adverse effect on our operating results or financial condition. From time to time, we have received

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notices from governmental agencies that we are not in compliance with certain environmental laws, regulations, permits, or approvals. For example, although designated as zero discharge facilities under the applicable water quality laws and regulations, our East facility, North facility, and Moab facility at times may experience some water discharges during periods of significant rainfall. We have implemented several initiatives to address discharge issues, including the reconstruction or modification of certain impoundments, increasing evaporation, and reducing process water usage and discharges. State and federal officials are aware of these issues and have visited the sites to review our corrective efforts and action plans.

Air Emissions. With respect to air emissions, we anticipate that additional actions and expenditures may be required in the future to meet increasingly stringent U.S. federal and state regulatory and permit requirements, including existing and anticipated regulations under the federal Clean Air Act. We will continue to monitor developments and assess their potential impacts on our operations.

From time to time, in the ordinary course of our business, we receive notices from the New Mexico Environment Department of alleged air quality control violations. Upon receipt of such notices, we promptly evaluate the matter and take any required corrective actions. In these circumstances, we may be required to pay certain civil penalties for any such notices of violation. The malfunction or failure of pollution control equipment and/or production equipment, the failure to follow operating procedures, more stringent air quality regulations, or a change in interpretation and enforcement of applicable air quality laws and regulations could result in future enforcement actions.

Safety and Health Regulation and Programs. Our New Mexico and Utah facilities are subject to the Federal Mine Safety and Health Act of 1977, the Occupational Safety and Health Act, related state statutes and regulations, or a combination of these laws.

The Mine Safety and Health Administration ("MSHA") is the governing agency for our conventional New Mexico facilities. As required by MSHA for underground mines and attendant surface facilities, our New Mexico facilities are inspected by MSHA personnel regularly. Item 4 and Exhibit 95 to this Annual Report on Form 10-K provide information concerning mine safety violations and other regulatory matters required by Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act and Item 104 of Regulation S-K.

Our New Mexico facilities participate in MSHA’s Region 8 “Partnership Program.” There is a formally signed document and plan, pursuant to which each party commits to specific actions and behaviors. Examples of principles include working for an open, cooperative environment; agreeing to citation and conflict processes; and improving training.

Our New Mexico facilities are serviced by a trained mine rescue team, which is ready to respond to on-site incidents. The team practices and participates at state and federal events and competitions.

The Occupational Safety and Health Administration ("OSHA") is the governing agency relating to the safety standards at our Utah facilities, as well as our HB solar solution mine and plant. Regular meetings are held covering various safety topics. Training and other certifications is provided to employees as needed based upon their work duties.

Remediation at Intrepid Facilities. Many of our current facilities have been in operation for a number of years. Operations by us and our predecessors have involved the historical use and handling of potash, salt, related potash and salt by-products, process tailings, hydrocarbons and other regulated substances. Some of these operations resulted, or may have resulted, in soil, surface water or groundwater contamination. At some locations, there are areas where process waste, building materials (including asbestos containing transite), and ordinary trash may have been disposed or buried, and have since been closed and covered with soil and other materials.

At many of these facilities, spills or other releases of regulated substances may have occurred previously and potentially could occur at any of our facilities in the future, possibly requiring us to undertake or fund cleanup efforts under CERCLA or state laws governing cleanup or disposal of hazardous and solid waste substances.

We work closely with governmental authorities to obtain the appropriate permits to address identified site conditions. For example, buildings located at our facilities in both Utah and New Mexico have a type of siding that contains asbestos. We have adopted programs to encapsulate and stabilize portions of the siding through use of an adhesive spray and to remove the siding, replacing it with an asbestos-free material. Also, we have trained asbestos abatement crews that handle and dispose of the asbestos containing siding and related materials. We have a permitted asbestos landfill in Utah. We have worked closely with Utah officials to address asbestos related issues at our Moab mine.

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Reclamation Obligations

Mining and processing of potash generates residual materials that must be managed both during the operation of the facility and upon facility reclamation and closure. Potash tailings, consisting primarily of salt and fine sediments, are stored in surface disposal sites. Some of these tailing materials may also include other contaminants, such as lead, that were introduced as reagents during historic processing methods that may require additional management and could cause additional disposal and reclamation requirements to be imposed. For example, at least one of our New Mexico mining facilities may have legacy issues regarding lead in the tailings pile resulting from production methods utilized prior to our acquisition of these assets. During the life of the tailings management areas, we have incurred and will continue to incur significant costs to manage potash residual materials in accordance with environmental laws and regulations and with permit requirements. Additional legal and permit requirements will take effect when these facilities are closed.

Our surface permits require us to reclaim property disturbed by operations at our facilities. Our operations in Utah and New Mexico have specific obligations related to reclamation of the land after mining and processing operations are concluded. The discounted present value of our estimated reclamation costs for our mines as of December 31, 2014, is approximately $22.0 million, which is reflected in our financial statements. Various permits and authorization documents negotiated with or issued by the appropriate governmental authorities include these estimated reclamation costs on an undiscounted basis. The undiscounted amount of our estimated reclamation costs for our mines as of December 31, 2014, is approximately $57.6 million.

It is difficult to estimate and predict the potential actual costs and liabilities associated with remediation and reclamation, and there is no guarantee that we will not be identified in the future as potentially responsible for additional remediation and reclamation costs, either as a result of changes in existing laws and regulations or as a result of the identification of additional matters subject to remediation and/or reclamation obligations or liabilities.

Royalties

The potash, langbeinite, and by-products we produce and sell from mineral leases are subject to royalty payments. We produce and sell from leased land owned by the U.S. Federal government, the states of New Mexico and Utah, and private landowners. The terms of the royalty payments are determined at the time of the issuance or renewal of the leases. Some royalties are determined as a fixed percentage of revenue and others are on a sliding scale that varies with the ore grade. Additionally, some of our leases are subject to overriding royalty interest payments paid to various owners. In 2014, we paid $14.0 million, or an average of 4% of net sales, in royalties and other taxes. The royalty rates on our state and federal leases in New Mexico are currently set at various rates from 2.0% to 5.0%. The royalty rates for the private leaseholds are between 5.0% and 7.5%. The royalty rates on our state and federal leases in Utah are currently set at rates from 2.5% to 5.0%.

Seasonality

The sales patterns of our agricultural products are generally seasonal. Using averages of the monthly sales data over the last three years, our sales volumes are highest from March through October, which coincides with the spring and fall application seasons in the United States. Likewise, during the colder, winter months, our sales tend to be lower. The month-to-month seasonality of our sales is somewhat moderated due to the variety of crops, industries, distribution strategies and geographies that we serve. We generally build inventories during the low demand periods of the year in order to ensure timely product availability during the peak sales seasons. The seasonality of fertilizer demand results in our sales volumes and net sales being the highest during the spring and our working capital requirements being the highest just before the start of the spring season. We have seen that the fertilizer dealers in North America have instituted practices that are designed to reduce their risk of changes in the price of fertilizer products through consignment type programs. These programs tend to make the timing of the spring and fall seasonal demand profile less predictable within the season.

Our quarterly financial results can vary from one year to the next due to weather related shifts in planting schedules and purchasing patterns.

Employees

As of December 31, 2014, we had 928 employees, the majority of which were full-time employees.

We have a collective bargaining agreement with a labor organization representing our hourly employees in Wendover, Utah, which expires on May 31, 2017. This is the sixth agreement negotiated between us and the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union 00867. We consider our relationships with our employees to be good.

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Available Information

We file or furnish with the SEC reports, including our annual reports on Form 10-K, quarterly reports on Form 10-Q, currents reports on Form 8-K, proxy statements, and any amendments to these reports. These reports are available free of charge on our website at www.intrepidpotash.com as soon as reasonably practicable after they are electronically filed with or furnished to the SEC. These reports also can be obtained at www.sec.gov, or by visiting the Public Reference Room of the SEC at 100 F Street, N.E., Washington, D.C. 20549, or by calling the SEC at 1-800-SEC-0330.

We routinely post important information about us and our business, including information about upcoming investor presentations, on our website under the Investor Relations tab. We encourage investors and other interested parties to enroll on our website to receive automatic email alerts or Really Simple Syndication (RSS) feeds regarding new postings. The information found on, or that can be accessed through, our website is not part of this or any other report we file with, or furnish to, the SEC.

Glossary of Terms

Conventional Underground Mine: A mine that uses a mechanical method of extracting economically attractive mineralization from deeper deposits. Underground mining generally consists of multiple shafts and/or entry points and a network of tunnels to provide access to minerals and haulage and conveyance systems to transport materials to the surface. Underground mining machines are used to remove the ore and a series of pillars are left behind to provide the appropriate level of ground support to ensure safe access and mining.

Designated Potash Area: A 497,000 acre location in southeastern New Mexico established by order of the U.S. Secretary of the Department of the Interior and administered by the BLM encompassing the United States' strategic potash reserve.

Langbeinite: A low-chloride potassium fertilizer that also contains sulfate and magnesium. We generally describe this specialty nutrient as langbeinite when we refer to production and as Trio® when we refer to sales and marketing. It is also sometimes referred to as sulfate of potash magnesia.

Magnesium Chloride: A by-product brine containing approximately 30% magnesium chloride that is typically used as a de-icing and de-dusting agent.

Metal Recovery Salt: Potash combined with salt in various ratios that chemically enhances the recovery of aluminum in aluminum recycling processing facilities.

Mill Feed Grade: A measurement of the amount of mineral contained in an ore as a percentage of the total weight of the ore. For potash it is often represented as percent of potassium oxide (K_2O) or percent potassium chloride (KCl).

Potash: A generic term for potassium salts (primarily potassium chloride, but also potassium nitrate, potassium sulfate and sulfate of potash magnesia, or langbeinite) used predominantly and widely as a fertilizer in agricultural markets worldwide. Potash also has numerous industrial uses, including oil and gas drilling and stimulation fluids. The chloride containing potash salt is commonly called sylvite in the mineral form or muriate of potash in the product form. Unless otherwise indicated, references to “potash” refer to muriate of potash. Muriate of potash is either red or white in appearance, depending on how it is processed.

Probable (Indicated) Reserves: Reserves for which quantity and grade and/or quality are computed from information similar to that used for proven (measured) reserves, but the sites for inspection, sampling and measurement are farther apart or are otherwise less adequately spaced. The degree of assurance of probable (indicated) reserves, although lower than that for proven (measured) reserves, is high enough to assume geological continuity between points of observation. The classification of minerals as probable reserves requires that Intrepid believe with reasonable certainty that access to the reserves can be obtained, even though currently issued permits are not required.

Productive Capacity: The estimated amount of potash production that will likely be achieved based on the amount and quality of ore that we estimate can currently be mined, milled, and/or processed, assuming an estimated average reserve grade, no modifications to the systems, a normal amount of scheduled down time, average or typical mine development efforts and operation of all of our mines and facilities at or near full capacity.

Proven (Measured) Reserves: Reserves for which (a) quantity is computed from dimensions revealed in outcrops, trenches, workings or drill holes; grade and/or quality are computed from the results of detailed sampling, and (b) the sites for inspection, sampling and measurement are spaced so closely and the geologic character is so well-defined

that the size, shape, depth and mineral content of the reserves are well-established.

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Recovery: The percentage of valuable material in the ore that is beneficiated prior to further treatment to develop a saleable product.
Reserve: That part of a mineral deposit, which could be economically and legally extracted or produced at the time of the reserve determination.
Solar Evaporation: A mineral concentration process by which brines containing salt, potash and magnesium chloride are collected into ponds, and solar energy is used to evaporate water thus crystallizing out the salt and potash contained in the brine. The resulting evaporate is then processed to separate the potash from the salt and subsequently prepared for sale.
Solution Mining: For potash, a mining process by which potash is extracted from mineralized beds by injecting a salt-saturated brine into a potash ore body and recovering a brine that is saturated in salt and also close to saturated in potash. The double mineral heavy brine is rich in potash that is brought to the surface for mineral recovery. Solution mining does not require employees or machines to be underground.
Tailings: Salt and insoluble minerals that remain after potash is removed from ore during processing, typically disposed of in a tailings pile.
Ton: A short ton, or a measurement of mass equal to 2,000 pounds. Unless expressly stated otherwise or the context otherwise requires, references to “tons” in this report refers to short tons.
Trio®: The product Intrepid markets for sale that is recovered from langbeinite ore and which serves as a low-chloride potassium, magnesium and sulfur bearing fertilizer primarily for use in citrus, vegetable, sugarcane and palm applications and as an animal feed supplement. This product is a double sulfate of potash magnesia concentrate containing approximately 95% langbeinite and 5% salt or other minerals.

Executive Officers

The following section includes biographical information for our executive officers.

Name	Age	Position
Robert P. Jornayvaz III	56	Executive Chairman of the Board
James N. Whyte	56	Executive Vice President of Human Resources and Risk Management
Kelvin G. Feist	47	Senior Vice President of Sales and Marketing
John G. Mansanti	59	Senior Vice President of Strategic Initiatives and Technical Services
Brian D. Frantz	52	Interim Chief Financial Officer
Margaret E. McCandless	42	Vice President, General Counsel, and Secretary

Robert P. Jornayvaz III has served as our Executive Chairman of the Board since May 2010 and as our President and Chief Executive Officer since August 2014. Mr. Jornayvaz served as our Chairman of the Board and Chief Executive Officer from our formation in November 2007 until May 2010. Mr. Jornayvaz served, directly or indirectly, as a manager of our predecessor, Intrepid Mining LLC, from 2000 until its dissolution at the time of our IPO in 2008. Mr. Jornayvaz is the sole owner of Intrepid Production Corporation, which owns approximately 14% of our common stock. Mr. Jornayvaz has over 30 years of experience in the oil and gas industry and over 15 years of experience in the potash industry.

James N. Whyte has served as our Executive Vice President of Human Resources and Risk Management since December 2007. Mr. Whyte joined Intrepid Mining LLC as Vice President of Human Resources and Risk Management in 2004. Prior to joining Intrepid, Mr. Whyte spent 17 years in the property and casualty insurance industry including roles with Marsh and McLennan, Incorporated, American Re-Insurance, and a private insurance brokerage firm he founded. Mr. Whyte is a director of American Eagle Energy Corporation.

Kelvin G. Feist has served as our Senior Vice President of Sales and Marketing since November 2011. Mr. Feist also served as our Vice President of Sales and Marketing from February 2011 to November 2011. From 1994 to January 2011, Mr. Feist held various positions with Agrium Inc., a provider of fertilizer products and services, and its subsidiaries, most recently as Director of Potash Marketing from July 2010 to January 2011 and National Account Manager from July 2007 to July 2010. While at Agrium, Mr. Feist was responsible for all marketing and sales

programs related to Agrium’s potash portfolio, including matters relating to production and logistics.

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John G. Mansanti has served as our Senior Vice President of Strategic Initiatives and Technical Services since January 2015. Mr. Mansanti served as our Senior Vice President of Operations from November 2011 to January 2015, and as our Vice President of Operations from 2009 to November 2011. From 2006 to 2009, Mr. Mansanti worked for Barrick Gold Corporation, a gold production company. While at Barrick, Mr. Mansanti's roles included General Manager of Goldstrike Mines in Nevada, where he was responsible for managing Barrick's largest gold producer at approximately 1.7 million ounces a year, and General Manager at the Cortez Gold Mine in Nevada, where he was responsible for managing all aspects of operations and managing the engineering, underground development, and permitting associated with the Cortez Hills project. From 2003 to 2006, Mr. Mansanti served as General Manager at the Turquoise Ridge Joint Venture (a joint venture between Placer Dome Inc. and Newmont Mining Corporation).

Brian D. Frantz has served as our Interim Chief Financial Officer since August 2014. He served as our Vice President-Finance from February 2012 to August 2014 and our Controller and Chief Accounting Officer from July 2010 to August 2014. From October 2008 to July 2010, Mr. Frantz served as Chief Financial Officer of Honnen Equipment Company, a private company specializing in selling and leasing construction equipment. In 2008, Mr. Frantz served as Chief Financial Officer of DWF Wholesale Florists Company, a national wholesale florist. From 1998 to 2007, Mr. Frantz held various positions at RE/MAX International, Inc., a private company engaged in the franchising of real estate brokerage businesses, most recently as Senior Vice President and Chief Financial Officer. From 1986 to 1998, Mr. Frantz was with Arthur Andersen LLP in Denver, most recently as a senior manager, serving public and private companies primarily in the cable television, manufacturing, mining, and real estate industries.

Margaret E. McCandless has served as our Vice President, General Counsel, and Secretary since January 2015. Ms. McCandless served as our Assistant General Counsel and Assistant Secretary from January 2012 to January 2015. Before joining Intrepid, Ms. McCandless served as Associate General Counsel-Securities, Disclosure and Corporate Governance for Qwest Communications International Inc. and then CenturyLink, Inc., which acquired Qwest in April 2011. Prior to joining Qwest in 2004, Ms. McCandless was an associate at the law firms of Hogan Lovells LLP and Cooley LLP.

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, and results of operations, and the trading price of our common stock.

Risks Related to Our Business

Our potash sales are subject to price and demand volatility resulting from periodic imbalances of supply and demand, which could negatively affect our results of operations.

Historically, the market for potash has been cyclical, and the prices and demand for potash have fluctuated. Periods of high demand, increasing profits, and high-capacity utilization tend to lead to new plant investment and increased production. This growth continues until the market is over-saturated, leading to decreased prices and lower-capacity utilization until the cycle repeats. Also, individual potash producers have, at times, independently suspended production in response to market outlook. As a result of these various factors, the prices and demand for potash can be volatile. This volatility could reduce profit margins and negatively affect our results of operations. We sell the majority of our potash into the spot market in the U.S. In addition, there is no active hedge market for potash as compared to many other commodities. As a result, we do not have protection from this price and demand volatility.

Changes in fertilizer application rates could exacerbate the cyclical nature of the prices and demand for our products. Farmers attempt to apply the optimum amounts of fertilizer to maximize their economic returns. A farmer's decision about the application rate for each fertilizer, or the decision to forgo the application of a fertilizer, particularly potash and Trio®, varies from year to year depending on a number of factors. These factors include crop prices, weather patterns, fertilizer and other crop input costs, and the level of crop nutrients remaining in the soil following the previous harvest. Farmers are more likely to increase application rates of fertilizers when crop prices are relatively high, fertilizer and other crop input costs are relatively low, or the level of crop nutrients remaining in the soil is relatively low. Conversely, farmers are likely to reduce application of fertilizers when farm economics are weak or declining or the level of crop nutrients remaining in the soil is relatively high. This variability in application rates can

impact the cyclical nature of the prices and demand for our products. In addition, farmers may buy and apply potash or Trio® in excess of current crop needs, which results in a build-up of potassium in the soil that can be used by crops in subsequent crop years. If this occurs, demand for our products could be delayed to future periods.

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Aggressive pricing or operating strategies by other potash producers could adversely affect our sales and results of operations.

The potash industry is concentrated, with a relatively small number of producers accounting for the majority of global production. Many of these producers have significantly larger operations and more resources than we do and mine potash from reserves that are thicker, higher-grade, and less geologically complex than our reserves. These larger producers may have greater leverage in pricing negotiations with customers and transportation providers. They may also be able to mine their potash at a lower cost due to economies of scale or other competitive advantages. In addition, they may decide to pursue aggressive or new pricing or operating strategies that disrupt the global and U.S. potash markets. These disruptions could cause lower prices or demand for our product, which would adversely affect our sales and results of operations.

Adverse conditions in the global economy and disruptions in the financial markets could negatively affect our results of operations and financial condition.

Global economic volatility and uncertainty can create uncertainty for farmers and customers in the geographic areas where we sell our products. If farmers reduce, delay, or forgo their potash and Trio® purchases due to this uncertainty, our results of operations would be adversely affected. Moreover, volatility and disruptions in the financial markets could limit our customers' ability to obtain adequate financing or credit to purchase and pay for our products, which would decrease our sales volume. Changes in governmental banking, monetary, and fiscal policies to restore liquidity and increase credit availability may not be effective. It is difficult to determine the extent of economic and financial market problems and the many ways in which they could negatively affect our customers and business. In addition, if we are required to raise additional capital or obtain additional credit during an economic downturn, we could be unable to do so on favorable terms or at all.

If we are required to write down the value of our inventories, our financial condition and results of operations would be adversely affected.

We carry our inventories at the lower of cost or market. In periods when the market prices for our products fall below our cost to produce them and the lower prices are not expected to be temporary, we are required to write down the value of our inventories. Any write-down would adversely affect our financial condition and results of operations, possibly materially.

Mining is a complex process that frequently experiences production disruptions. Because of the nature of our operations, we could be more vulnerable to these disruptions than our competitors, which could adversely affect our results of operations.

The process of mining is complex. Production delays can occur due to equipment failures, unusual or unexpected geological conditions, environmental hazards, acts of nature, and other unexpected events or problems. In addition, we must transport mined ore for long distances to remove it from the mines for processing, which creates a higher probability of incidents. Many of our facilities have had long service lives and may require more maintenance or be more likely to fail than newer facilities or equipment. For example, the shafts at our West mine were constructed in 1931, are located in an area of known subsidence, and require frequent maintenance due to water inflow, wooden structures, and salt build-up. Additionally, at our East mine, the mining of langbeinite ore, which is harder and more abrasive than sylvite ore, has caused greater wear on our equipment, thereby increasing the expense and frequency of maintenance and repairs. Operational difficulties can also arise from our milling processes. For example, the mill at our East mine experiences build-ups of complex salts, an undesirable by-product of langbeinite production that we must remove. In addition, the mixed ore body, which contains sulfates, can cause changes in brine chemistry that may impact potash production. Furthermore, production at our facilities is dependent upon the maintenance and geotechnical structural integrity of our tailings and storage ponds. The amounts that we are required to spend on maintenance and repairs may be significant. Production delays and stoppages, and higher-than-expected maintenance and repair expense, could have an adverse effect on our results of operations.

Mining is a hazardous process, and accidents occurring in the course of our operating activities could result in significant costs or production delays.

The process of mining is hazardous and involves various risks and hazards that can result in serious accidents. If unforeseen accidents or events occur, or if our safety procedures are not effective, we could be subject to liabilities

arising out of personal injuries or death, our operations could be interrupted, or we could be required to shut down or abandon affected facilities. Accidents could cause us to expend significant amounts to remediate safety issues or repair damaged facilities.

Existing or expanded oil and gas development near our mines could result in methane gas leaking from an oil and gas well into our mines. We test our mines daily for methane gas. However, unlike coal mines, our mines are not constructed or equipped to deal with methane gas. Any intrusion of methane gas into our mines could cause an explosion resulting in loss of life or significant property damage or could require the suspension of all mining operations until the completion of extensive modifications and re-equipping of the mine. The costs of modifying our mines and equipment could make it uneconomical to

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reopen our mines. You can find more information about the co-development of potash and oil and gas resources in the Designated Potash Area under the risk factor below entitled “Existing and further oil and gas development in the Designated Potash Area could impair our potash reserves, which could adversely affect our financial condition or results of operations."

The grade of ore that we mine could vary from our projections due to the complex geology and mineralogy of potash reserves, which could adversely affect our potash production and our results of operations.

Potash ore bodies have complex geology. Our potash production is affected by the potassium content and other mineralogy of the ore. Our projections of ore grade may not be accurate. There are numerous uncertainties inherent in estimating ore grade, including many factors beyond our control. An unexpected reduction in the grade of our ore reserves would decrease our potash production because we would need to process more ore to produce the same amount of saleable-grade product. As a result, our results of operations would be adversely affected.

If the assumptions underlying our reserve estimates are inaccurate, the quantities and value of our reserves, and in turn our financial condition and results of operations, could be adversely affected.

There are numerous uncertainties inherent in estimating our potash and langbeinite reserves. As a result, our reserve estimates necessarily depend upon a number of assumptions, including the following:

- geologic and mining conditions, which may not be fully identified by available exploration data and may differ from our experiences in areas where we currently mine or operate
- future potash prices, operating costs, capital expenditures, royalties, severance and excise taxes, and development and reclamation costs
- future mining technology improvements
- the effects of governmental regulation
- variations in mineralogy

In addition, because reserves are only estimates built on various assumptions, they cannot be audited for the purpose of verifying exactness. It is only after extraction that reserve estimates can be compared to actual values to adjust estimates of the remaining reserves. If any of the assumptions that we make in connection with our reserve estimates are incorrect, the amounts of potash and langbeinite that we are able to economically recover from our mines could be significantly lower than our reserve estimates. In turn, our financial condition and results of operations could be adversely affected.

The seasonal demand for our products, and the resulting variations in our cash flows from quarter to quarter, could have an adverse effect on our results of operations and working capital requirements.

The fertilizer business is seasonal. We typically experience increased sales during the North American spring and fall application seasons. The degree of seasonality can change significantly from one year to the next due to weather-related shifts in planting schedules and purchasing patterns. We and our customers generally build inventories during low-demand periods of the year to ensure timely product availability during high-demand periods, resulting in increased working capital requirements just before the start of these seasons. If we are unable to accurately predict the timing of demand for our products due to variations in seasonality from year to year, our results of operations and working capital requirements could be adversely affected.

Changes in laws and regulations affecting our business, or changes in enforcement practices, could have an adverse effect on our financial condition or results of operations.

We are subject to numerous federal and state laws and regulations covering a wide variety of subject matters. Changes in these laws or regulations could require us to modify our operations, objectives, or reporting practices in ways that adversely impact our financial condition or results of operations. In addition, new laws and regulations, or new interpretations of or enforcement practices with respect to existing laws and regulations, could similarly impact our business.

For example, we are subject to significant regulation under MSHA and OSHA. High-profile mining accidents could prompt governmental authorities to enact new laws and regulations that apply to our operations or to more strictly enforce existing laws and regulations.

Physical effects of climate change, and climate change legislation, could have a negative effect on our operations and results of operations.

The potential physical effects of climate change could have an adverse effect on us and our customers. These effects could include changes in weather patterns (including drought and rainfall levels), water availability, storm patterns and intensities, and temperature levels. These changes could have an adverse effect on our costs, production, or sales. These changes could also have an adverse effect on our customers, which in turn could reduce the demand or price for our products.

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In addition, federal and state legislators and regulators regularly consider ways to reduce greenhouse gas emissions in an effort to mitigate climate change. Any new rules could have a significant impact on our operations and products and could result in substantial additional costs for us.

Our business depends on skilled and experienced workers, and our inability to find and retain quality workers could have an adverse effect on our development and results of operations.

The success of our business depends on our ability to attract and retain skilled managers, engineers, and other workers. At times, we may not be able to find or retain qualified workers. In particular, the labor market around Carlsbad, New Mexico, is very competitive and employee turnover is generally high. In that market, we compete for experienced workers with several other employers, including natural resource facilities, oil fields, and other potash facilities. In addition, there is high demand globally for technical mining talent. If we are not able to attract and retain quality workers, the development of our business could suffer or we could be required to raise wages to keep our employees, hire less qualified workers, or incur higher training costs. The occurrence of any of these events could have an adverse effect on our results of operations.

Changes in the prices of energy and other important materials used in our business, or disruptions to their supply, could adversely impact our sales, results of operations, or financial condition.

Natural gas, electricity, steel, water, chemicals, diesel, and gasoline are key materials that we purchase and use in the production of our products. The prices of these commodities are volatile.

Our sales and profitability are impacted by the price and availability of these materials. A significant increase in the price of these materials that is not recovered through an increase in the price of our products, or an extended interruption in the supply of these materials to our production facilities, could adversely affect our results of operations or financial condition. In addition, high natural gas or other fuel costs could increase crop input costs for farmers, which could cause our sales to decline.

Any decline in U.S. agricultural production or any limitations on the use of our products for agricultural purposes could adversely affect the markets for our products and our results of operations.

The U.S. agricultural industry can be affected by a number of factors, including weather patterns, field conditions, current and projected grain inventories and prices, the domestic and international demand for U.S. agricultural products, and U.S. and foreign policies regarding trade in agricultural products. State and federal governmental policies, including farm and ethanol subsidies and commodity support programs, may also influence the number of acres planted, the mix of crops planted, and the use of fertilizers. In addition, there are various city, county, and state initiatives to regulate the use and application of fertilizers due to various environmental concerns. If U.S. agricultural production or fertilizer use decreased significantly due to one or more of these factors, our results of operations could be adversely affected.

A decline in oil and gas drilling or a reduction in the use of potash in drilling fluids could increase our operating costs and decrease our average net realized sales price of potash.

A significant portion of our revenue comes from the sale of potassium chloride for use in oil and gas drilling fluids. A decline in oil and gas drilling could reduce our sales into this industrial market. In addition, alternative products that have some of the same clay-inhibiting properties as potash are commercially available. These alternative products could temporarily or permanently replace some of our sales into the industrial market. If a significant amount of our sales into the industrial market shifted to the agricultural market due to any of these factors, our average net realized sales price of potash could decline.

Increased costs could affect our per-ton profitability.

A substantial portion of our operating costs is comprised of fixed costs that do not vary based on production levels. These fixed costs include labor and benefits, base energy usage, property taxes, insurance, maintenance expenditures, and depreciation. Any increase in fixed costs or decrease in production generally increases our per-ton costs and correspondingly decreases our per-ton operating margin. As a result, a significant increase in costs at any of our facilities could have an adverse effect on our profitability and cash flows, particularly during periods of decreasing potash prices.

A shortage of railcars or trucks for transporting our products, increased transit times, or interruptions in railcar or truck transportation could result in customer dissatisfaction, loss of sales, higher transportation or equipment costs, or disruptions in production.

We rely heavily upon truck and rail transportation to deliver our products to our customers. In addition, the cost of transportation is an important component of the price of our products. A shortage of trucks or railcars for carrying product or increased transit times due to accidents, highway or railway disruptions, congestion, high demand, labor disputes, adverse weather, natural disasters, changes to transportation systems, or other events could prevent us from making timely delivery to our customers or lead to higher transportation costs. As a result, we could experience customer dissatisfaction or a loss of sales.

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Similarly, disruption within the transportation systems could negatively affect our ability to obtain the supplies and equipment necessary to produce our products. We may also have difficulty obtaining access to ships to deliver our products to overseas customers.

We rely on our management personnel 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 largely responsible for the success of our business. If we are unable to retain these individuals, our operations could be disrupted and we may be unable to achieve our business strategies and grow effectively. We do not currently maintain "key person" life insurance on any of our management personnel.

Weakening of the Canadian dollar and Russian ruble against the U.S. dollar could lead to lower domestic potash prices, which would adversely affect our results of operations. Fluctuations in these currencies could cause our results of operations to fluctuate.

The U.S. imports the majority of its potash from Canada and Russia. If the Canadian dollar and the Russian ruble strengthen in comparison to the U.S. dollar, foreign suppliers realize a smaller margin in their local currencies unless they increase their nominal U.S. dollar prices. Strengthening of the Canadian dollar and Russian ruble therefore tends to support higher U.S. potash prices as Canadian and Russian potash producers attempt to maintain their margins. However, if the Canadian dollar and Russian ruble weaken in comparison to the U.S. dollar, foreign competitors may choose to lower prices proportionally to increase sales volumes while again maintaining a margin in their local currency. These activities could cause our sales prices and results of operations to decrease or fluctuate significantly.

Existing and further oil and gas development in the Designated Potash Area could impair our potash reserves, which could adversely affect our financial condition or results of operations.

The U.S. Department of the Interior regulates the development of federal mineral resources -both potash and oil and gas -on federal lands in the Designated Potash Area. This 497,000-acre region outside of Carlsbad, New Mexico, includes all of our New Mexico operations and facilities. In December 2012, the U.S. Department of the Interior issued an updated order that provides guidance to the BLM and industry on the co-development of these resources.

It is possible that oil and gas drilling in this area could limit our ability to mine valuable potash reserves or mineralized deposits because of setbacks from oil and gas wells and the establishment of unminable buffer areas around oil or gas wells. It is also possible that the BLM could determine that the size of these unminable buffer areas should be larger than they are currently, which could impact our ability to mine our potash reserves. We review applications for permits to drill oil and gas wells as they are publicly disclosed by the BLM and the State of New Mexico. When appropriate, we protest applications for drilling permits that we believe should not be drilled consistent with the operative federal and state rules and that could impair our ability to mine our potash reserves or put at risk the safety of our potash miners. We may not prevail in these protests or be able to prevent wells from being drilled in the vicinity of our potash reserves. If, notwithstanding our protests and appeals, a sufficient number of wells are drilled through or near our potash reserves, our potash reserves could be significantly impaired, which could adversely affect our financial condition or results of operations.

If we are unable to obtain and maintain the required permits, governmental approvals, and leases necessary for our operations, our business could be adversely affected.

We hold numerous environmental, mining, safety, and other permits and governmental approvals authorizing the operations at each of our facilities. A decision by a governmental agency to deny or delay a new or renewed permit or approval, or to revoke or substantially modify an existing permit or approval, could prevent or limit us from continuing our operations at the affected facility, which could have an adverse effect on our business, financial condition, and results of operations.

Any expansion of our existing operations would also require us to secure the necessary environmental and other permits and approvals. We may not be able to obtain these permits and approvals in a timely manner or at all. In addition, the federal government must consider and study a project's likely environmental impacts. Based on the

federal government's conclusion, it could require an environmental assessment or an environmental impact statement as a condition of approving a project or permit, which could result in significant time delays and costs. Furthermore, many of our operations take place on land that is leased from federal and state governmental authorities. Expansion of our existing operations could require securing additional federal and state leases. We may not be able to obtain these leases in a timely manner or at all. In addition, our existing leases generally require us to commence mining operations within a specified time frame and to continue mining in order to retain the lease. The loss of a lease could adversely affect our ability to mine the associated reserves.

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Also, our existing leases require us to make royalty payments based on the revenue generated by the potash we produce from the leased land. The royalty rates are subject to change whenever we renew our leases, which could lead to significant increases in these rates. As of December 31, 2014, approximately 18% of our state and federal lease acres at our New Mexico facilities (including leases at the HB and North mines) and 2% of our state and federal lease acres at our Utah operations will be up for renewal within the next five years. Increases in royalty rates would reduce our profit margins and, if the increases were significant, would adversely affect our results of operations.

The execution of strategic projects could require more time and costs than we expect, which could adversely affect our results of operations and financial condition.

From time to time, we invest time and money into strategic projects. The completion of these projects could require significantly more time and costs than we expect. In some cases, the construction or commissioning processes could force us to slow or shut down normal operations at the affected facility for a period of time, which would cause lower production volumes and higher production costs per ton. In addition, our management team and other employees may be required to spend a significant amount of time addressing strategic projects, which could mean that our normal operations receive less time and attention.

We are considering various potential opportunities for revenue and strategic growth, including solution mining the Amax/Horizon mine or reopening the idled North mine. These potential projects are at an early stage, and we may not proceed with any of them. Even if we proceed with one or more future strategic projects, they may not succeed despite substantial investments, they may cost significantly more than we expect, or we may encounter additional risks that we did not initially expect.

Our Trio® sales could be affected by market entrants or the introduction of langbeinite alternatives.

Langbeinite is produced by Intrepid and one other company from the only known langbeinite reserves in the world, which is located near Carlsbad, New Mexico. Additional competition in the market for langbeinite and comparable products exists and could increase in the future. Other companies could seek to create and market chemically similar alternatives to langbeinite. The market for langbeinite and our Trio® sales could be affected by the success of these and other products that are competitive with langbeinite, which could adversely affect the viability of our Trio® business and our results of operations and financial condition.

We are less diversified than nearly all of our competitors, which could have an adverse effect on our financial condition and results of operations.

We are dedicated exclusively to the production and marketing of potash and langbeinite, whereas nearly all of our competitors are diversified, primarily into nitrogen- or phosphate-based fertilizer businesses or other chemical or industrial businesses. Because we are focused exclusively on potash and langbeinite, and because we sell our products primarily within the U.S., we could be impacted more acutely by factors affecting our industry or the regions in which we operate than we would if our business was more diversified and our sales more global. A decrease in the demand for potash and langbeinite would have an adverse effect on our financial condition and results of operations. Similarly, if global potash production increases beyond potash demand, the price at which we sell our potash and our sales volume would likely fall, which would adversely affect our results of operations and financial condition more than our diversified competitors.

Inflows of water into our potash mines from heavy rainfall or groundwater could result in increased costs and production downtime and could require us to abandon a mine, any of which could adversely affect our results of operations.

Major weather events such as heavy rainfall can result in water inflows into our mines. The potential effects of climate change may increase the possibility of heavy rainfall that results in water inflows into our mines. Additionally, the presence of water-bearing strata in many underground mines carries the risk of water inflows into the mines. If we experience water inflows at our mines, our employees could be injured and our equipment and mine shafts could be seriously damaged. We could be forced to shut down the affected mine temporarily, potentially resulting in significant production delays, and spend substantial funds to repair or replace damaged equipment. Inflows may also destabilize the mine shafts over time, resulting in safety hazards for employees and potentially leading to the permanent abandonment of a mine.

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Heavy precipitation or low evaporation rates at our solar solution mines could impact our potash production at those facilities, which could adversely affect our sales and results of operations.

Our HB, Moab and Wendover facilities use solar evaporation ponds to form potash crystals from brines. Weather conditions could negatively impact potash production at these facilities. For example, heavy rainfall in September and October, just after the evaporation season ends, can reduce the amount of potash we produce in that year or the following year by causing the potash crystals to dissolve and consume pond capacity. Similarly, lower-than-average temperatures or higher-than-average seasonal rainfall would reduce evaporation rates and therefore impact production. The potential effects of climate change may increase the possibility of adverse weather conditions. If we experience heavy rainfall or low evaporation rates at any of our solar solution mines, we would have less potash available for sale, and our sales and results of operations could be adversely affected. As we increase the level of production associated with our use of solar ponds, our production risks related to rainfall and evaporation rates increase.

Environmental laws and regulations could subject us to significant liability and require us to incur additional costs.

We are subject to many environmental, safety, and health laws and regulations, including laws and regulations relating to mine safety, mine land reclamation, remediation of hazardous substance releases, and discharges into the soil, air, and water.

Our operations, as well as those of our predecessors, have involved the use and handling of regulated substances, hydrocarbons, potash, salt, related potash and salt by-products, and process tailings. These operations resulted, or may have resulted, in soil, surface water, and groundwater contamination. At some locations, salt-processing waste, building materials (including asbestos-containing material), and ordinary trash may have been disposed or buried in areas that have since been closed and covered with soil and other materials.

We could incur significant liabilities under environmental remediation laws such as CERCLA with regard to our current or former facilities, adjacent or nearby third party facilities, or off-site disposal locations. Under CERCLA and similar state laws, under some circumstances, liability may be imposed without regard to fault or legality of conduct and one party may be required to bear more than its proportional share of cleanup costs at a site. Liability under these laws involves inherent uncertainties.

We are also subject to federal and state environmental laws that regulate discharges of pollutants and contaminants into the environment, such as the U.S. Clean Water Act and the U.S. Clean Air Act. For example, our water disposal processes rely on dikes and reclamation ponds that could breach or leak, resulting in a possible prohibited release into the environment. Moreover, although the North and East mines in New Mexico and the Moab mine in Utah are designated as zero discharge facilities under the applicable water quality laws and regulations, these mines could experience some water discharges during significant rainfall events.

We expect that we will be required to continue to invest in environmental controls at our facilities and that these expenses could be significant. In addition, violations of environmental, health, and safety laws could subject us to civil and, in some cases, criminal sanctions. We could also be required to invest in additional equipment, facilities, or employees, or could incur significant liabilities, due to any of the following:

- changes in the interpretation of environmental laws
- modifications to current environmental laws
- the issuance of more stringent environmental laws
- malfunctioning process or pollution control equipment

Mining and processing of potash also generates residual materials that must be managed both during the operation of the facility and upon facility closure. For example, potash tailings, consisting primarily of salt, iron, and clay, are stored in surface disposal sites and require management. At least one of our New Mexico facilities, the HB mine, may have issues regarding lead in the tailings pile as a result of operations conducted by previous owners. During the life of the tailings management areas, we have incurred and will continue to incur significant costs to manage potash residual materials in accordance with environmental laws and regulations and permit requirements.

As a potash producer, we currently are exempt from certain State of New Mexico mining laws related to reclamation obligations. If this exemption were to be eliminated or restricted, we could be required to incur significant expenses

related to reclamation at our New Mexico facilities.

For more information about environmental, health, and safety matters affecting our business, see "Business-Environmental, Health and Safety Matters."

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Current and future indebtedness could adversely affect our financial condition and impair our ability to operate our business.

We have outstanding $150 million aggregate principal amount of unsecured senior notes ("the Notes"). We also have an unsecured credit facility that allows us to borrow up to an additional $250 million, subject to the operation of financial covenants, as described below.

Current and future indebtedness could have important consequences, including the following:

- it could limit our ability to borrow additional money or sell additional shares of common stock to fund our working capital, capital expenditures, and debt service requirements
- it could limit our flexibility in planning for, or reacting to, changes in our business
- we could become more highly leveraged than some of our competitors, which could place us at a competitive disadvantage
- it could make us more vulnerable to a downturn in our business or the economy
- it could require us to dedicate a substantial portion of our cash flow from operations to the repayment of our indebtedness, thereby reducing the availability of our cash flow for other purposes
- it could adversely affect our business and financial condition if we are unable to service our indebtedness or obtain additional financing, as needed

Our debt agreements contain financial and other restrictive covenants. These covenants could limit our ability to engage in activities that are in our long-term best interests or limit our ability to access the full amount of the credit facility. In addition, our failure to comply with these covenants could result in an event of default that, if not cured or waived, could result in the acceleration of all outstanding indebtedness.

The Notes and credit facility contain two financial covenants. First, our leverage ratio, or the ratio of our total funded indebtedness to our adjusted EBITDA (earnings before interest, income taxes, depreciation, amortization, and certain other expenses, as defined in the Notes and credit facility), for the prior four fiscal quarters may not exceed 3.5 to 1. Second, our fixed charge coverage ratio, or the ratio of our adjusted EBITDA to fixed charges for the prior four fiscal quarters may not fall below 1.3 to 1. Although we are currently in compliance with each of these financial covenants, they also may operate to limit the amount available to us under the credit facility. For example, as of December 31, 2014, $211 million was available to us under the credit facility as a result of lower levels of adjusted EBITDA over the prior four fiscal quarters. Based on current market conditions, we expect that the amount available to us under the credit facility will continue to be limited during 2015.

The credit facility is scheduled to expire in 2018 and the Notes are due in 2020, 2023, and 2025. In the future, we may be unable to obtain new financing or financing on acceptable terms.

The mining business is capital intensive, and our inability to fund necessary or desirable capital expenditures could have an adverse effect on our growth and profitability.

The mining business is capital intensive. We may find it necessary or desirable to make significant capital expenditures in the future to sustain or expand our existing operations. If costs associated with capital expenditures increase or if our earnings decrease significantly, we could have difficulty funding any necessary or desirable capital expenditures at an acceptable rate or at all. This could limit the expansion of our production or make it difficult for us to sustain our existing operations at optimal levels. Increased costs for capital expenditures could also have an adverse effect on the profitability of our existing operations and returns from our most recent strategic projects.

Market upheavals due to global pandemics, military actions, terrorist attacks, or economic repercussions from those events could reduce our sales or increase our costs.

Global pandemics, actual or threatened armed conflicts, terrorist attacks, or military or trade disruptions affecting the areas where we or our competitors do business could disrupt the global market for potash. As a result, our competitors may increase their sales efforts in our geographic markets and pricing of potash could suffer. If this occurs, we could lose sales to our competitors or be forced to lower our prices. In addition, due to concerns related to terrorism or the potential use of certain fertilizers as explosives, local, state, and federal governments could implement new regulations impacting the production, transportation, sale, or use of potash. These new regulations could result in lower sales or higher costs.

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A significant disruption to our information technology systems could adversely affect our business and operating results.

We rely on a variety of information technology and automated operating systems to manage or support our operations. The proper functioning of these systems is critical to the efficient operation and management of our business. In addition, these systems could require modifications or upgrades as of a result of technological changes or growth in our business. These changes could be costly and disruptive to our operations, and could impose substantial demands on management time. Our systems, and those of third party providers, also could be vulnerable to damage or disruption caused by catastrophic events, power outages, natural disasters, computer system or network failures, viruses or malware, physical or electronic break-ins, unauthorized access, and cyber-attacks. Although we take steps to secure our systems and electronic information, these security measures may not be adequate. Any significant disruption to our systems could adversely affect our business and operating results.

Our business may be adversely affected by union activities.

Hourly employees at our Wendover facility are represented by a labor union. These employees represent approximately 3.6% of our workforce. Our current collective bargaining agreement with the union expires on May 31, 2017. Although we believe that our relations with our unionized employees are good, we may not be successful in negotiating a new collective bargaining agreement as a result of general economic, financial, competitive, legislative, political, and other factors beyond our control. Any new agreement could result in a significant increase in our labor costs. In addition, a breakdown in negotiations could disrupt our Wendover operations.

From time to time, efforts have been made to unionize employees at our other facilities. Additional unionization efforts could disrupt our business, consume management attention, or increase our operating costs. In addition, if these efforts were successful, we could experience increased labor costs, an increased risk of work stoppages, and limits on our flexibility to run our business in the most efficient manner to remain competitive.

Risks Related to our Common Stock

The price of our common stock may be volatile and you could lose all or part of your investment.

Securities markets experience significant price and volume fluctuations due to general economic and market conditions and other factors outside our control. This market volatility could cause the price of our common stock to decline significantly and without regard to our operating performance. Other factors that could affect the price of our common stock include the following:

- our operating performance and the performance of our competitors
- the public's reaction to our press releases, our other public announcements and our filings with the SEC
- changes in earnings estimates or recommendations by research analysts who follow Intrepid or other companies in our industry
- variations in general economic, market, and political conditions
- actions of our current stockholders, including sales of common stock by our directors and executive officers
- the arrival or departure of key personnel
- other developments affecting us, our industry, or our competitors
- the other risks described in this report

If our stock price declines due to one or more of these factors, you may not be able to sell your shares at or above the price you paid for them.

We may issue additional securities, including securities that are senior in right of dividends, liquidation, and voting to our common stock, without your approval, which would dilute your existing ownership interests.

Our board of directors may issue shares of preferred stock or additional shares of common stock without the approval of our stockholders, except as may be required by applicable New York Stock Exchange ("NYSE") rules. Our board of directors may approve the issuance of preferred stock with terms that are senior to our common stock in right of dividends, liquidation or voting. Our issuance of additional common shares or other equity securities of equal or senior rank will have the following effects:

- our pre-existing stockholders' proportionate ownership interest in us will decrease
- the relative voting strength of each previously outstanding common share may be diminished

- the market price of the common stock may decline

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Future sales of our common stock, or the perception that future sales may occur, could depress our common stock price.

Sales of a substantial number of shares of our common stock, including sales by our directors or executive officers, or the perception that these sales may occur, could depress the market price of our common stock. We cannot predict the effect, if any, that future sales of shares of our common stock would have on the market price of our common stock.

Provisions in our charter documents and Delaware law may delay or prevent a third party from acquiring us.

We are a Delaware corporation and the anti-takeover provisions of Delaware law impose various barriers to the ability of a third party to acquire control of us, even if a change of control would be beneficial to our existing stockholders. In addition, our current certificate of incorporation and bylaws contain several provisions that may make it more difficult for a third party to acquire control of us without the approval of our board of directors. These provisions may make it more difficult or expensive for a third party to acquire a majority of our outstanding common stock. Among other things, these provisions provide for the following:

- allow our board of directors to create and issue preferred stock with rights senior to those of our common stock without prior stockholder approval, except as may be required by applicable NYSE rules
- do not permit cumulative voting in the election of directors, which would otherwise allow less than a majority of stockholders to elect director candidates
- prohibit stockholders from calling special meetings of stockholders
- prohibit stockholders from acting by written consent, thereby requiring all stockholder actions to be taken at a meeting of our stockholders
- require vacancies and newly created directorships on the board of directors to be filled only by affirmative vote of a majority of the directors then serving on the board
- establish advance notice requirements for submitting nominations for election to the board of directors and for proposing matters that can be acted upon by stockholders at a meeting
- classify our board of directors so that only some of our directors are elected each year

These provisions also may delay, prevent or deter a merger, acquisition, tender offer, proxy contest or other transaction that might otherwise result in our stockholders receiving a premium over the market price of the common stock they own.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Properties

Our potash production currently comes from six facilities—three solution mines, two conventional underground mines and one compaction facility, all of which we own and operate. Our active producing facilities near Carlsbad include the West mine and East mine, both of which are conventional underground mines, the HB solar solution mine, and the North compaction plant. Our facilities in Utah are the Moab facility, consisting of a solution mine, solar evaporation ponds and a process plant located near Moab, and the Wendover facility, consisting of a brine collection system, solar evaporation ponds, and process plant located near Wendover.

We control the rights to mine approximately 130,000 acres of land northeast of Carlsbad, New Mexico. We lease approximately 32,000 acres from the state of New Mexico, approximately 98,000 acres from the federal government through the BLM, and approximately 240 acres from private leaseholders. We own approximately 4,300 surface acres in the vicinity of our mine sites and adjacent to federal and state mining leases.

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We control the rights to mine approximately 10,300 acres of land west of Moab, Utah. We lease approximately 10,100 acres from the state of Utah and approximately 200 acres from the BLM. We own approximately 3,700 surface acres overlying and adjacent to portions of our mining leases with the state of Utah.

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We control the rights to mine approximately 90,000 acres of land near Wendover, Utah. We own approximately 57,000 acres, and we lease approximately 8,000 acres from the state of Utah and approximately 25,000 acres from the federal government through the BLM.

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We conduct most of our mining operations on properties that we lease from the state or federal government. These leases generally contain stipulations that require us to commence mining operations within a specified term and continue mining to retain the lease.

The stipulations on our leases are subject to periodic readjustment by the state and federal government. The lease stipulations could change in the future, which could impact the economics of our operations. Our federal leases are subject to readjustment of the lease stipulations, including the royalty payable to the federal government, every 20 years. Our leases with the state of New Mexico are issued for terms of ten years and for as long thereafter as potash is produced in commercial quantities and are subject to readjustment of the lease stipulations, including the royalty payable to the state. Our leases with the state of Utah are for terms of ten years subject to extension and possible readjustment of the lease by the state of Utah. Our leases for our Moab mine are operated as a unit under a unit agreement with the state of Utah, which extends the terms of all of the leases as long as operations are conducted on any portion of the leases. The term of the state leases for our Moab mine is currently extended until 2024 or so long as potash is being produced. Our federal leases are for indefinite terms subject to readjustment every 20 years. As of December 31, 2014, approximately 14% of our state, federal, and private lease acres at our New Mexico facilities will be up for renewal within the next five years. None of our state and federal lease acres at our Utah operations will be up for renewal within the next five years.

We have water rights at each of our mine properties that we believe are adequate for our needs. All of our mining operations are accessible by paved state or county highways and are accessible by rail. All of our operations obtain electric power from local utilities.

Our mines, plants, and equipment have been in substantially continuous operation since the dates indicated in the chart entitled "Our Proven and Probable Reserves" on the following pages; and our mineral development assets, mills, and equipment have been acquired over the interval since these dates.

As noted, we have relatively long-lived proven and probable reserves and consequently expect to conduct limited and focused additional exploration in the coming five years. We plan to drill core holes on occasion in areas near our Carlsbad, New Mexico, operations that are located in the Designated Potash Area, in order to further define the ore body. Development of the underground mines is expected to be coincident with the continued advancement of ore zones. Development of the solution mine and brine evaporation operations is expected to be enhanced by the drilling of additional wells. We also have opportunities to rehabilitate the shafts at the currently idled North mine and additional surface infrastructure to accelerate mining of reserves.

Our leased office space in Denver, Colorado, is approximately 39,726 square feet and has a term extending through April 30, 2019.

We believe that all of our present facilities are adequate for our current needs and that additional space is available for future expansion on acceptable terms.

Proven and Probable Reserves

Our potash (muriate of potash) and langbeinite (sulfate of potash magnesia) reserves each have substantial life, with remaining reserve life ranging from 28 to163 years, based on proven and probable reserves estimated in accordance with SEC requirements. This lasting reserve base is the result of our past acquisition and development strategy. The estimates of our proven and probable reserves as of December 31, 2014, were prepared by us and were reviewed and independently determined by Agapito Associates, Inc. (“Agapito”) based on mine plans and other data furnished by us as described in footnote one below. The following table summarizes our proven and probable reserves, stated as product tons and associated percent ore grade, as of December 31, 2014.

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Our Proven and Probable Reserves (thousands of tons)(1)

Product/Operations	Date Mine Opened (2)	Current Extraction Method	Minimum Remaining Life (years) (3)	Proven (4) Recoverable Ore Tons (5)	Proven (4) Ore Grade (6) (% KCl)	Proven (4) Product Tons as KCl	Probable (7) Recoverable Ore Tons (5)	Probable (7) Ore Grade (6) (% KCl)	Probable (7) Product Tons as KCl
Muriate of Potash									
Carlsbad West	1931	Underground	163	234,750	21.6 %	42,110	150,900	20.1 %	26,510
Carlsbad East (including East Mixed (8))	1965	Underground	59	68,390	18.3 %	10,290	67,330	18.0 %	10,330
Carlsbad HB solar solution Mine (2,9)	2012	Solution	28	15,000	35.0 %	4,670	710	32.3 %	210
Moab	1965	Solution	132	20,170	40.8 %	7,200	12,770	40.4 %	4,530
Wendover (10)	1932	Brine Evaporation	30	—		—	—	0.8 %	3,430
Total Muriate of Potash					24.2 %	64,270		20.2 %	45,010

Product/Operations	Date Mine Opened (2)	Current Extraction Method	Minimum Remaining Life (years) (3)	Proven (4) Recoverable Ore Tons (5)	Proven (4) Ore Grade (6) (% Lang)	Proven (4) Product Tons as Langbeinite	Probable (7) Recoverable Ore Tons (5)	Probable (7) Ore Grade (6) (% Lang)	Probable (7) Product Tons as Langbeinite
Sulfate of Potash Magnesia									
Carlsbad East (11) (including East Mixed (8))	1965	Underground	96	97,980	31.9 %	29,600	109,030	32.3 %	34,760

(1) The determination of estimated reserves has been prepared by us and is based on an independent review and analysis of our mine plans and geologic, financial and other data by Agapito, which is familiar with our mines. The most recent review performed by Agapito for the New Mexico East and West properties was in 2014. Agapito's analysis for the West and East mines was based on detailed examination of our geologic data that was updated with information from 2014, 2013 and 2012. As a result of the Agapito 2014 review, a portion of the sylvite reserves in the 8th ore zone were decreased. The Moab property reserves are based on Agapito's 2012 mine reserve estimate report less 2013 and 2014 depletion. The Wendover property reserves are based on Agapito's 2012 mine reserve estimate report less 2013 and 2014 depletion. However, depletion did not change the reserve life of 30 years as discussed in note 3 below. The HB solar solution mine reserve estimate was adjusted for depletion in 2014, the first year of production from the HB mine. Because reserves are estimates, they cannot be audited for the purpose of verifying exactness. Instead, reserve information was reviewed in sufficient detail to determine if, in the aggregate, the data provided by us is reasonable and sufficient to estimate reserves in conformity with practices and standards generally employed by and within the mining industry and that are consistent with the requirements of U.S. securities laws.

(2) These mines, excluding the HB mine, have operated in a substantially continuous manner since the dates set forth in this table. The HB solar solution mine was originally opened in 1934 and operated continuously as an underground mine until 1996.

(3) Minimum remaining lives at the West, East, HB mine, and Moab mines are based on reserves (product tons) divided by annual effective productive capacity over the full expected life of the ore body, and corrections for purity: one ton of red muriate of potash equals 0.95 ton of KCl; one ton of East white muriate of potash equals 0.98

ton of KCl; one ton of Moab white muriate of potash equals 0.97 ton of KCl; one ton of sulfate of potash magnesia equals 0.97 ton of langbeinite. East minimum remaining life was based on three phases, with various plant capacities: first, combined potash and langbeinite production; second, langbeinite only; and third, potash only. Annual effective productive capacity contemplates the grade of the ore, and estimated recovery percentages estimated at the time of the single stream processing for the langbeinite production and the potash production. The current effective productive capacity is different than annual effective productive capacity which contemplates future additional investment in the

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East facility. We currently do not report more than 30 years mining life for Wendover due to the uncertainties associated with natural brine containing aquifers.

(4) Proven reserves mean tonnages computed from projection of data using the inverse distance squared method taking into account mining dilution, mine extraction efficiency, ore body impurities, metallurgical recovery factors, sales prices and operating costs from potash ore zone measurements as observed and recorded either in drill holes using cores, or channel samples in mine workings. This classification has the highest degree of geologic assurance. The data points for measurement are adequately spaced and the geologic character so well defined that the thickness, areal extent, size, shape, and depth of the potash ore zone are well-established. The maximum acceptable distance for projection from ore zone data points varies with the geologic nature of the ore zone being studied.

(5) Recoverable ore tons is defined as the hoisted ore for the conventionally mined ore in our East and West Mines. This figure was derived from the in-place ore estimate that has been adjusted for factors such as geologic impurities and mine extraction ratios. For the HB mine and the Moab property, recoverable ore tons are defined as the potassium that can be extracted from the underground workings and pumped to the surface. This figure was derived from the in-place ore estimate that has been adjusted for factors such as geologic impurities, potash that dissolves but remains in the cavern (dissolution factor), and an extraction factor that accounts for potash that may not be recovered because solution may be channeled away or stranded due to cavern geometry. We do not calculate recoverable ore tons for the Wendover property as it is a lake brine resource, not an in-place ore deposit.

(6) Ore grade expressed as expected mill feed grade to account for minimum mining height for the East and West mines. Muriate of potash ore grade is reported in % KCl and sulfate of potash magnesia ore grade is reported in % langbeinite. The ore grade for the Moab and HB mines is the in-place KCl grade.

(7) Probable reserves means tonnages computed by projection of data using the inverse distance squared method taking into account mining dilution, mine extraction efficiency, ore body impurities, metallurgical recovery factors, sales prices and operating costs from available ore zone measurements as observed either in drill holes using cores or in mine workings for a distance beyond potash classified as proven reserves. This classification has a moderate degree of geological assurance.

(8) Our reserves in the 1st, 3rd, 4th, 7th, 8th and 10th ore zones contain either sylvite (KCl) or langbeinite ($K_2SO_4(MgSO_4)_2$) separately. Reserves currently being mined at our East mine are from the 5th ore zone and contain both sylvite and langbeinite which we call mixed ore. The 5th ore zone at East also contains ore classified as langbeinite only. Additionally, the reserve amounts include West mine 3rd and 4th ore zones which contain langbeinite that we anticipate will be processed at the East mine.

(9) The HB mine reserves were based on solution mining of old workings and recovery of potash from the residual pillars. Reserves are based on thicknesses, grades, and mine maps provided by us.

(10) The Wendover facility reserves are the combination of a shallow and a deep aquifer. There were no proven reserves reported for either aquifer because the shallow aquifer represents an unconventional resource and there is uncertainty of the hydrogeology of the deep aquifer. The estimating method for the shallow aquifer was based on brine concentration, brine density, soil porosity within the aquifer, and aquifer thickness from historical reports. The brine concentrations and brine density were confirmed by us recently, but values for the aquifer thickness and the porosity were obtained from literature published by other sources. Probable reserves for the shallow brine at the Wendover facility were calculated from KCl contained in the shallow aquifer based on estimates of porosity and thickness over the reserve area. The distance for projection of probable reserves is a radius of three quarters of a mile from points of measurement of brine concentration. Probable reserves for the deep-brine aquifer were estimated based on historical draw-down and KCl brine concentrations. The ore grade (% KCl) for both the shallow and deep aquifer is the percentage by weight of KCl in the brine.

(11) A portion of these reserves are within the West mine boundary. The classification of the reserve as being associated with the East mine is a result of where the ore is intended to be processed.

Production

Our facilities have a current estimated annual productive capacity of approximately 1.0 million tons of potash, and approximately 200,000 tons of langbeinite, based on current design. We are not currently producing at annual rates equal to our estimated productive capacity. Actual production is affected by operating rates, the grade of ore mined,

recoveries,

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mining rates, evaporation rates, and the amount of development work that we perform. Therefore, as with other producers in our industry, our production results tend to be lower than reported productive capacity.

Our production capabilities and capital improvements at our facilities are described in more detail below, along with our historical production of our primary products and by-products for the years ended December 31, 2014, 2013 and 2012.

Solution Mines

- The HB mine has a current estimated productive capacity of 180,000 tons annually. The productive capacity may vary between approximately 160,000 and 200,000 tons of potash. Potash produced from our HB mine is shipped to the North facility for compaction.
- Potash ore at Moab is mined from two stacked ore zones: the original mine workings in Potash 5 and the horizontal caverns in Potash 9.
- The Moab mine has a current estimated productive capacity of approximately 110,000 tons of potash annually; evaporation rates have historically varied and, consequently, productive capacity may vary between approximately 75,000 and 120,000 tons of potash.
- Potash at Wendover is produced primarily from brine containing salt, potash and magnesium chloride that is collected in ditches from the shallow aquifers of the Bonneville Salt Flats. These materials are also collected from a deeper aquifer by means of deep brine wells.
- The Wendover facility has a current estimated productive capacity of approximately 100,000 tons of potash annually; evaporation rates have historically resulted in actual production between approximately 65,000 and 100,000 tons of potash.

Conventional Underground Mines

- Sylvite and langbeinite ore at our Carlsbad locations is mined from a stacked ore body containing at least 10 different mineralized zones, seven of which contain proven and probable reserves.
- The West mine has a current estimated productive capacity of approximately 420,000 tons of red potash annually. Potash produced from our West mine is shipped to the North facility for compaction.
- The East mine has a current estimated productive capacity of approximately 225,000 tons of white potash and, based on current design approximately 200,000 tons of langbeinite annually. Our productive capacity is impacted by the East's mine plan and the mix of sylvite and langbeinite ore in the ore body. Our choice of the ore we mine impacts productive capacity in that the relative mixture of ore grade of sylvite and langbeinite drive the productive capacity of our facility.

Compaction Facility

- The North facility receives compactor feed from the West and HB facilities via truck and converts the compactor feed to finished granular-sized product and standard-sized product.

Our Development Assets

We have significant additional development opportunities in our New Mexico facilities with the acceleration of production from our reserves and mineralized deposits of potash, and the potential construction of additional production facilities in the region. We also own the leases on two idled mines in or near Carlsbad — the Amax/Horizon mine and the North mine.

Amax/Horizon mine

- We acquired the potash leases associated with the Amax/Horizon mine in October 2012. The Amax/Horizon mine was in continuous operation between 1952 and 1993. This mine, similar to the HB mine, is a viable candidate for solution mining in a manner that is consistent with the HB mine. As these are relatively new lease holdings, we have not yet determined the feasibility associated with this potential development project, however, work is being performed to determine the ability to convert this area to a solution mining opportunity.
- The HB plant has additional capacity to process potash. The development of the Amax/Horizon mine is expected to utilize much of the same pipeline system, evaporation ponds, and the processing mill as the HB mine.

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North mine

- The North mine operated from 1957 to 1982 when it was idled mainly due to low potash prices and mineralogy changes which negatively impacted mineral processing at the facilities. Although the mining and processing equipment has been removed, the mine shafts remain open. The compaction facility at the North mine is where we granulate, store, and ship potash produced at the West and HB mines. Two abandoned mine shafts and much of the transportation and utility infrastructure required to operate the mine, rail access, storage facilities, water rights, utilities and leases covering potash deposits, are already in place. As part of our overall mine planning efforts, we continue to evaluate our strategic development options with respect to the shafts at the North mine and their access to mineralized deposits of potash. These development options contemplate a refurbishment of the shafts, underground development, a mill, and operating infrastructure that would produce at rates in excess of historical production levels, thereby leveraging the operating size and gaining benefits of scale towards per ton operating costs.

Production of Our Primary Products (thousands of product tons)

One product ton of potash contains approximately 0.60 tons of K_2O when produced at our West, Moab, and Wendover facilities and approximately 0.62 tons of K_2O when produced at our East facility. The following table summarizes production of our primary products at each of our facilities for each of the years ended December 31, 2014, 2013, and 2012.

	Year Ended December 31,										
	2014				2013				2012		
	Ore Production	Mill Feed Grade (1)		Finished Product	Ore Production	Mill Feed Grade (1)		Finished Product	Ore Production	Mill Feed Grade (1)		Finished Product
Muriate of Potash												
Carlsbad West	2,991	10.9	%	352	3,044	11.6	%	379	3,101	11.8	%	413
Carlsbad East	2,535	8.8	%	217	2,608	7.7	%	196	2,522	8.8	%	199
Carlsbad HB (3)	623	14.3	%	98	—	13.8	%	—	—	—	%	—
Moab	457	14.9	%	95	596	13.5	%	112	521	14.1	%	97
Wendover	462	17.2	%	97	447	17.5	%	93	389	18.4	%	87
	7,068			859	6,695			780	6,533			796
Langbeinite Carlsbad East(2)	2,535	4.3	%	160	2,608	4.6	%	177	2,522	4.7	%	131
Total Primary Products				1,019				957				927

(1) Mill feed grade is shown as percent K_2O.

(2) Muriate of potash and langbeinite at our East mine are processed from the same ore.

(3) Our HB mine began processing a small amount of ore in late 2013; however, no ore production or finished product is shown due to rounding.

Our By-Product Production

During the extraction of potash, we also recover marketable salt and magnesium chloride. At our Wendover facility, we also produce metal recovery salt, which is potash mixed with salt, in ratios requested by our customers. We account for the revenue generated from sales of these minerals as a reduction in the cost of goods sold of our primary potash product.

ITEM 3. LEGAL PROCEEDINGS

We are subject to claims and legal actions in the ordinary course of business. While there are uncertainties in predicting the outcome of any claim or legal action, we believe that the ultimate resolution of these claims or actions is not reasonably likely to have a material adverse effect on our financial position, results of operations or cash flows. We maintain liability insurance that will apply to some claims and actions and believe that our coverage is reasonable in view of the insurable legal risks to which our business ordinarily is subject.

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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 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 by MSHA under the Federal Mine Safety and Health Act of 1977 (the “Mine Act”) 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 the Mine Act. Exhibit 95.1 to this Annual Report on Form 10-K provides the information concerning mine safety violations and other regulatory matters required by Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act and Item 104 of Regulation S-K. Our Utah and HB facilities are subject to regulation by OSHA and, therefore, are not required to be included in the information provided in Exhibit 95.1.

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PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS, AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information

Our common stock is traded on the NYSE under the symbol IPI.

The following table sets forth the range of high and low sales prices of our common stock for the periods indicated, as reported by the NYSE.

	High	Low
2014		
Quarter ended December 31, 2014	$15.57	$12.39
Quarter ended September 30, 2014	$16.98	$14.40
Quarter ended June 30, 2014	$17.64	$14.11
Quarter ended March 31, 2014	$17.29	$13.63
2013		
Quarter ended December 31, 2013	$17.53	$13.51
Quarter ended September 30, 2013	$19.51	$10.60
Quarter ended June 30, 2013	$19.31	$16.88
Quarter ended March 31, 2013	$24.05	$18.56

Performance Graph—Comparison of Cumulative Return

The graph below compares the cumulative total stockholder return on our common stock with the cumulative total stockholder return on the S&P 500 Index, the Dow Jones US Basic Materials Index, and Intrepid's peer group (Potash Corporation of Saskatchewan Inc., The Mosaic Company, and Agrium Inc.) for the period beginning on December 31, 2009, through December 31, 2014, assuming an initial investment of $100 and the reinvestment of dividends.

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	IPI	Peer Group	S&P 500	Dow Jones U.S. Basic Materials
December 31, 2009	$100.00	$100.00	$100.00	$100.00
December 31, 2010	$127.84	$138.46	$115.06	$131.73
December 31, 2011	$77.58	$102.82	$117.49	$112.34
December 31, 2012	$73.75	$116.05	$136.30	$124.12
December 31, 2013	$54.87	$98.04	$180.44	$149.42
December 31, 2014	$48.08	$101.34	$205.14	$154.49

The preceding information included under the caption “Performance Graph” is not “soliciting material,” is not deemed filed with the SEC, and is not to be incorporated by reference in any of our filings under the Securities Act or the Exchange Act, whether made before or after the date hereof and irrespective of any general incorporation language in any such filing.

Holders

As of January 31, 2015, we had approximately 90 record holders of our common stock based upon information provided by our transfer agent.

Dividends

Until 2012, the only dividend that we paid was a special dividend paid in connection with our formation in 2008 at the time of our IPO. In December 2012, we declared and paid a second special cash dividend of $0.75 per share.

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We currently intend to retain earnings to reinvest for future operations and growth of our business and do not anticipate paying any cash dividends on our common stock. However, our board of directors, in its discretion, may decide to declare a dividend at an appropriate time in the future. A decision to pay a dividend would depend, among other factors, upon our results of operations, financial condition and cash requirements and the terms of our unsecured credit facility and other financing agreements at the time such a payment is considered.

Unregistered Sales of Equity Securities and Use of Proceeds

None.

Issuer Purchases of Equity Securities

Period	(a) Total Number of Shares Purchased (1)	(b) Average Price Paid Per Share	(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plan or Programs
October 1, 2014, through October 31, 2014	–	—	–	N/A
November 1, 2014, through November 30, 2014	–	—	–	N/A
December 1, 2014, through December 31, 2014	3,991	$14.03	–	N/A

(1) Represents shares of common stock delivered to us as payment of withholding taxes due upon the vesting of restricted stock held by our employees.

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ITEM 6. SELECTED FINANCIAL DATA

The following table sets forth our historical selected financial and operating data for the periods indicated (in thousands, except per share data). The selected financial and operating data should be read together with the other information contained in this document, including “Item 1. Business,” wherein the presentation below is described more fully, and “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations,” the audited historical financial statements and the notes thereto included elsewhere in this document.

	Year Ended December 31,				
	2014	2013	2012	2011	2010
Sales	$410,389	$336,312	$451,316	$442,954	$359,304
Net Income	$9,761	$22,275	$87,443	$109,411	$45,285
Earnings Per Share:					
Basic	$0.13	$0.30	$1.16	$1.46	$0.60
Diluted	$0.13	$0.30	$1.16	$1.45	$0.60
Cash dividends declared and paid per common share	$—	$—	$0.75	$—	$—

	December 31,				
	2014	2013	2012	2011	2010
Total assets	$1,166,719	$1,175,273	$994,623	$932,870	$828,884
Total debt	$150,000	$150,000	$—	$—	$—

Supplemental Selected Financial Data:

	December 31,				
	2014	2013	2012	2011	2010
Cash, cash equivalents and investments	$89,879	$25,113	$57,747	$176,794	$142,988
Stockholders’ equity	$947,285	$933,971	$905,736	$871,133	$757,841

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ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and the related notes included elsewhere in this Annual Report on Form 10-K. The following discussion and analysis contains forward looking statements that involve risks, uncertainties, and assumptions as described under the heading "Cautionary Note Regarding Forward Looking Statements," in Part I of this Annual Report on Form 10-K. Our actual results could differ materially from those anticipated by these forward looking statements as a result of many factors, including those discussed under "Item 1A. Risk Factors" and elsewhere in this Annual Report on Form 10-K.

Our Company

We are the only producer of potash in the United States and are one of two producers of langbeinite, which we market and sell as Trio®. Our revenues are generated exclusively from the sale of potash and Trio®. We also produce salt and magnesium chloride from our potash mining processes, the sales of which are accounted for as by-product credits to our cost of sales. These by-product credits represented approximately 2% to 3% of total cost of goods sold in each of the last three years.

We own three solution mining facilities and two conventional underground facilities that we utilize for producing potash. Our solution mining production comes from our HB solar solution mine near Carlsbad, New Mexico, a solar solution mine near Moab, Utah and a solar evaporation shallow brine mine in Wendover, Utah. Our conventional production comes from our underground West and East mines near Carlsbad, New Mexico. We also operate the North compaction facility near Carlsbad, New Mexico, which services the West and HB mines. Trio® production comes from underground conventional mining of a mixed ore body that contains both potash and langbeinite, which is mined and processed at the East facility near Carlsbad, New Mexico. We have additional opportunities to develop mineralized deposits of potash in New Mexico as well as continue optimization our processing plants. These opportunities potentially include additional solution mining activities, additional recoveries of our langbeinite and acceleration of production from our reserves.

Significant Business Trends and Activities

Our financial results have been impacted by several significant trends, which are described below. We expect that these trends will continue to drive our results of operations, cash flows, and financial position.

• Potash demand. Sales volumes were generally strong throughout 2014. This followed a period of market uncertainty in the second half of 2013 when our sales volumes were negatively impacted by increased concerns about global supply and demand levels. In 2014, we took advantage of strong agricultural demand particularly for granular-sized potash. We also saw solid industrial demand primarily driven by continued strong activity in the oil and gas drilling markets.

Our ability to supply tons to our customers on a timely basis was a fundamental element to our success in 2014 as rail logistics, including rail car availability, were challenging. We expect logistics to remain an issue for the foreseeable future. We utilized our geographic location advantage and our warehouse system to effectively position product closer to our customers.

The specific timing of when farmers apply potash remains highly weather dependent and varies across the numerous growing regions within the United States. We believe last year's record crops depleted nutrients from the soil and, therefore, farmers need to replenish nutrients drawn from the soil. Potash demand is significantly influenced by dealer storage volumes and the marketing programs of potash producers and retailers. The combination of these items results in variability in potash sales and shipments, thereby increasing volatility of sales volumes from quarter to quarter and season to season.

• Potash prices. 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, and currency fluctuations also influence pricing. Any of these factors could have a positive or negative impact on the price of our products. Potash prices are a significant driver of profitability for our business. Potash prices decreased significantly in late 2013 and early 2014 as increased concerns about global supply and demand levels created significant uncertainty in the market. In early 2014, the Canadian producers took actions to curtail production, and we saw strong farmer

demand, which reduced producer inventory levels. North American potash inventory levels are now below five-year average inventory levels. Challenging logistics hindered dealer efforts to obtain inventory on a timely basis during 2014. As a result of solid overall demand and these lower inventory levels, potash prices have increased steadily over the past few quarters.

• Trio® prices and demand. An imbalance between supply and demand, as well as dealers and farmer recognition of the added value of magnesium and sulfate and the benefits of a low-chloride specialty product, helped support Trio® pricing

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despite lower potash prices in the past few years. Demand for granular- and premium-sized Trio® continues to be strong in the domestic market. We have seen weaker demand and softer pricing for standard-sized Trio® in the export market. Should we choose to manage our Trio® inventory levels by increasing our mix of export sales, we would likely see a lower net realized sales price for Trio®.

• Major capital projects. Our capital project investment decreased significantly in 2014 as compared to 2013 and 2012. Over the last two years, we completed several major capital projects that are intended to increase production, decrease our per-ton operating costs and increase our overall marketing flexibility. We are now focused on optimizing and gaining the efficiencies from these projects. Additional information about these capital projects is included below under the heading “Capital Investments.”

Selected Operating and Financial Data

The following tables present selected operations data for the periods noted. Analysis of the details of this information is contained throughout this discussion. We present this table as a summary of information relating to key indicators of financial condition and operating performance that we believe are important. We calculate average net realized sales price by deducting freight costs from gross revenues and then by dividing this result by tons of product sold during the period.

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	Year Ended December 31,		
	2014	2013	2012
Production volume (in thousands of tons):			
Potash	859	780	796
Langbeinite	160	177	131
Sales volume (in thousands of tons):			
Potash	915	692	839
Trio®	182	123	125
Gross sales (in thousands):			
Potash	$334,323	$284,831	$402,382
Trio®	76,066	51,481	48,934
Total	410,389	336,312	451,316
Freight costs (in thousands):			
Potash	30,615	20,796	21,396
Trio®	12,608	8,060	7,768
Total	43,223	28,856	29,164
Net sales (in thousands)[1]:			
Potash	303,708	264,035	380,986
Trio®	63,458	43,421	41,166
Total	$367,166	$307,456	$422,152
Potash statistics (per ton):			
Average net realized sales price[1]	$332	$382	$454
Cash operating costs[1][2]	198	195	180
Depreciation and depletion	69	52	43
Royalties	12	13	17
Total potash cost of goods sold	$279	$260	$240
Warehousing and handling costs	12	16	15
Average potash gross margin[1]	$41	$106	$199
Trio® statistics (per ton):			
Average net realized sales price[1]	$349	$352	$329
Cash operating costs[1]	194	201	209
Depreciation and depletion	59	55	61
Royalties	17	18	16
Total Trio® cost of goods sold	$270	$274	$286
Warehousing and handling costs	11	15	16
Average Trio® gross margin [1]	$68	$63	$27

(1) Additional information about our non-GAAP financial measures is set forth under the heading "Non-GAAP Financial Measures."

(2) Amounts are presented net of by-product credits. On a per-ton basis, by-product credits were $7 for the year ended December 31, 2014, $9 for the year ended 2013, and $8 for the year ended 2012. By-product credits were $6.5 million, $6.5 million and $6.5 million for the years ended December 31, 2014, 2013, and 2012, respectively.

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Results of Operations

Operating Highlights

Net income for 2014 was $9.8 million, or $0.13 per diluted share, and cash flows from operating activities were $127.5 million.

Potash

The majority of our revenues and gross margin are derived from the production and sales of potash. Potash sales as a percentage of our net sales, which we calculate as gross sales less freight costs, and gross margin were approximately as follows for the indicated periods.

	Contribution from Potash Sales			
	Net Sales		Gross Margin	
For the year ended December 31, 2014	83	%	75	%
For the year ended December 31, 2013	86	%	90	%
For the year ended December 31, 2012	90	%	98	%

We sold 915,000 tons of potash in 2014 compared with 692,000 tons in 2013. The increase in sales volume was driven by increased confidence in potash pricing from buyers and our agricultural customers' demand for product in 2014 as compared to 2013. Our ability to supply tons to our customers on a timely basis was a fundamental element of our success in 2014. We utilized our geographic advantage as well as our warehouse system to effectively position product closer to our customers. Our average net realized sales price of potash was $332 per ton in 2014, as compared to $382 per ton in 2013, largely as a result of concerns that global productive capacity exceeds demand. However, as a result of strong demand and tight inventory levels, we experienced sequential increases in our potash average net realized sales price each of the last three quarters of 2014.

The table below shows our potash sales mix for 2014, 2013, and 2012.

	Year Ended December 31,					
	2014		2013		2012	
Agricultural	76	%	71	%	81	%
Industrial	19	%	21	%	12	%
Feed	5	%	8	%	7	%

Our production volume of potash in 2014 increased to 859,000 tons, compared with 780,000 tons produced in 2013. The production increase was due to new production from our HB mine as well as higher production from our East facility, partially offset by decreased production at our West and Moab facilities. Our cash operating costs stayed relatively flat at $198 per ton in 2014, compared with $195 per ton in 2013. Our industrial sales are significantly influenced by oil and gas drilling activity, we believe our sales volumes to our industrial customers will decrease, and potentially pressure our net realized sales price, during 2015 as oil and gas drilling activity slows in response to lower crude oil pricing.

Trio®

Our Trio® production was lower in 2014 than in 2013 as we experienced lower ore grade and higher losses associated with higher production of premium-sized Trio® which results in losses during the conversion from standard to premium-sized products. As the export market for Trio® remains soft, we continue to focus on the domestic market. Our sales of Trio® increased to 182,000 tons in 2014 as compared with 123,000 tons in 2013, as demand for our granular- and premium-sized Trio® has remained strong. The standard-sized product is largely sold into the export market or converted into premium-sized product through a process we call pelletization. The export market for the standard-sized product was weaker in 2014 compared to 2013, highlighting the importance of our focus on improving the efficiency of our pelletization process.

In 2014, as compared with 2013, our average Trio® gross margin increased by $5 per ton as our average net realized sales price for Trio® remained essentially flat, and our cash operating costs for Trio® decreased $7 per ton.

Our export sales of Trio® tend to be in larger quantities and with more variability as to the timing of those sales. As a result, the percentage of sales into the export market as compared to the domestic market can fluctuate significantly

from period to period, as shown in the table below.

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	United States	Export
Trio® only		
For the year ended December 31, 2014	91 %	9 %
For the year ended December 31, 2013	76 %	24 %
For the year ended December 31, 2012	63 %	37 %

Average Net Realized Sales Price

Our average net realized sales price for potash decreased by $50 per ton in 2014, to $332 per ton, largely as a result of concerns that global productive capacity exceeds demand. Domestically, the potash market is influenced by this global scenario. As a result of strong demand and tight inventory levels as discussed above, we experienced sequential increases in our potash average net realized sales price in each of the last three quarters of 2014.

The table below demonstrates the progression of our average net realized sales price for potash and Trio® through 2013 and 2014.

Average net realized sales price for the three months ended:	Potash (Per ton)	Trio®
December 31, 2014	$348	$354
September 30, 2014	$336	$351
June 30, 2014	$329	$350
March 31, 2014	$317	$340
December 31, 2013	$338	$345
September 30, 2013	$363	$353
June 30, 2013	$402	$359
March 31, 2013	$417	$351

Specific Factors Affecting Our Results

Sales

Our gross sales are derived from the sales of potash and Trio® and are determined by the quantities of product we sell and the sales prices we realize. We quote prices to customers both on a delivered basis and on the basis of pick-up at our plants and warehouses. Freight costs are incurred on only a portion of our sales as many of our 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. Although our gross sales include the freight that we bill, we do not believe that gross sales provide a 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. Rail freight rates have been steadily increasing, thereby negatively influencing our net realized sales prices. We view net sales, which are gross sales less freight costs, as the key performance indicator of our revenue as it conveys the net sales price of the product that we realize. We manage our sales and marketing operations centrally and we work to achieve the highest average net realized sales price 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 product we sell is determined by demand for our products and by our production capabilities. We intend to operate our facilities at full production levels, which provide the greatest operating efficiencies. By having adequate warehouse capacity, we can maintain production levels during periods of fluctuating product demand and have product inventory positioned closer to the fields in order to meet peak periods of fertilizer demand.

Cost of Goods Sold

Our cost of goods sold reflects the costs to produce our potash and Trio® products, less credits generated from the sale of our by-products. Many of our production costs are largely fixed and, consequently, our costs of sales per ton on a facility-by-facility basis tend to move inversely with the number of tons we produce, within the context of normal production levels. We expect to experience variability in our cost of goods sold due to fluctuations in the relative mix of product that we produce through conventional mining as compared to through solar solution mining. Our cost of goods sold per ton for our solar solution facilities is less than the per ton cost of goods sold for our conventional

facilities. However, our solar solution production is impacted by weather variability. Our principal production costs include labor and employee benefits, maintenance

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materials, contract labor, and materials for operating or maintenance projects, natural gas, electricity, operating supplies, chemicals, depreciation and depletion, royalties, and leasing costs. There are elements of our cost structure associated with contract labor, consumable operating supplies, and reagents and royalties that are variable, which make up a smaller component of our cost base. Our periodic production costs and costs of goods sold will not necessarily match one another 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, downtime, and annual maintenance turnarounds. 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 Carlsbad, New Mexico, region where we compete for labor with the potash, oil and gas, and nuclear waste storage industries. Additionally, the East mine has a complex mineralogy with a mixed ore body comprised of potash and langbeinite. This complex ore is processed through a singular product flow at the surface facility. The specific grade, volume, and characterization of the ore that is mined at any particular time is subject to fluctuations due to the nature of the mineral deposits and influences the amount of tons of potash and langbeinite ultimately produced from the facility, which affects our production costs per ton for both products and affects our quarter-to-quarter results.

We pay royalties to federal, state, and private lessors under our mineral leases. These payments typically equal a percentage of net sales 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. Our average royalty rate was 3.8%, 3.6% and 3.9% in 2014, 2013 and 2012.

Our operations can be significantly impacted by the weather. For example, the Carlsbad area received approximately 13 inches of rain in September 2014, compared to an average rainfall of 2.1 inches for the month. The Moab and Wendover areas also received higher-than-normal precipitation in the third quarter of 2014. As a result, a portion of the potash crystals that we expected to harvest from our solar evaporation ponds in the 2014/2015 harvest season were re-dissolved in the ponds but remain available for recrystallization and harvest in the future. Further, our solar evaporation ponds in Wendover are expected to have lower production in 2015, as we experienced below average evaporation conditions in 2014.

We have dedicated significant resources to improve production from our East facility. Our production of both potash and langbeinite are directionally impacted by the ore grade and the development work we do. During 2014, we were again able to increase our production of premium-sized Trio® product as we continue to improve the operating performance of the process.

Income Taxes

We are a subchapter C corporation and, therefore, are subject to federal and state income taxes on our taxable income. Our effective tax rate for the years ended December 31, 2014, 2013, and 2012 was 9.7%, 41.5%, and 36.1%, respectively. Our effective income tax rates are impacted primarily by changes in the underlying tax rates in jurisdictions in which we are subject to income tax and permanent differences between book and tax income for the period, including the benefit associated with the estimated effect of the depletion and domestic production activities deduction and research and development credits. During the year ended December 31, 2014, our effective tax rate benefited from a discrete adjustment related to the reversal of a $1.7 million valuation allowance related to our New Mexico net operating loss carry forwards, as we now believe those carry forwards are fully realizable based on legislation passed by the State of New Mexico during the first quarter of 2014. Further, we benefited from a discrete adjustment related to the calculation of the benefit of the net operating loss carry back generated in 2013. The impact on our effective tax rate during 2014 of these discrete adjustments is more pronounced given the current level of income before income taxes.

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

During the years ended December 31, 2014, 2013 and 2012, we recognized income tax expense of $1.1 million, $15.8 million and $49.5 million, respectively. In 2014 and 2013, we incurred a net operating loss for income tax purposes. A portion of the net operating loss for 2013 was carried back to 2011 and 2012 with the remaining amount carried forward, along with the net operating loss for 2014, as a deferred tax asset.

Total tax expense for the year ended December 31, 2014, was comprised of $1.0 million of current income tax benefit and $2.1 million of deferred income tax expense. Total tax expense for the year ended December 31, 2013, was comprised of $14.3 million of current income tax benefit and $30.1 million of deferred income tax expense. Total tax expense for the year ended December 31, 2012, was comprised of $11.5 million of current income tax expense and $38.0 million of deferred income tax expense. Our current tax expense for each of these periods was less than our total tax expense in large part due to the impact of accelerated tax bonus depreciation and the utilization of percentage depletion.

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

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by the states in which we do business. Changing business conditions for normal business transactions and operations as well as changes to state tax rate 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 the balance sheet and impact the corresponding deferred tax benefit or deferred tax expense on the income statement. As of December 31, 2013, our estimate of our blended state tax rate increased, resulting in an increase of the value of the deferred tax asset by net $0.9 million to reflect changes in business conditions in concert with changes in apportionment rules of the states in which we operate, and a decrease in the state tax rate for the state of New Mexico.

Results of Operations for the Years ended December 31, 2014, and 2013

Net Sales

Net sales of potash increased $39.7 million, or 15%, from $264.0 million for the year ended December 31, 2013, to $303.7 million for the year ended December 31, 2014. This increase was the result of a 32% increase in sales volumes of potash partially offset by a decrease in the average net realized sales price of potash by $50 per ton, or 13%, in the comparable period. Our 2014 sales volumes increased over those realized in 2013, due primarily to higher demand and the increased purchasing of potash as our customers had increased confidence in the price of potash in 2014.

Net sales of Trio® increased from $43.4 million for the year ended December 31, 2013, to $63.5 million for the year ended December 31, 2014, due to a 48% increase in the volume of sales while the average net realized sales price of Trio® remained essentially flat. We continue to see strong demand for our Trio® product, particularly the granular-sized and premium-sized products; however, the margin opportunity for standard-sized Trio® in the export market has decreased resulting in our increased focus on converting standard-sized product to premium-sized product for sale in the domestic market.

Cost of Goods Sold

The following table presents our cost of goods sold for potash and Trio® for the subject periods:

	Year ended December 31,		Change Between Periods	% Change	
	2014	2013			
Cost of goods sold (in millions)	$303.9	$212.9	$91.0	43	%
Cost per ton of potash sold(1)	$279	$260	$19	7	%
Cost per ton of Trio® sold(2)	$270	$274	$(4)	(1)	)%

(1) Depreciation and depletion expense for potash was $63.0 million and $35.6 million in 2014 and 2013, respectively, which equates to $69 and $52 on a per-ton basis.

(2) Depreciation and depletion expense for Trio® was $10.7 million and $6.8 million in 2014 and 2013, respectively, which equates to $59 and $55 on a per-ton basis.

Total cost of goods sold of potash, which includes royalties and depreciation, depletion and amortization, increased as we experienced higher sales volumes in 2014 compared to 2013. Further, although our cash operating costs per ton for 2014 were essentially flat compared to 2013, these costs were negatively impacted by lower production at our West facility and the costs associated with the start-up of our HB plant, offset by increased production at the HB plant and East facility. As noted above, we recorded lower-of-cost-or-market inventory adjustments during 2014 of $8.2 million, of which $4.0 million related to the start-up activities of our HB mine, and approximately $3.9 million primarily related to standard-sized inventory at our East facility.

Total cost of goods sold of Trio® increased as our sales volumes in 2014 were significantly higher than in 2013. Further, production of langbeinite decreased compared with 2013 due to lower ore grade and production inefficiencies related to our efforts to convert standard-sized Trio® into premium-sized Trio®, as described previously.

In total, our cost of goods sold increased $91.0 million, or 43%, from $212.9 million in 2013 to $303.9 million in 2014, as a result of more tons of potash sold in 2014. As a percentage of sales, cost of goods sold increased as our per ton production costs increased resulting in higher per ton inventory values. The increases in production costs were the

result of increases in labor costs, natural gas, electricity, maintenance and professional services during the year ended December 31, 2014.

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On a comparative basis, and within our production costs, depreciation and depletion increased $18.5 million, or 33%, during 2014 as a result of the significant capital investments being placed into service in the latter half of 2013 and the early part of 2014. Going forward, on a year-over-year basis, we expect depreciation expense to remain relatively flat as the major capital projects have been completed and placed into service. We manage capital investments to maintain the productivity of our mines and to increase production and generate incremental returns on invested capital.

Selling and Administrative Expense

Selling and administrative expenses decreased $6.6 million, or 19%, to $27.2 million in 2014 from $33.8 million in 2013. The decrease was driven by a number of cost saving actions that were implemented during 2014 to better align our cost structure with the current business environment, including the cost reduction items noted below.

Restructuring Expense

In January 2014, in response to lower potash prices and the substantial completion of our major capital projects, we undertook a number of cost saving actions that were intended to better align our cost structure with the current business environment. These initiatives included the elimination of approximately 7% of the workforce, including capital project related support associated with our major capital projects, reduction in the use of outside professionals, and cutbacks in other general and administrative areas.

Other Operating Expense

During 2013, we received notification that our application for certain New Mexico employment-related credits had been denied, as discussed previously. We recorded an additional allowance of $2.8 million against previously filed claims in "Other expense" included in Operating income in the consolidated statement of operations in 2013. In 2014, we received notice that claims that had been previously denied had been approved. Accordingly, we reduced our estimate of the allowance related to the realizability of our claims by $4.1 million. The credits that we estimate will now be realized were for periods prior to 2014 and the inventory produced during that time has been sold; therefore, we recorded the decrease in the allowance as "Other expense" in Operating income in 2014.

Also in 2013, we received a refund from the State of New Mexico related to a compensating tax refund submitted in prior periods. The receipt of the refund removed uncertainty about the amount and collection of the refund and therefore, we recorded $1.7 million of income, which was also recorded in "Other expense" included in Operating income in the consolidated statement of operations in 2013.

Other Income (Expense)

In April 2013, we funded $2.0 million to settle all pension plan liabilities and recorded an additional expense of approximately $1.9 million to reflect the termination of the pension plan. This amount is recorded as "Other income (expense)" in the consolidated statements of operations for the year ended December 31, 2013, and represents the difference between the final amount funded, and the sum of the recorded pension liability and the unrecognized actuarial losses included in accumulated other comprehensive income.

Results of Operations for the Years ended December 31, 2013, and 2012

Net Sales

Net sales of potash decreased $117.0 million, or 31%, from $381.0 million for the year ended December 31, 2012, to $264.0 million for the year ended December 31, 2013. This decrease was the result of an 18% decrease in sales volumes of potash in addition to a decrease in the average net realized sales price of potash by $72 per ton, or 16%, in the comparable period. Our customers delayed purchases of potash in 2013 given downward pressure on potash prices driven by softness and uncertainty in the global potash market, as discussed previously.

Net sales of Trio® increased from $41.2 million for the year ended December 31, 2012, to $43.4 million for the year ended December 31, 2013, due to a 7% increase in the average net realized sales price of Trio® offset by a slight decrease of 2% in the volume of sales. We continued to see strong demand for our Trio® product, particularly the granular-sized and pelletized products. Trio® domestic pricing has historically tended to move in a relatively close correlation to potash pricing. Dealers' and farmers' recognition of the benefits of this low chloride product, however, translated into higher prices despite sequentially lower potash prices during 2013.

Our production volume of potash in 2013 was 780,000 tons, or 16,000 tons less than in 2012. Our Trio® production increased 46,000 tons, or 35%, in 2013 as we operated our langbeinite facility more effectively and efficiently.

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Cost of Goods Sold

The following table presents our cost of goods sold for potash and Trio® for the subject periods:

	Year ended December 31,		Change Between