

BELDEN INC.
Form SC 13G/A
February 02, 2011

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 13G

Under the Securities Exchange Act of 1934

(Amendment No: 1)

BELDEN INC

(Name of Issuer)

Common Stock

(Title of Class of Securities)

077454106

(CUSIP Number)

December 31, 2010

(Date of Event Which Requires Filing of this Statement)

Check the appropriate box to designate the rule pursuant to which this Schedule is filed:

- Rule 13d-1(b)
 Rule 13d-1(c)
 Rule 13d-1(d)

*The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter the disclosures provided in a prior cover page.

The information required in the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

CUSIP No. 077454106

(1) Names of reporting persons. BlackRock, Inc.

(2) Check the appropriate box if a member of a group
(a)

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(b) [X]

(3) SEC use only

(4) Citizenship or place of organization

Delaware

Number of shares beneficially owned by each reporting person with:

(5) Sole voting power

3547453

(6) Shared voting power

None

(7) Sole dispositive power

3547453

(8) Shared dispositive power

None

(9) Aggregate amount beneficially owned by each reporting person

3547453

(10) Check if the aggregate amount in Row (9) excludes certain shares

(11) Percent of class represented by amount in Row 9

7.56%

(12) Type of reporting person

HC

Item 1.

Item 1(a) Name of issuer:

BELDEN INC

Item 1(b) Address of issuer's principal executive offices:

7701 Forsyth Blvd Suite 800
St. Louis MO 63105

Item 2.

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2(a) Name of person filing:

BlackRock, Inc.

2(b) Address or principal business office or, if none, residence:

BlackRock Inc.
40 East 52nd Street
New York, NY 10022

2(c) Citizenship:

See Item 4 of Cover Page

2(d) Title of class of securities:

Common Stock

2(e) CUSIP No.:

See Cover Page

Item 3.

If this statement is filed pursuant to Rules 13d-1(b), or 13d-2(b) or (c), check whether the person filing is a:

- Broker or dealer registered under Section 15 of the Act;
- Bank as defined in Section 3(a)(6) of the Act;
- Insurance company as defined in Section 3(a)(19) of the Act;
- Investment company registered under Section 8 of the Investment Company Act of 1940;
- An investment adviser in accordance with Rule 13d-1(b)(1)(ii)(E);
- An employee benefit plan or endowment fund in accordance with Rule 13d-1(b)(1)(ii)(F);
- A parent holding company or control person in accordance with Rule 13d-1(b)(1)(ii)(G);
- A savings associations as defined in Section 3(b) of the Federal Deposit Insurance Act (12 U.S.C. 1813);
- A church plan that is excluded from the definition of an investment company under section 3(c)(14) of the Investment Company Act of 1940;
- A non-U.S. institution in accordance with Rule 240.13d-1(b)(1)(ii)(J);
- Group, in accordance with Rule 240.13d-1(b)(1)(ii)(K). If filing as a non-U.S. institution in accordance with Rule 240.13d-1(b)(1)(ii)(J), please specify the type of institution:

Item 4. Ownership

Provide the following information regarding the aggregate number and percentage of the class of securities of the issuer identified in Item 1.

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Amount beneficially owned:

3547453

Percent of class

7.56%

Number of shares as to which such person has:

Sole power to vote or to direct the vote

3547453

Shared power to vote or to direct the vote

None

Sole power to dispose or to direct the disposition of

3547453

Shared power to dispose or to direct the disposition of

None

Item 5.

Ownership of 5 Percent or Less of a Class. If this statement is being filed to report the fact that as of the date hereof the reporting person has ceased to be the beneficial owner of more than 5 percent of the class of securities, check the following [].

Item 6. Ownership of More than 5 Percent on Behalf of Another Person

If any other person is known to have the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of, such securities, a statement to that effect should be included in response to this item and, if such interest relates to more than 5 percent of the class, such person should be identified. A listing of the shareholders of an investment company registered under the Investment Company Act of 1940 or the beneficiaries of employee benefit plan, pension fund or endowment fund is not required.

Various persons have the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of the common stock of BELDEN INC.

No one person's interest in the common stock of BELDEN INC is more than five percent of the total outstanding common shares.

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Item 7. Identification and Classification of the Subsidiary Which Acquired the Security Being Reported on by the Parent Holding Company or Control Person.

See Exhibit A

Item 8. Identification and Classification of Members of the Group

If a group has filed this schedule pursuant to Rule 13d-1(b) (ii) (J), so indicate under Item 3(j) and attach an exhibit stating the identity and Item 3 classification of each member of the group. If a group has filed this schedule pursuant to Rule 13d-1(c) or Rule 13d-1(d), attach an exhibit stating the identity of each member of the group.

Item 9. Notice of Dissolution of Group

Notice of dissolution of a group may be furnished as an exhibit stating the date of the dissolution and that all further filings with respect to transactions in the security reported on will be filed, if required, by members of the group, in their individual capacity.

See Item 5.

Item 10. Certifications

By signing below I certify that, to the best of my knowledge and belief, the securities referred to above were acquired and are held in the ordinary course of business and were not acquired and are not held for the purpose of or with the effect of changing or influencing the control of the issuer of the securities and were not acquired and are not held in connection with or as a participant in any transaction having that purpose or effect.

Signature.

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Dated: January 21, 2011
BlackRock, Inc.

Signature: Matthew J. Fitzgerald

Name/Title Attorney-In-Fact

The original statement shall be signed by each person on whose behalf the statement is filed or his authorized representative. If the statement is signed on behalf of a person by his authorized representative other than an executive officer or general partner of the filing person, evidence of the representative's authority to

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sign on behalf of such person shall be filed with the statement, provided, however, that a power of attorney for this purpose which is already on file with the Commission may be incorporated by reference. The name and any title of each person who signs the statement shall be typed or printed beneath his signature.

Attention: Intentional misstatements or omissions of fact constitute Federal criminal violations (see 18 U.S.C. 1001).

Exhibit A

Subsidiary

BlackRock Japan Co. Ltd.
BlackRock Institutional Trust Company, N.A.
BlackRock Fund Advisors
BlackRock Asset Management Australia Limited
BlackRock Advisors, LLC
BlackRock Investment Management, LLC
BlackRock Asset Management Ireland Limited
BlackRock International Limited

*Entity beneficially owns 5% or greater of the outstanding shares of the security class being reported on this Schedule 13G.

Exhibit B

POWER OF ATTORNEY

The undersigned, BLACKROCK, INC., a corporation duly organized under the laws of the State of Delaware, United States (the "Company"), does hereby make, constitute and appoint each of Robert Connolly, Howard Surloff, Edward Baer, Bartholomew Battista, Daniel Waltcher, Karen Clark, John Stelley, Denis Molleur, Daniel Ronnen, Brian Kindelan, Nicholas Hall, Con Tzatzakis, John Blevins, Rick F. Froio and Matthew Fitzgerald acting severally, as its true and lawful attorneys-in-fact, for the purpose of, from time to time, executing in its name and on its behalf, whether the Company is acting individually or as representative of others, any and all documents, certificates, instruments, statements, other filings and amendments to the foregoing (collectively, "documents") determined by such person to be necessary or appropriate to comply with ownership or control-person reporting requirements imposed by any United States or non-United States governmental or regulatory authority, including without limitation Forms 3, 4, 5, 13D, 13F and 13G and any amendments to any of the foregoing as may be required to be filed with the Securities and Exchange Commission, and delivering, furnishing or filing any such documents with the appropriate governmental, regulatory authority or other person, and giving and granting to each such attorney-in-fact power and authority to act in the premises as fully and to all intents and purposes as the Company might or could do if personally present by one of its authorized signatories, hereby ratifying and confirming all that said attorney-in-fact shall lawfully do or cause to be done by

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virtue hereof. Any such determination by an attorney-in-fact named herein shall be conclusively evidenced by such person's execution, delivery, furnishing or filing of the applicable document.

This power of attorney shall expressly revoke the power of attorney dated January 11, 2008 in respect of the subject matter hereof, shall be valid from the date hereof and shall remain in full force and effect until either revoked in writing by the Company, or, in respect of any attorney-in-fact named herein, until such person ceases to be an employee of the Company or one of its affiliates.

IN WITNESS WHEREOF, the undersigned has caused this power of attorney to be executed as of this 14th day of December, 2009.

BLACKROCK, INC.

By: /s/ Robert W. Doll, Jr.
Name: Robert W. Doll, Jr.
Title: Vice Chairman

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Finished goods product inventory

\$
64,195

\$
65,200

In-process mineral inventory

24,085

19,769

Total product inventory

88,280

84,969

Current parts inventory, net

21,290

21,562

Total current inventory, net

109,570

106,531

Long-term parts inventory, net

18,389

17,344

Total inventory, net

\$

127,959

\$

123,875

Parts inventories are shown net of any required allowances. At June 30, 2016, and 2015, allowances for parts inventory obsolescence were \$3.3 million and \$0.5 million, respectively.

During the six months ended June 30, 2016, and 2015, we recorded charges of approximately \$11.9 million and \$5.6 million, respectively, as a result of routine assessments of the lower of weighted average cost or estimated net realizable value of our finished goods product inventory.

During the first half of 2016, we suspended potash production at our East facility for a total of seven days as we performed a langbeinite-only testing run and converted the East facility to a Trio[®]-only facility. As a result of the suspension of production, we determined that approximately \$1.1 million and \$1.7 million of production costs at our East facility would have been allocated to additional tons produced, assuming we had been operating at normal production rates for the three- and six-month periods ending June 30, 2016, respectively. Accordingly, these costs were excluded from our inventory values and instead expensed in the three- and six-month periods in 2016 as period production costs. We compare actual production relative to what we estimated could have been produced if we had not incurred the production suspensions and lower operating rates in order to determine the abnormal cost adjustment.

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

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

	June 30, 2016	December 31, 2015
Buildings and plant	\$83,488	\$ 81,208
Machinery and equipment	221,430	209,920
Vehicles	4,875	4,747
Office equipment and improvements	12,177	12,001
Ponds and land improvements	57,731	55,951
Total depreciable assets	379,701	363,827
Accumulated depreciation	(101,754)	(80,707)
Total depreciable assets, net	\$277,947	\$ 283,120

Mineral properties and development costs	\$140,250	\$ 139,751
Accumulated depletion	(19,235)	(17,254)
Total depletable assets, net	\$121,015	\$ 122,497
Land	\$719	\$ 719
Construction in progress	\$5,009	\$ 13,140
Total property, plant, equipment, and mineral properties, net	\$404,690	\$ 419,476

Table of Contents

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

	Three Months		Six Months	
	Ended June 30,		Ended June 30,	
	2016	2015	2016	2015
Depreciation	\$8,862	\$18,485	\$21,344	\$37,364
Depletion	537	488	1,981	2,461
Accretion	442	424	884	848
Total incurred	\$9,841	\$19,397	\$24,209	\$40,673

Note 7 — DEBT

Unsecured Credit Facility—We have an unsecured credit facility, led by U.S. Bank, as administrative agent, and Wells Fargo Bank, as syndication agent. Throughout the first seven months of 2016, we entered into a series of amendments that ultimately reduced the amount available to us under the credit facility to a maximum of \$1 million, which amount may be used only for letters of credit. Any availability of the credit facility is subject to our compliance with financial covenants that provide that our leverage ratio may not exceed 3.5 to 1, and our fixed charge coverage ratio may not be below 1.3 to 1. We were not in compliance with these covenants as of March 31, 2016, and June 30, 2016; however, the lenders under the credit facility have agreed to waive until September 30, 2016, the requirement that we comply with these covenants for the quarters ended March 31, 2016, and June 30, 2016. Further, the lenders agreed that noncompliance with these covenants for the quarters ended March 31, 2016, and June 30, 2016, will not constitute a default or event of default under the credit facility until September 30, 2016. If current market conditions continue, we anticipate that our adjusted EBITDA (earnings before interest, income taxes, depreciation, amortization, and certain other expenses, as defined in the credit facility) will not be sufficient for us to return to compliance with these covenants through 2016. As a result, we are working with our lenders and evaluating our options which could include additional covenant amendments, waivers, or forbearances, alternative financing arrangements, a possible further reduction in the amount of the credit facility, and a possible reduction of our outstanding debt, which may include the payment of prepayment penalties. We have reached an agreement in principle regarding revised terms of our senior notes and have received a commitment letter from a third-party lender for a new credit facility to replace our existing credit facility, subject to various conditions, including that the revised terms of the agreement between us and the holders of our senior notes be satisfactory to the third-party lender. We are working toward completing documentation to close these transactions by September 30, 2016. However, if we are unable to reach definitive agreements, our continued failure to comply with these covenants after the waiver expires, or our failure to comply with similar covenants under the terms of our senior notes after September 30, 2016, will result in an event of default that, if not cured or waived, could result in the acceleration of all outstanding indebtedness, including the acceleration of our senior notes discussed below and any amounts outstanding under the credit facility. In addition, the amount available under the credit facility would be reduced to zero. The maturity date for the credit facility is the earliest of (1) September 30, 2016, (2) any date on which the aggregate commitment under the credit facility is reduced to zero, and (3) the effective date for a new credit facility.

The credit facility also has a covenant that requires us to provide to the lenders audited annual financial statements within 90 days of the end of each year. The audit report must not contain any going concern modification. The audit report accompanying our financial statements for the year ended December 31, 2015, contains a going concern modification, and therefore does not satisfy the credit facility covenant. The lenders under the facility agreed to waive until September 30, 2016, the requirement that we deliver audited annual financial statements for the year ended December 31, 2015, without any going concern modification. Further, the lenders agreed that the existence of audited annual financial statements for the year ended December 31, 2015, with a going concern modification will not constitute a default or event of default under the facility until September 30, 2016. Our continued failure to comply with this covenant after September 30, 2016, will result in an event of default that, if not cured or waived could result in the acceleration of all outstanding indebtedness, including the acceleration of our senior notes discussed below and any amounts outstanding under the credit facility.

The financial covenants under the credit facility are calculated as follows:

Our maximum leverage ratio (calculated as the ratio of funded indebtedness to adjusted EBITDA for the prior four fiscal quarters) is 3.5 to 1, where funded indebtedness is calculated as total funded indebtedness minus cash and cash equivalent investments on hand up to a maximum of \$75 million. Our leverage ratio at June 30, 2016, was 10.3 to 1.

Table of Contents

Our minimum fixed charge coverage ratio (calculated as the ratio of adjusted EBITDA for the prior four fiscal quarters, minus maintenance capital expenditures and cash paid for income taxes, to interest expense plus scheduled principal amortization of long-term funded indebtedness) is 1.3 to 1, where annual maintenance capital expenditures is set at \$20 million. Our fixed charge coverage ratio at June 30, 2016, was (1.4) to 1.

These ratios and other restrictive covenants under the credit facility could limit our ability to engage in activities that we believe are in our long-term best interests.

The facility is unsecured and is guaranteed by our material subsidiaries. As of June 30, 2016, we had a \$0.5 million letter of credit outstanding under the facility.

Unsecured Senior Notes—In April 2013, we issued \$150 million aggregate principal amount of unsecured senior notes (the "Notes") pursuant to a note purchase agreement entered into in August 2012. The Notes consist of the following series:

\$60 million of 3.23% Senior Notes, Series A, due April 16, 2020

\$45 million of 4.13% Senior Notes, Series B, due April 14, 2023

\$45 million of 4.28% Senior Notes, Series C, due April 16, 2025

The Notes are senior unsecured obligations and rank equally in right of payment with any other unsubordinated unsecured indebtedness of ours. The Notes are subject to the same leverage ratio and fixed charge coverage ratio as apply under the credit facility, as described above. In January 2016, we amended the note purchase agreement to provide that the interest rate for the senior notes will be increased by 0.25% during any time that our leverage ratio exceeds 2.25 to 1. As we did not meet our leverage ratio and fixed charge ratio beginning as of March 31, 2016, in accordance with the terms of the note purchase agreement, the above interest rates increased by 2% beginning April 1, 2016 through July 28, 2016. As part of an amendment and waiver extension in July 2016, the above interest rates increased 3.5% above the rates indicated above beginning July 29, 2016, and will remain at that level as long as we are not meeting these ratios. As described above, these ratios and other restrictive covenants under the Notes could limit our ability to engage in activities that we believe are in our long-term best interests.

Our outstanding long-term debt, net, is as follows as of June 30, 2016 and December 31, 2015 (in thousands):

	June 30, 2016	December 31, 2015
Unsecured Senior Notes	\$ 150,000	\$ 150,000
Less deferred financing costs	(2,160)	(515)
Long-term debt, net	\$ 147,840	\$ 149,485

We were not in compliance with the financial covenants under the Notes as of March 31, 2016, and June 30, 2016; however, the noteholders have agreed to waive until September 30, 2016, the requirement that we comply with these covenants for the quarters ended March 31, 2016, and June 30, 2016. Further, the noteholders agreed that noncompliance with these covenants for the quarters ended March 31, 2016, and June 30, 2016, will not constitute a default or event of default under the Notes until September 30, 2016. If current market conditions continue, we anticipate that our adjusted EBITDA will not be sufficient for us to return to compliance with these covenants through 2016. We are working with the noteholders and evaluating our options, which could include additional covenant amendments, waivers, or forbearances, alternative financing arrangements, a possible further reduction in the amount of our credit facility, and a possible reduction of our outstanding debt, which may include the payment of prepayment penalties. We have reached an agreement in principle regarding revised terms of our senior notes and have received a commitment letter from a third-party lender for a new credit facility to replace our existing credit facility, subject to various conditions, including that the revised terms of the agreement between us and the holders of our senior notes be satisfactory to the third-party lender. We are working toward completing documentation to close these transactions by September 30, 2016. However, if we are unable to reach definitive agreements, our continued failure to comply with these covenants after September 30, 2016, will result in an event of default under the terms of the senior notes and the credit facility that, if not cured or waived, could result in the acceleration of all outstanding indebtedness, including the acceleration of the Notes and any amounts outstanding under the credit facility.

The obligations under the Notes are unconditionally guaranteed by our material subsidiaries.

Interest is paid semiannually on April 16 and October 16 of each year. Interest expense is recorded net of any capitalized interest associated with investments in capital projects. We incurred gross interest expense of \$3.1 million and \$1.7 million for the three months ended June 30, 2016, and 2015, respectively. Included in the gross interest expense for the

Table of Contents

three months ended June 30, 2016, is the expensing of deferred financing costs of \$0.8 million related to the decrease in our unsecured credit facility as described above. We capitalized \$0.1 million and an immaterial amount of interest during the three months ended June 30, 2016, and 2015, respectively. For the six months ended June 30, 2016, and 2015, we incurred gross interest expense of \$5.4 million and \$3.3 million, respectively. Included in the gross interest expense for the six months ended June 30, 2016, is the expensing of deferred financing costs of \$1.5 million related to the decrease in our unsecured credit facility as described above. We capitalized \$0.2 million and an immaterial amount of interest during the six months ended June 30, 2016, and 2015, respectively.

Note 8 — FINANCIAL INFORMATION FOR SUBSIDIARY GUARANTORS OF POSSIBLE FUTURE PUBLIC DEBT

Intrepid Potash, Inc., as the parent company, has no independent assets or operations, and operations are conducted solely through its subsidiaries. Cash generated from operations is held at the parent company level as cash on hand and short- and long-term investments. Cash on hand and short- and long-term investments totaled \$47.6 million and \$63.6 million at June 30, 2016, and December 31, 2015, respectively. In the event that one or more of our wholly-owned operating subsidiaries guarantee public debt securities in the future, those guarantees will be full and unconditional and will constitute the joint and several obligations of the subsidiary guarantors. Our other subsidiaries are minor. There are no restrictions on our ability to obtain cash dividends or other distributions of funds from the subsidiary guarantors, except those imposed by applicable law.

Note 9 — ASSET RETIREMENT OBLIGATION

We recognize an estimated liability for future costs associated with the abandonment and reclamation of our mining properties. A liability for the fair value of an asset retirement obligation and a corresponding increase to the carrying value of the related long-lived asset are recorded as the mining operations occur or the assets are acquired. Our asset retirement obligation is based on the estimated cost to abandon and reclaim the mining operations, the economic life of the properties, and federal and state regulatory requirements. The liability is discounted using credit adjusted risk-free rate estimates at the time the liability is incurred or when there are revisions to estimated costs. The credit adjusted risk-free rates used to discount our abandonment liabilities range from 6.9% to 8.5%. Revisions to the liability occur due to construction of new or expanded facilities, changes in estimated abandonment costs or economic lives, or if federal or state regulators enact new requirements regarding the abandonment or reclamation of mines. Following is a table of the changes to our asset retirement obligation for the following periods (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Asset retirement obligation, at beginning of period	\$23,393	\$22,461	\$22,951	\$22,037
Liabilities settled	(3)	(16)	(3)	(16)
Liabilities incurred	—	—	—	—
Changes in estimated obligations	—	—	—	—
Accretion of discount	442	424	884	848
Total asset retirement obligation, at end of period	\$23,832	\$22,869	\$23,832	\$22,869

The undiscounted amount of asset retirement obligation was \$58.4 million as of June 30, 2016.

Table of Contents

Note 10 — COMPENSATION PLANS

Cash Bonus Plans—During 2015, we had cash bonus plans that allow participants to receive varying percentages of their aggregate base salary. Any awards under the cash bonus plans are based on a variety of elements related to our performance in certain production, operational, financial, and other areas, as well as the participants' individual performance. We accrue cash bonus expense related to the current year's performance. In December 2015, we suspended our cash bonus programs for most employees for 2015 and have not implemented a cash bonus plan for 2016 as part of our cost savings initiatives.

Equity Incentive Compensation Plan—Our Board of Directors and stockholders adopted a long-term incentive compensation plan called the Intrepid Potash, Inc. Equity Incentive Plan, as Amended and Restated (the "Plan"). We have issued common stock, restricted shares of common stock, performance units, and non-qualified stock option awards under the Plan. As of June 30, 2016, the following awards were outstanding under the Plan: 760,303 shares of non-vested restricted shares of common stock; non-vested performance units representing 252,100 shares of common stock; and options to purchase 218,857 shares of common stock. As of June 30, 2016, approximately 6.4 million shares of common stock remained available for issuance under the Plan.

Common Stock—In the second quarter of 2015, the Compensation Committee of the Board of Directors (the "Compensation Committee") granted shares of common stock under the Plan to our non-employee directors as compensation for service for the period ending on the date of our annual stockholders' meeting for the following year. These shares of common stock were granted without restrictions and vested immediately.

Non-vested Restricted Shares of Common Stock—The Compensation Committee has granted restricted shares of common stock under the Plan to executive officers, other key employees, non-employee directors and consultants. The awards contain service conditions associated with continued employment or service and provide voting and regular dividend rights. Upon vesting, the restrictions on the restricted shares of common stock lapse and the shares are considered issued and outstanding.

In the first quarter of 2015, the Compensation Committee granted restricted shares of common stock under the Plan to our executive management team and other selected employees as part of an annual equity award program. These awards vest ratably over three years. From time to time, the Compensation Committee grants restricted shares of common stock to newly hired or promoted employees or other employees or consultants who have achieved extraordinary personal performance objectives. These restricted shares of common stock generally vest over one- to four-year periods. In the second quarter of 2016, the Compensation Committee granted 562,010 restricted shares of common stock under the Plan to members of our Board of Directors, including one employee director. These restricted shares of common stock vest one year after grant.

In measuring compensation expense associated with the grant of non-vested restricted shares of common stock, we use the fair value of the award, determined as the closing stock price for our common stock on the grant date.

Compensation expense is recorded monthly over the vesting period of the award. Total compensation expense related to the non-vested restricted shares of common stock awards was \$0.5 million and \$0.8 million for the three months ended June 30, 2016, and 2015, respectively. Total compensation expense was \$1.2 million and \$1.7 million for the six months ended June 30, 2016 and 2015, respectively. These amounts are net of estimated forfeiture adjustments. As of June 30, 2016, there was \$2.2 million of total remaining unrecognized compensation expense related to non-vested restricted shares of common stock that will be expensed through 2018.

A summary of activity relating to our non-vested restricted shares of common stock for the six months ended June 30, 2016, is presented below.

	Shares	Weighted Average Grant-Date Fair Value
Non-vested restricted shares of common stock, beginning of period	459,663	\$ 14.93
Granted	562,010	\$ 1.28
Vested	(211,861)	\$ 15.53
Forfeited	(49,509)	\$ 14.46
Non-vested restricted shares of common stock, end of period	760,303	\$ 11.09

Table of Contents

Performance Units—In 2015, the Compensation Committee granted at-risk performance units under the Plan to a member of our executive team as part of their annual compensation package. The performance units vest in February 2018, and payout, if any, is based on market-based conditions relating to one-, two- and three-year performance periods beginning on the grant date. No shares were earned under the first one-year performance period. A total of 252,100 shares of common stock are available for future payout under these performance units, subject to continued employment through the vesting date.

Non-qualified Stock Options—From 2009 to 2011, the Compensation Committee issued non-qualified stock options under the Plan in the first quarter of each year to our executive management and other selected employees as part of our annual award program. All outstanding stock options are fully vested.

Realized tax benefits from tax deductions for exercised options in excess of the deferred tax asset attributable to stock compensation for these options are recorded as "excess tax benefits" when the tax deductions occur.

A summary of our stock option activity for the six months ended June 30, 2016, is as follows:

	Shares	Weighted Average Exercise Price	Aggregate Intrinsic Value ¹	Weighted Average Remaining Contractual Life (in years)
Outstanding non-qualified stock options, end of period	218,857	\$25.74	\$—	3.1
Vested or expected to vest, end of period	218,857	\$25.74	\$—	3.1
Exercisable non-qualified stock options, end of period	218,857	\$25.74	\$—	3.1

¹ The intrinsic value of a stock option is the amount by which the market value exceeds the exercise price as of the end of the period presented.

Note 11 — INCOME TAXES

Our effective tax rate is impacted primarily by the amount of taxable income associated with each jurisdiction in which our income is subject to income tax, permanent differences between the financial statement carrying amounts and tax bases of assets and liabilities.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Current portion of income tax expense (benefit)	\$1	\$(148)	\$3	\$(34)
Deferred portion of income tax (benefit) expense	—	(202)	—	2,755
Total income tax expense (benefit)	\$1	\$(350)	\$3	\$2,721
Effective tax rate	—%	6.6%	—%	63.1%

During the three- and six-month periods ended June 30, 2016, our effective tax rate differed from the statutory rate primarily as a result of the impact of recording a valuation allowance to offset the amount of additional deferred tax asset generated during the period. For the three- and six-month periods ended June 30, 2015, our effective tax rate differed from the statutory rate primarily as a result of the benefit from estimated depletion deductions that exceed the

tax basis in the mineral reserves.

The blended state tax rate applied to the deferred tax calculation is subject to change due to changes in state laws and changes in the mix of our business and the states in which we have a taxable relationship. This creates fluctuations in the value of our net deferred tax asset.

Table of Contents

As of June 30, 2016, we do not believe it is more likely than not that we will fully realize the benefit of the deferred tax assets. As such, we increased the valuation allowance related to our deferred tax assets by \$13.8 million for the six months ended June 30, 2016. Our deferred tax asset, net of the valuation allowance, at June 30, 2016, and December 31, 2015, is zero.

A summary of our valuation allowance activity is as follows (in thousands):

	Six Months Ended June 30,	
	2016	2015
Valuation allowance, beginning of period	\$300,601	\$268
Additions	13,847	—
Reversals	—	—
Valuation allowance, end of period	\$314,448	\$268

Note 12 — COMMITMENTS AND CONTINGENCIES

Reclamation Deposits and Surety Bonds—As of June 30, 2016, we had \$19.5 million of security placed principally with the State of Utah and the Bureau of Land Management for eventual reclamation of our various facilities. Of this total requirement, as of June 30, 2016, \$2.0 million consisted of long-term restricted cash deposits reflected in "Other assets, net" on the condensed consolidated balance sheets, and \$17.5 million was secured by surety bonds issued by an insurer. The surety bonds are held in place by an annual fee paid to the issuer.

We may be required to post additional security to fund future reclamation obligations as reclamation plans are updated or as governmental entities change requirements.

Legal—In February 2015, Mosaic Potash Carlsbad Inc. ("Mosaic") filed a complaint and application for preliminary injunction and permanent injunction against Steve Gamble and us in the Fifth Judicial District Court for County of Eddy in the State of New Mexico. Mr. Gamble is a current Intrepid employee and former Mosaic employee. The complaint alleges against us violations of the Uniform Trade Secrets Act and tortious interference with contract relating to alleged misappropriation of Mosaic's trade secrets. Mosaic seeks monetary relief of an unspecified amount, including damages for actual loss and unjust enrichment, exemplary damages, attorneys' fees, and injunctive relief and has alleged that it has spent hundreds of millions of dollars to research and develop its alleged trade secrets. In August 2015, the court denied Mosaic's application for preliminary injunction. The lawsuit is currently progressing through discovery. We are vigorously defending against the lawsuit. Because this matter is at an early stage, we are unable to reasonably estimate the potential amount of loss, if any.

In July 2016, Mosaic filed a complaint against Steve Gamble and us in US District Court for the District of New Mexico. The complaint alleges violations of the Computer Fraud and Abuse Act, conversion, and civil conspiracy relating to alleged misappropriation of Mosaic's confidential information. Mosaic seeks injunctive relief and compensatory and punitive damages of an unspecified amount. We are vigorously defending against the lawsuit. Because this matter is at an early stage, we are unable to reasonably estimate the potential amount of loss, if any. We are subject to other 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 other claims or actions is not reasonably likely to have a material adverse effect on our financial condition, results of operations, or cash flows.

Future Operating Lease Commitments—We have operating leases for land, mining and other operating equipment, offices, and railcars, with original terms ranging up to 20 years. In May 2015, we exercised an option to terminate our existing corporate office lease prior to its original expiration date. Under the provisions of the lease agreement, we incurred a termination penalty of \$1.1 million, which was included in selling and administrative expense in the second quarter of 2015. In December 2015, we paid \$0.5 million of this termination penalty in connection with an amendment reducing the leased square footage and extending the expiration date to May 2017. We expect to pay the remaining \$0.6 million in March 2017. Our monthly lease commitment was \$83,331 from January 2016 through May 2016, and increased to \$85,626 for the period June 2016 through May 2017.

Table of Contents

Rental and lease expenses are shown below for the indicated periods (in thousands):

2016	
For the three months ended June 30, 2016	\$ 1,530
For the six months ended June 30, 2016	\$ 3,078
2015	
For the three months ended June 30, 2015	\$ 1,977
For the six months ended June 30, 2015	\$ 3,721

Note 13 — FAIR VALUE MEASUREMENTS

We applied the provisions of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification™ ("ASC") Topic 820, Fair Value Measurements and Disclosures, for all financial assets and liabilities measured at fair value on a recurring basis. The topic establishes a framework for measuring fair value and requires disclosures about fair value measurements. ASC Topic 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the measurement date. The topic establishes market or observable inputs as the preferred sources of values, followed by assumptions based on hypothetical transactions in the absence of market inputs. The topic also establishes a hierarchy for grouping these assets and liabilities based on the significance level of the following inputs, as follows:

- Level 1—Quoted prices in active markets for identical assets and liabilities.
- Level 2—Quoted prices in active markets for similar assets and liabilities, quoted prices for identical or similar instruments in markets that are not active, and model derived valuations whose inputs are observable or whose significant value drivers are observable.
- Level 3—Significant inputs to the valuation model are unobservable.

The following is a listing of our assets and liabilities required to be measured at fair value on a recurring basis and where they are classified within the hierarchy as of June 30, 2016, and December 31, 2015 (in thousands):

		Fair Value at Reporting Date
		Using
		Quoted
		Prices
		in
		Active
		Markets
June 30,	Significant	Significant
2016	Observable	Unobservable
	Identical	Inputs
	Assets	(Level 2)
		(Level 3)
		or
		Liabilities
		(Level
		1)

Investments

Corporate bonds	\$ 15,593	\$ 15,593	\$	—
				Fair Value at Reporting Date
				Using
December 31,	Significant	Significant		
2015	Observable	Unobservable		
	Quoted	Inputs		Inputs
	Prices	(Level 2)		(Level 3)
		Active		Markets

for
 Identical
 Assets
 or
 Liabilities
 (Level
 1)

Investments

Corporate bonds	\$ 53,317	\$-\$ 53,317	\$	—
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Financial assets or liabilities are categorized within the hierarchy based upon the lowest level of input that is significant to the fair value measurement. Below is a general description of our valuation methodologies for financial assets and liabilities, which are measured at fair value and are included on the condensed consolidated balance sheets.

Table of Contents

Our available-for-sale investments consist of corporate bonds that are valued using Level 2 inputs. Market pricing for these investments is obtained from an established financial markets data provider.

The methods described above may result in a fair value estimate that may not be indicative of net realizable value or may not be reflective of future fair values and cash flows. While we believe that the valuation methods used are appropriate and consistent with the requirements of ASC Topic 820 and the methods used by other marketplace participants, we recognize that third parties may use different methodologies or assumptions to determine the fair value of certain financial instruments that could result in a different estimate of fair value at the reporting date. Financial Instruments—The carrying values and estimated fair values of our financial instruments as of June 30, 2016, and December 31, 2015, were as follows (in thousands):

	June 30, 2016		December 31, 2015	
	Carrying	Fair	Carrying	Fair
	Value	Value	Value	Value
Senior notes	\$ 150,000	\$ 137,000	\$ 150,000	\$ 138,000

For cash and cash equivalents, certificates of deposit and time deposit investments, accounts receivable, refundable income taxes, and accounts payable, the carrying amount approximates fair value because of the short-term maturity of these instruments. The estimated fair value of the senior notes is estimated using a discounted cash flow analysis based on current borrowing rates for debt with similar remaining maturities and ratings (a Level 2 input) and is designed to approximate the amount at which the instruments could be exchanged in an arm's length transaction between knowledgeable willing parties.

Note 14 — RESTRUCTURING CHARGE

In January 2016, in response to declining potash prices, we undertook a number of cost saving actions that were intended to better align our cost structure with the business environment. These initiatives included the elimination of approximately 5% of the workforce, elimination of the bonus programs for most employees, as well as reductions in compensation.

In April we converted our East facility from a mixed-ore facility to a Trio[®]-only facility. In May 2016, we initiated a plan to idle mining operations at our West facility and transition it into a care-and-maintenance mode due to the decline in potash prices.

For the three months ended June 30, 2016, we recognized restructuring expense of \$1.9 million for severance-related payments related to the idling of the West facility, as well as the conversion of our East facility. The majority of the \$1.9 million severance-related charge will be paid in the third quarter 2016.

For the six months ended June 30, 2016, we recognized restructuring expense of \$2.3 million related to these events.

Note 15 — BUSINESS SEGMENTS

As a result of pricing pressure and the resulting economic factors giving rise to the conversion of our East facility to Trio[®]-only and the idling of our West facility, the chief operating decision maker separately evaluates our potash and Trio[®] operations. Accordingly, we reevaluated our segments and determined that, beginning in the second quarter of 2016, we have two segments: potash and Trio[®]. The reportable segments are determined by management based on a number of factors including the types of potassium based fertilizer produced, production processes, markets served and the financial information available for our chief operating decision maker. We evaluate performance based on the gross margins of the respective business segments and do not allocate corporate selling and administrative expenses, among others, to the respective segments. Information for each segment is provided in the tables below:

Table of Contents

Three Months Ended June 30, 2016	Potash	Trio	Corporate	Consolidated
Sales	\$39,196	\$12,644	\$ —	\$ 51,840
Less: Freight costs	6,882	2,049	—	8,931
Warehousing and handling costs	2,132	406	—	2,538
Cost of goods sold	32,502	9,348	—	41,850
Lower-of-cost-or-market inventory adjustments	2,930	—	—	2,930
Costs associated with abnormal production and other	—	1,057	—	1,057
Gross (Deficit) Margin	\$(5,250)	\$(216)	\$ —	\$(5,466)
Depreciation, depletion and amortization incurred ¹	\$8,647	\$879	\$ 315	\$ 9,841
Six Months Ended June 30, 2016	Potash	Trio	Corporate	Consolidated
Sales	\$92,891	\$32,226	\$ —	\$ 125,117
Less: Freight costs	13,433	5,830	—	19,263
Warehousing and handling costs	4,286	916	—	5,202
Cost of goods sold	79,790	21,837	—	101,627
Lower-of-cost-or-market inventory adjustments	11,937	—	—	11,937
Costs associated with abnormal production and other	650	1,057	—	1,707
Gross (Deficit) Margin	\$(17,205)	\$2,586	\$ —	\$(14,619)
Depreciation, depletion and amortization incurred ¹	\$20,880	\$2,554	\$ 775	\$ 24,209
Three Months Ended June 30, 2015	Potash	Trio	Corporate	Consolidated
Sales	\$57,093	\$16,558	\$ —	\$ 73,651
Less: Freight costs	4,478	2,420	—	6,898
Warehousing and handling costs	2,771	666	—	3,437
Cost of goods sold	45,867	9,568	—	55,435
Lower-of-cost-or-market inventory adjustments	5,276	—	—	5,276
Costs associated with abnormal production and other	—	—	—	—
Gross (Deficit) Margin	\$(1,299)	\$3,904	\$ —	\$ 2,605
Depreciation, depletion and amortization incurred ¹	\$15,890	\$3,063	\$ 444	\$ 19,397
Six Months Ended June 30, 2015	Potash	Trio	Corporate	Consolidated
Sales	\$147,822	\$42,850	\$ —	\$ 190,672
Less: Freight costs	11,684	6,126	—	17,810
Warehousing and handling costs	5,779	1,405	—	7,184
Cost of goods sold	113,320	25,397	—	138,717
Lower-of-cost-or-market inventory adjustments	5,636	—	—	5,636
Costs associated with abnormal production and other	—	—	—	—
Gross Margin	\$11,403	\$9,922	\$ —	\$ 21,325
Depreciation, depletion and amortization incurred ¹	\$33,633	\$6,294	\$ 746	\$ 40,673

Table of Contents

¹ Depreciation, depletion and amortization incurred for potash and Trio® includes depreciation, depletion and amortization amounts absorbed in or (relieved from) inventory.

Total assets are not presented for each reportable segment as they are not reviewed by, nor otherwise regularly provided to, the chief operating decision maker. All sales of both segments are to external customers.

During the three months ended June 30, 2016, we recorded restructuring charges of \$1.9 million, all of which was attributable to the potash segment.

During the six months ended June 30, 2016, we recorded restructuring charges of \$2.3 million, of which \$2.1 million was attributable to the potash segment and \$0.2 million was attributable to corporate.

Note 16 — RECENT ACCOUNTING PRONOUNCEMENTS

Pronouncements Issued But Not Yet Adopted—In August 2013, the FASB issued Accounting Standards Update No. 2014-15, "Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern," which describes how an entity should assess its ability to meet obligations and sets rules for how this information should be disclosed in the financial statements. The new standard applies to all entities for the first annual period in fiscal years ending after December 15, 2016, and interim periods thereafter. We are currently evaluating the requirements of this standard, and have not yet determined the impact on our consolidated financial statements and disclosures.

In May 2014, the FASB issued Accounting Standards Update No. 2014-09, as amended by Accounting Standards Update No. 2016-12, "Revenue from Contracts with Customers (Topic 606)," which requires revenue to be recognized based on the amount an entity is expected to be entitled to for promised goods or services provided to customers. The standard also requires expanded disclosures regarding contracts with customers. The guidance in this standard supersedes the revenue recognition requirements in Topic 605, "Revenue Recognition," and most industry-specific guidance. This guidance is effective for us beginning January 1, 2018, with retrospective application required, subject to certain practical expedients. We are currently evaluating the requirements of this standard, and have not yet determined the impact on our results of operations or financial position.

In July 2015, the FASB issued Accounting Standards Update No. 2015-11, "Inventory (Topic 330): Simplifying the Measurement of Inventory." An entity using an inventory method other than last-in, first-out or the retail inventory method should measure inventory at the lower of cost and net realizable value. The new guidance clarifies that net realizable value is the estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation and is effective for us beginning January 1, 2017. We do not expect the adoption of this guidance to have a material impact on our consolidated financial statements.

In February 2016, the FASB issued Accounting Standards Update No. 2016-02, "Leases (Topic 842)," which requires, among other things, lessees to recognize lease assets and liabilities on their balance sheets for those leases classified as operating leases under previous generally accepted accounting principles. These assets and liabilities must be recorded generally at the present value of the contracted lease payments, and the cost of the lease must be allocated over the lease term on a straight-line basis. This guidance is effective for us for annual and interim periods in fiscal years beginning after December 15, 2018, with a modified retrospective transition method mandated. We are currently evaluating the requirements of this standard and have not yet determined the impact on our consolidated financial statements.

In March 2016, the FASB issued Accounting Standards Update No. 2016-09, "Compensation - Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting." This standard changes several aspects of how we account for share-based payment award transactions, including income tax consequences, classification of awards as either equity or liabilities, classification of excess tax benefits on the statement of cash flows, forfeitures, minimum statutory tax withholding payments, and classification of employee taxes paid on the statement of cash flows when an employer withholds shares for tax-withholding purposes. This standard is effective for us for annual and interim periods in fiscal years beginning after December 15, 2016. Early adoption, as specified in the guidance, is permitted in any interim or annual period provided that the entire standard is adopted. We are currently evaluating the requirements of this standard and have not yet determined the impact on our consolidated financial statements.

Recently Adopted Accounting Standard—In April 2015, the FASB issued Accounting Standards Update No. 2015-03, "Simplifying the Presentation of Debt Issuance Costs," which became effective for us beginning January 1, 2016, and requires retrospective adoption. In accordance with this standard, our deferred financing costs associated with outstanding debt balances have been reclassified from "Prepaid expenses and other current assets" and "Other assets, net" to "Long-term debt, net." Amortization of such costs continues to be reported as "Interest expense, net."

Table of Contents

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

This Quarterly Report on Form 10-Q 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 Quarterly Report on Form 10-Q 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," "predict," and "continue." Forward looking statements are only predictions based on our current knowledge, expectations, and projections about future events.

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

- our ability to successfully adapt to our new business model after the idling of our West facility and the transition of our East facility to Trio®-only production
- our ability to comply with covenants in our debt-related agreements to avoid a default under those agreements; our ability to come to an agreement with our current and potential future lenders on definitive terms for our debt-related agreements going forward; or a further reduction in the total amount available to us under our credit facility
- changes in the price, demand, or supply of potash or Trio®/langbeinite
- adverse impacts to our business as a result of our independent auditor having expressed substantial doubt as to our ability to continue as a going concern due to the existence of a material uncertainty
- the costs of, and our ability to successfully construct, commission, and execute, any of our strategic projects
- declines or changes in agricultural production or fertilizer application rates
- further write-downs of the carrying value of our assets, including inventories
- circumstances that disrupt or limit our production, including operational difficulties or variances, geological or geotechnical variances, equipment failures, environmental hazards, and other unexpected events or problems
- changes in our reserve estimates
- currency fluctuations
- adverse changes in economic conditions or credit markets
- the impact of governmental regulations, including environmental and mining regulations, the enforcement of those regulations, and governmental policy changes
- adverse weather events, including events affecting precipitation and evaporation rates at our solar solution mines
- increased labor costs or difficulties in hiring and retaining qualified employees and contractors, including workers with mining, mineral processing, or construction expertise
- changes in the prices of raw materials, including chemicals, natural gas, and power
- our ability to obtain and maintain any necessary governmental permits or leases relating to current or future operations
- declines in the use of potash products by oil and gas companies in their drilling operations
- interruptions in rail or truck transportation services, or fluctuations in the costs of these services
- our inability to fund necessary capital investments

Table of Contents

the other risks, uncertainties, and assumptions described in Item 1A. Risk Factors of our Annual Report on Form 10-K for the year ended December 31, 2015, as updated by our subsequent Quarterly Reports on Form 10-Q. In addition, new risks emerge from time to time. It is not possible for our management to predict all risks that may cause actual results to differ materially from those contained in any forward-looking statements we may make. In light of these risks, uncertainties, and assumptions, the future events and trends discussed in this Quarterly Report on Form 10-Q 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 duty to update or revise publicly any forward-looking statements to conform those statements to actual results or to reflect new information or future events.

Table of Contents

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[®]. We sell potash and Trio[®] primarily into the agricultural market as a fertilizer. We also sell these products into the animal feed market as a nutritional supplement and sell potash into the industrial market as a component in drilling and fracturing fluids for oil and gas wells and other industrial inputs. 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. During the first half of 2016, we produced potash from three solution mining facilities and two conventional underground mining facilities. 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 brine recovery mine in Wendover, Utah. Our conventional production of potash came 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. We produce Trio[®] from our underground conventional East mine.

In April 2016, we converted our East facility from a mixed-ore facility that produced both potash and Trio[®] to a Trio[®]-only facility. We expect commissioning activities related to that transition to continue into the second half of 2016. We no longer produce potash at our East facility.

In May 2016, we initiated a plan to idle mining operations at our West facility and transition it into a care-and-maintenance mode due to the decline in potash prices. We completed the transition in early July.

Accordingly, beginning in July 2016, all of our potash is produced from our three solution mining facilities.

We have additional opportunities to develop mineralized deposits of potash in New Mexico, as well as to continue the optimization of our processing plants. These opportunities potentially include additional solution mining activities, additional recoveries of langbeinite, development of by-product markets and acceleration of production from our reserves.

Until the second quarter of 2016, we had one reportable segment; the extraction, production, and sale of potassium-related products. As a result of pricing pressure and the resulting economic factors giving rise to the conversion of our East facility to Trio[®]-only and the idling of our West facility, we reevaluated our reportable segments and determined that, beginning in the second quarter of 2016, we have two segments: potash and Trio[®]. 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. Our website is www.intrepidpotash.com.

Significant Business Trends and Activities

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

- **Idling of our West facility.** Due to the current potash pricing environment, in May 2016, we initiated a plan to idle mining operations at our West facility. Consistent with this plan, in July 2016, we idled the facility and transitioned it to a care-and-maintenance mode. In connection with this transition, we reduced our workforce by approximately 275 employees. We incurred restructuring charges of approximately \$1.9 million in the second quarter 2016, primarily related to estimated severance payments in connection with this decision, the majority of which will be paid in the third quarter.
- **Conversion of our East facility to Trio[®]-only.** In early April 2016, we transitioned our East facility from a mixed-ore processing facility to a Trio[®]-only facility. We expect commissioning activities related to this transition to continue into the second half of 2016. As a result of this transition, our Trio[®] production increased 65% in the second quarter of 2016 over the same period in 2015. We expect our Trio[®] production to increase in the second half of 2016 as compared to the same period in 2015 as we complete our commissioning efforts.

Table of Contents

- **Potash prices and demand.** Potash prices continued to decline significantly through the second half of 2015 and the first half of 2016 as global oversupply, combined with the impact the strong U.S. dollar, has had on global producers aggressively pricing tonnage imported into the North American market. Potash prices are a significant driver of profitability for our business. 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. Recent announcements from other producers about selling potash to India and China, and curtailed production, support our belief that we continue to see some signs of firmness in potash pricing, although global potash supply continues to exceed demand.

We sold 168,000 tons of potash in the second quarter of 2016, an increase of 21,000 tons compared to the second quarter of 2015. The timing of our shipments to customers for the winter fill program was earlier in 2015 as compared to 2016, despite an early start to the 2016 spring application season, resulting in more tons sold in the 2016 period. This increase was partially offset by selling fewer potash tons from our East facility, as beginning in April 2016, we no longer produced potash at our East facility. Further, our sales volumes into the industrial market in the first half of 2016 were below those in the same period in 2015, as oil and gas drilling activity decreased in the second half of 2015.

The specific timing of when farmers apply potash remains highly weather dependent and varies across the numerous growing regions within the U.S. The timing of potash sales is significantly influenced by the marketing programs of potash producers, as well as storage volumes closer to the farm gate. 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. Our sales volumes into the industrial market are correlated to drilling activity in the oil and gas market.

Our potash production in the second half of 2016 will be less than the second half of 2015 due to the transition of our East facility and the idling of our West facility. We expect to realize our current potash inventory through normal sales channels in the second half of 2016. Beginning in 2017, as we have fewer tons of potash to sell as compared to prior periods, we plan to be more selective in our sales strategy in order to maximize our sales price for each ton of potash that we sell.

- **Tri[®] prices and demand.** Sales volumes for Tri[®] decreased for the three months ended June 30, 2016, as compared to the same period in 2015 due to the overall softness in the fertilizer market. Tri[®] pricing increased slightly in the second quarter of 2016 as compared to the second quarter of 2015 due to slight differences in the mix of products sold. While Tri[®] pricing has historically demonstrated more resiliency than potash pricing due to Tri[®]'s unique nutrient make up and application to high-value crops, we expect to see continued pressure on the overall specialty fertilizer markets in 2016. We are focusing our efforts on maximizing our returns in the granular- and premium-sized markets. As we commission our East facility and increase Tri[®] production, we plan to not only expand our domestic marketing efforts, but also increase our export marketing efforts as they relate to Tri[®]. As a result, we expect our Tri[®] prices to decrease in the second half of 2016.

- **Costs associated with abnormal production.** We routinely evaluate our production levels and costs to determine if any costs are associated with abnormal production, as described under generally accepted accounting principles. The assessment of normal production levels is judgmental and unique to each quarter. During the second quarter of 2016, as we transitioned the East facility to a Tri[®]-only facility, we had no production of potash or Tri[®] over which costs could be allocated. As such, these costs were directly expensed as abnormal production costs.

- **Weather impact.** Our solar facilities experienced below average evaporation rates in 2015. As a result, fewer potash crystals formed in our evaporation ponds for harvesting during the harvest season that began in the second half of 2015, and was completed in April 2016. Therefore, we expect lower production from these facilities in 2016 as compared to 2015.

Table of Contents

Results of Operations

(in thousands)	Three Months		Six Months Ended	
	Ended June 30,		June 30,	
	2016	2015	2016	2015
Sales	\$51,840	\$73,651	\$125,117	\$190,672
Cost of goods sold	41,850	55,435	101,627	138,717
Gross (Deficit) Margin	(5,466)	2,605	(14,619)	21,325
Net (Loss) Income	\$(13,398)	\$(4,937)	\$(31,825)	\$1,592
Production volume (in thousands of tons):				
Potash			116	152
Langbeinite			331	389
Sales volume (in thousands of tons):				
Potash			71	43
Trio®			115	80
Average Net Realized Sales Price per Ton ¹				
Potash	\$193	\$358	\$206	\$361
Trio®	\$320	\$383	\$318	\$373

¹Average net realized sales price is a non-GAAP measure that we calculate as sales less freight costs then divided by production tons. More information about this non-GAAP measure is below under the heading "Non-GAAP Financial Measures."

Consolidated Results for the Three- and Six-month Periods Ended June 30, 2016

Total sales in the second quarter 2016 decreased as compared to 2015 as the lower average net realized sales price was only partially offset by increased sales volumes for potash and due to lower sales volumes and lower average net realized sales prices for Trio®. Our total cost of goods sold decreased in the second quarter of 2016 as compared to the same period in 2015 primarily due to increased lower-of-cost-or-market adjustments in 2016, caused by the decrease in potash pricing. Our cost of goods sold also decreased as we recorded less depreciation in 2016 due to the impairment of long-lived assets in December 2015. As a result of the decrease in sales volumes and average net realized sales prices, we incurred a gross deficit and an increased net loss for the second quarter 2016 as compared to the second quarter of 2015.

Total sales for the six months ended June 30, 2016 decreased as compared to 2015 due to lower average net realized sales prices for both potash and Trio®. Total cost of goods sold also decreased resulting from fewer tons sold from our East facility, as well as less depreciation expense in 2016 due to the impairment of long lived assets recorded in December 2015.

Based on our expectations for potash and Trio® pricing for the remainder of the year, we anticipate that we will incur a net loss for the year ending December 31, 2016.

Selling and administrative expenses decreased \$3.9 million, or 46%, to \$4.5 million for the three months ended June 30, 2016, from \$8.4 million for the three months ended June 30, 2015. The decrease is primarily due to decreased administrative headcount, and aircraft-related costs in 2016 as compared to 2015. As part of our on-going efforts to reduce our cost structure, we exercised our option to terminate our corporate office lease in May 2015 in accordance with its terms, resulting in a \$1.1 million charge in the second quarter of 2015. While part of this lease termination penalty was paid in December 2015 when we reduced our office space, the remaining \$0.6 million is expected to be payable in the first quarter of 2017. Selling and administrative expenses in 2015 were also higher due to an increase in legal and professional fees related primarily to one issue that concluded in 2015.

Selling and administrative expenses decreased \$4.8 million, or 30%, to \$11.1 million for the six months ended June 30, 2016 from \$15.9 million for the six months ended June 30, 2015, due to decreased administrative headcount and related expenses.

In January 2016, in response to declining potash prices, we undertook several cost saving actions that were intended to better align our cost structure with the business environment. These initiatives included the elimination of approximately 5% of our workforce, suspension of our cash bonus programs for most employees, and salary decreases for most employees.

Table of Contents

Additionally, in connection with the transition of the East facility in April 2016, and the idling of the West facility, we reduced our overall headcount by approximately 275 employees. As the transition of the East facility occurred in the second quarter of 2016, and we initiated our plan to idle the West facility in the second quarter of 2016, we recorded restructuring expense of approximately \$1.9 million during the three months ended June 30, 2016, the majority of which will be paid in the third quarter 2016. For the six months ended June 30, 2016, we recorded restructuring expense of \$2.3 million.

In late 2014, we initiated legal action to protest property tax valuations in New Mexico. In the second quarter of 2015, we reached an agreement with the State of New Mexico that resulted in a net \$2.0 million reduction in previously paid property taxes. Accordingly, as the inventory produced during 2014 has since been sold, we recorded the settlement in "Other operating income" during the second quarter of 2015.

Interest expense increased \$1.4 million to \$3.0 million or 88% for the three months ended June 30, 2016, from \$1.6 million for the three months ended June 30, 2015. The increase is due to the expensing of deferred financing costs of \$0.7 million associated with the decrease in the maximum amount available to us under our unsecured credit facility, as well as amending the termination date of the unsecured credit facility as discussed in more detail in the "Liquidity and Capital Resources" section below. Further, beginning April 1, 2016, the interest rates on our unsecured senior notes increased by 2%.

Interest expense for the six months ended June 30, 2016 increased to \$5.2 million as compared to \$3.2 million in the same period in 2015. This increase was the result of the expensing of deferred financing costs of \$1.5 million referred to above, as well as higher interest rates on our senior notes beginning April 1, 2016.

Potash Segment

(in thousands)	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Sales	\$39,196	\$57,093	\$92,891	\$147,822
Less: Freight costs	6,882	4,478	13,433	11,684
Warehouse & handling costs	2,132	2,771	4,286	5,779
Cost of goods sold	32,502	45,867	79,790	113,320
Lower-of-cost-or-market inventory adjustments	2,930	5,276	11,937	5,636
Costs associated with abnormal production and other	—	—	650	—
Gross (Deficit) Margin	\$(5,250)	\$(1,299)	\$(17,205)	\$11,403
Depreciation, depletion and amortization incurred ²	\$8,647	\$15,890	\$20,880	\$33,633
Sales Volumes (tons in thousands)	168	147	386	377
Production Volumes (tons in thousands)	116	152	331	389
Average Net Realized Sales Price per Ton ¹	\$193	\$358	\$206	\$361

¹Average net realized sales price is a non-GAAP measure that we calculate as sales less freight costs then divided by production tons. More information about this non-GAAP measure is below under the heading "Non-GAAP Financial Measures."

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

Three Months Ended June 30, 2016, and 2015

Our sales volumes in the second quarter of 2016 were greater those in 2015, driven by the timing of the start of the spring application season as described above, offset by decreased sales volumes into the industrial market due to decreased oil and gas drilling in the U.S.

Despite the increase in potash sales volumes, our potash sales during the three months ended June 30, 2016 decreased over the same period in 2015 due to a 46% decline in our average net realized sales price for potash due to higher

levels of supply in the North American market, and aggressive pricing of imported potash by our competitors.

27

Table of Contents

Our freight costs related to potash sales in the three months ended June 30, 2016 increased over the same period in 2015 primarily due to higher sales volumes. Our freight costs are impacted by the proportion of customers paying for their own freight, the geographic distribution of our products and the freight rates of our carriers.

Our total potash cost of goods sold in the three months ended June 30, 2016 decreased over the same period due to an overall decrease in our production costs primarily resulting from our decision to no longer produce potash at our East facility as noted above. Depreciation and depletion expense for potash decreased in 2016 due to the impairment of long-lived assets recorded in the fourth quarter of 2015.

Further, as we no longer produce potash at our East facility beginning in April 2016, our lower-of-cost-or-market adjustment for potash also decreased over the same period.

Our production volume of potash in the second quarter of 2016 decreased compared to the second quarter of 2015. In 2015, we produced potash at our East plant for all of 2015, whereas in 2016, we only produced langbeinite at our East plant during the majority of the second quarter. Further, we produced more potash at our HB facility in the second quarter as we continued harvesting potash later in the second quarter of 2016 as compared to 2015. This increase in potash produced from the HB mine was more than offset by lower production at our Wendover facility due to the weather issues noted above.

During the three months ended June 30, 2016, and 2015, we recorded lower-of-cost-or-market charges as our weighted average finished goods product inventory cost exceeded the estimated net realizable value of our finished goods product inventory. The lower-of-cost-or-market adjustment recorded during the three months ended June 30, 2016, resulted from lower potash prices. We expect our lower-of-cost-or-market adjustments will decrease in the second half of 2016, as beginning in July 2016, we are no longer producing potash conventionally.

As a result of the items mentioned above, our gross deficit increased in the three months ended June 30, 2016 compared to the three months ended June 30, 2015.

Six Months Ended June 30, 2016, and 2015

We sold 2% more potash in the first six months of 2016 as compared to the first half of 2015 primarily due to the timing of the spring application season in 2016 as compared to 2015, offset by a reduction in sales volumes from our East facility, as we stopped producing potash at that facility beginning in April 2016.

Our sales from potash during the first six months of 2016 decreased due primarily to a 43% decrease in our average net realized sales price. The decrease in our average net realized sales price was impacted by the oversupply of potash as noted above and the aggressive pricing of product imported into North America by our competitors.

Freight costs related to potash sales in the six months ended June 30, 2016 increased slightly over the same period in 2015 primarily due to higher sales volumes. Our freight costs are impacted by the proportion of customers paying for their own freight, the geographic distribution of our products and the freight rates of our carriers.

Our cost of goods sold for potash decreased in the six months ended June 30, 2016 as compared to the same period in 2015. Total cost of goods sold of potash decreased in 2016 as we sold fewer tons of potash from our East facility, which was our highest cost facility for potash. Due to the impairment of our West and East facilities that was recorded in the fourth quarter of 2015, depreciation and depletion expense for potash decreased in the first six months of 2016, which also reduced our cost of goods sold in 2016 as compared to 2015. Our cost of goods sold for potash also benefited from the direct expensing of abnormal production costs related to reduced production levels at East as noted below.

Our production volume of potash in the first half of 2016 decreased compared with the second quarter of 2015. In 2015, we produced potash and langbeinite at our East plant for all of 2015, whereas in 2016, we only produced langbeinite at our East facility during the majority of the second quarter.

During the six months ended June 30, 2016 and 2015, we recorded lower-of-cost-or-market charges as a result of routine assessments of the lower of weighted average cost or estimated net realizable value on our finished goods product inventory. The lower-of-cost-or-market adjustment recorded during the six months ended June 30, 2016, related to our potash inventories from our conventional facilities, and resulted from our higher production costs per ton and overall lower potash pricing.

As discussed above, because of the suspensions of production during the first half of 2016 related to langbeinite-only testing and conversion of our East facility to a Trio[®]-only facility, we determined that approximately \$0.7 million of

production costs at our East facility would have been allocated to additional tons produced, assuming we had been operating at normal production rates. Accordingly, these costs were excluded from our inventory values and instead expensed in the first half of 2016 as period production costs. We compare actual production relative to

Table of Contents

what we estimated could have been produced if we had not incurred the production suspensions and lower operating rates in order to determine the abnormal cost adjustment.

As a result of the items mentioned above, we incurred a gross deficit in the six months ended June 30, 2016 compared to a gross margin in the six months ended June 30, 2015.

Additional Information Relating to Potash

The table below shows our potash sales mix for the three months ended June 30, 2016, and 2015:

	Three Months Ended June 30, 2016		Six Months Ended June 30, 2015	
Agricultural	91%	74%	91%	78%
Industrial	4%	18%	4%	16%
Feed	5%	8%	5%	6%

Domestically, the potash market is influenced by global supply and demand, and is impacted by the pricing of imports from our competitors. The strength of the U.S. dollar has resulted in further pressure on potash pricing.

Average Net Realized Sales Price

The table below demonstrates our average net realized sales price for potash for the quarters ended on the dates set forth below:

	Average Net Realized Sales Price ¹ of Potash (Per ton)
June 30, 2016	\$193
March 31, 2016	\$216
December 31, 2015	\$277
September 30, 2015	\$319
June 30, 2015	\$358
March 31, 2015	\$362

¹Average net realized sales price is a non-GAAP measure that we calculate as sales less freight costs then divided by production tons. More information about this non-GAAP measure is below under the heading "Non-GAAP Financial Measures."

Trio[®] Segment

(in thousands)	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Sales	\$12,644	\$16,558	\$32,226	\$42,850
Less: Freight costs	2,049	2,420	5,830	6,126
Warehouse & handling costs	406	666	916	1,405
Cost of goods sold	9,348	9,568	21,837	25,397
Costs associated with abnormal production and other	1,057	—	1,057	—
Gross (Deficit) Margin	\$(216)	\$3,904	\$2,586	\$9,922
Depreciation, depletion and amortization incurred ²	\$879	\$3,063	\$2,554	\$6,294
Sales Volumes (tons in thousands)	33	37	83	98
Production Volumes (tons in thousands)	71	43	115	80
Average Net Realized Sales Price per Ton ¹	\$320	\$383	\$318	\$373

Table of Contents

¹ Average net realized sales price is a non-GAAP measure that we calculate as sales less freight costs then divided by production tons. More information about this non-GAAP measure is below under the heading "Non-GAAP Financial Measures."

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

Three Months Ended June 30, 2016, and 2015

Total sales from Trio[®] decreased in the three months ended June 30, 2016 due to a decrease in sales volumes of Trio[®] as our customers delayed purchases due to uncertainties in commodities pricing, reflecting the overall softness in the fertilizer market. Further, our sales were impacted by a 16% decrease in average net realized sales price due to decreases in other nutrients, which also pressured specialty fertilizer products.

Our freight costs related to Trio[®] sales in the six months ended June 30, 2016 decreased over the same period in 2015 as the volume of product sold decreased.

Total cost of goods sold for Trio[®] decreased during the three months ended June 30, 2016 and 2015, respectively, as a result of fewer tons of Trio[®] sold during the period, offset by higher production costs attributable to the transition of the East facility to a langbeinite only facility in April 2016. Further, our total cost of goods sold for Trio[®] decreased in the second quarter of 2016 as compared to the same period in 2015 as depreciation and depletion expense for Trio[®] decreased in the second quarter of 2016 resulting from the impairment of long-lived assets at East in the fourth quarter of 2015.

As a result of our transition of the East facility to a Trio[®] only facility, our Trio[®] production increased 65% in the second quarter of 2016, from 43,000 tons in the second quarter of 2015 to 71,000 tons in the second quarter of 2016. This increase in production, as well as overall pressure in the specialty fertilizer market, is expected to put downward pressure on our average net realized sales price of Trio[®] for the remainder of 2016. We believe the incremental production will provide us the opportunity to pursue markets that have been under-served in previous years. As we demonstrate our ability to provide a consistent supply of Trio[®] to our customers, we expect our customers will begin managing their inventory levels with just-in-time purchasing, similar to potash customer purchasing trends. As a result, we expect to build Trio[®] inventory in the second half of 2016.

In the second quarter of 2016, during the period when we transitioned our East facility to a Trio[®] only facility, we incurred \$1.1 million of production costs. These costs were excluded from our inventory values and instead expensed as abnormal production costs as we no production over that time frame over which those costs could be allocated.

Six Months Ended June 30, 2016, and 2015

Total sales from Trio[®] decreased as a result of selling 83,000 tons in the first six months of 2016 as compared to 98,000 tons in the first six months of 2015. Trio[®] sales were further impacted by a 15% decrease in average net realized sales price in the same periods.

Our freight costs related to Trio[®] sales in the six months ended June 30, 2016 decreased over the same period in 2015 as the volume of product sold decreased.

Our Trio[®] cost of goods sold decreased from \$25.4 million in the first half of 2015 to \$21.8 million in the first half of 2016, primarily attributable to selling fewer tons in 2016 as noted above. Further, depreciation and depletion expense for Trio[®] decreased in the first six months of 2016 resulting from the impairment of long-lived assets at East in the fourth quarter of 2015.

During the first six months of 2016, we produced 115,000 tons of Trio[®], an increase of 44% compared to the same period in 2015. This increase results from our transition of our East facility to a langbeinite-only facility in April 2016. We continue our commissioning efforts related to this transition, and expect our Trio[®] production in the second half of 2016 to exceed production volumes from 2015.

Table of Contents

Additional Information Relating to Trio®

Our export sales of Trio® tend to have 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.

	United States	Export
2016		
For the three months ended June 30, 2016	88%	12%
For the six months ended June 30, 2016	94%	6%
2015		
For the three months ended June 30, 2015	91%	9%
For the six months ended June 30, 2015	93%	7%

Average Net Realized Sales Price

The table below demonstrates our average net realized sales price for Trio® for the quarters ended on the dates set forth below:

	Average Net Realized Sales Price ¹ of Trio® (Per ton)
June 30, 2016	\$320
March 31, 2016	\$316
December 31, 2015	\$330
September 30, 2015	\$379
June 30, 2015	\$383
March 31, 2015	\$367

¹Average net realized sales price is a non-GAAP measure that we calculate as sales less freight costs then divided by production tons. More information about this non-GAAP measure is below under the heading "Non-GAAP Financial Measures."

Specific Factors Affecting Our Results

Sales

Our total 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 average net realized sales prices. 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 generally intend to operate our facilities at full production levels, which provide the greatest operating efficiencies; however, at times we have temporarily curtailed production to manage inventory levels. 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.

Table of Contents**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 potash cost of goods sold due to fluctuations in the relative mix of product that we produce through conventional and solar solution mining. Our cost of goods sold for our solar solution facilities is less than our cost of goods sold for our conventional facilities. As such, as we sell down potash inventory produced conventionally, and only produce potash via solar solution mining beginning in July 2016, we expect our potash cost of goods sold to decrease. Our solar solution production is impacted by weather variability. Our principal production costs include labor and employee benefits, maintenance materials, contract labor, materials for operating or maintenance projects, natural gas, electricity, operating supplies, chemicals, depreciation and depletion, royalties, and leasing costs. A smaller component of our cost base includes variable costs associated with contract labor, consumable operating supplies, reagents, and royalties. 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 are also impacted when our production levels change, due to factors such as changes in the grade of ore mined, 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 mining, oil and gas, and nuclear waste storage industries. Additionally, the East mine has a complex mineralogy. Historically, and through the first quarter of 2016, we produced both potash and Trio[®] at our East facility using a mixed-ore body and processing the ore through a singular product flow at the surface facility. The specific grade, volume, and characterization of the ore that was mined at any particular time was subject to fluctuations due to the nature of the mineral deposits and influenced the tons of potash and langbeinite ultimately produced from the facility, which affected our production costs per ton for both products and affected our quarter-to-quarter results. With the conversion of our East facility to a Trio[®]-only facility in April 2016, we believe we have simplified our process flow, which we expect will ultimately lead to a lower cost structure for our Trio[®] operations once the plant is fully commissioned in the second half of 2016.

We pay royalties to federal, state, and private lessors under our mineral leases. These payments typically equal a percentage of sales, after subtracting freight costs, of minerals extracted and sold under the applicable lease. In some cases, federal royalties for potash are paid on a sliding scale that varies with the grade of ore extracted. For the three and six months ended June 30, 2016, our average royalty rate was 2.8% and 4.1%, respectively. For the three and six months ended June 30, 2015, our average royalty rate was 4.0% and 3.8%, respectively.

Other Operating Income

In the three and six months ended June 30, 2016, we recorded operating income of \$1.8 million and \$1.9 million, respectively, primarily related to insurance proceeds resulting from a December 2015 snowstorm that damaged a portion of one of our warehouses in New Mexico. In addition, in we received a refund in 2013 from the State of New Mexico. This refund related to the overpayment of compensating taxes on capital projects in prior periods. As we are no longer receiving inquiries from vendors who performed work on those capital projects to which the overpayment related, we recognized the remaining \$1.1 million as other operating income in the second quarter of 2016.

Income Taxes

We are subject to federal and state income taxes on our taxable income. Our effective tax rate for both the three and six months ended June 30, 2016, was zero. Our effective tax rate for the three and six months ended June 30, 2015, was 6.6% and 63.1%, 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 depletion, research and development credits, and any changes in valuation allowances. During the three and six months ended June 30, 2016, our effective tax rate was impacted primarily by a valuation allowance placed on the additional deferred tax assets recorded during the period. During the three and six months ended June 30, 2015, our effective tax rate was impacted

primarily by the benefit from estimated depletion deductions.

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

For the three and six months ended June 30, 2016, we recognized an immaterial amount of income tax expense. For the three and six months ended June 30, 2015, we recognized income tax benefit of \$0.4 million and income tax expense of \$2.7 million, respectively. Total tax expense for the six months ended June 30, 2015, was comprised of \$0.1 million of current income tax benefit and \$2.8 million of deferred income tax expense.

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

Table of Contents

statutory income tax rates that are applied to our current and deferred income tax calculations are impacted most significantly by the states in which we 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.

Capital Investments

During the first six months of 2016, cash paid for property, plant and equipment was \$11.8 million. We expect capital investment for 2016 to be approximately \$20 million to \$25 million. The majority of our remaining capital investment in 2016 is expected to be sustaining capital. We anticipate our 2016 operating plans and capital programs will be funded out of operating cash flows and existing cash and cash equivalents.

The above expected capital investment includes amounts to convert our East facility to a Trio[®]-only facility, which occurred in April 2016, and our subsequent activities to optimize our langbeinite recovery techniques and maximize the amount of granular- and premium-sized Trio[®] that we produce.

We hold permits, governmental approvals, and leases necessary for the continued operations at each of our facilities. A decision by a governmental agency or lessee to deny or delay a new or renewed permit, approval, or lease, or to revoke or substantially modify an existing permit, approval, or lease, could prevent or limit us from continuing our operations at the affected facility. In addition, we could be required to expend significant amounts to obtain these permits, approvals, or leases, or we could be required to make significant capital investments to modify or suspend our operations at one or more of our facilities.

Liquidity and Capital Resources

As of June 30, 2016, we had cash, cash equivalents, and investments of \$47.6 million. This amount was made up of the following:

\$8.7 million in cash;

\$22.3 million in cash equivalent investments, consisting of money market accounts with banking institutions that we believe are financially sound; and

\$16.6 million invested in short-term investments.

Our operations have primarily been funded from cash on hand and cash generated by operations. We will continue to monitor our future sources and uses of cash, and anticipate that we will make adjustments to our capital allocation strategies when, and if determined by our Board of Directors. We expect to continue to look for opportunities to improve our capital structure by reducing debt and its related interest expense. We may, at any time we may deem conditions favorable, also attempt to improve our liquidity position by accessing debt or equity markets. We cannot provide any assurance that we will pursue any of these transactions or that we will be successful in completing them on acceptable terms or at all.

The following summarizes our cash flow activity for the six months ended June 30, 2016, and 2015 (in thousands):

	Six Months Ended	
	June 30,	
	2016	2015
Cash flows provided by operating activities	\$403	\$55,194
Cash flows provided by (used in) investing activities	\$24,100	\$(81,468)
Cash flows used in financing activities	\$(2,826)	\$(1,030)

Operating Activities

Total cash provided by operating activities through June 30, 2016, was \$0.4 million, a decrease of \$54.8 million compared with the first six months of 2015. The decrease was driven by lower net realized sales price per ton in the first six months of 2016 as compared to the same period in 2015.

Table of Contents

Investing Activities

Total cash provided by investing activities increased by \$105.6 million in the first six months of 2016 compared with the same six month period in 2015 as a result of increased investment sales and lower capital investment activity.

Financing Activities

Total cash used in financing activities of \$2.8 million was due to an increase in debt issuance costs related to the on-going negotiations with our lenders.

Unsecured Credit Facility

We have an unsecured credit facility, led by U.S. Bank, as administrative agent, and Wells Fargo Bank, as syndication agent. Throughout the first seven months of 2016, we entered into a series of amendments that ultimately reduced the amount available to us under the credit facility to a maximum of \$1 million, which amount may be used only for letters of credit. Any availability of the credit facility is subject to our compliance with financial covenants that provide that our leverage ratio may not exceed 3.5 to 1 and our fixed charge coverage ratio may not be below 1.3 to 1. We were not in compliance with these covenants as of March 31, 2016, and June 30, 2016; however, the lenders under the credit facility have agreed to waive until September 30, 2016, the requirement that we comply with these covenants for the quarters ended March 31, 2016 and June 30, 2016. Further, the lenders agreed that noncompliance with these covenants for the quarters ended March 31, 2016, and June 30, 2016, will not constitute a default or event of default under the credit facility until September 30, 2016. If current market conditions continue, we anticipate that our adjusted EBITDA (earnings before interest, income taxes, depreciation, amortization, and certain other expenses, as defined in the credit facility) will not be sufficient for us to return to compliance with these covenants through 2016. As a result, we are working with our lenders and evaluating our options, which could include additional covenant amendments, waivers, or forbearances, alternative financing arrangements, a possible further reduction in the amount of the credit facility, and a possible reduction of our outstanding debt, which may include the payment of prepayment penalties. We have reached an agreement in principle regarding revised terms of our senior notes and have received a commitment letter from a third-party lender for a new credit facility to replace our existing credit facility, subject to various conditions, including that the revised terms of the agreement between us and the holders of our senior notes be satisfactory to the third-party lender. We are working toward completing documentation to close these transactions by September 30, 2016. However, if we are unable to reach definitive agreements, our continued failure to comply with these covenants after the waiver expires, or our failure to comply with similar covenants under the terms of our senior notes after September 30, 2016, will result in an event of default that, if not cured or waived, could result in the acceleration of all outstanding indebtedness, including the acceleration of our senior notes discussed below and any amounts outstanding under the credit facility. In addition, the amount available under the credit facility would be reduced to zero. The maturity date for the credit facility is the earliest of (1) September 30, 2016, (2) any date on which the aggregate commitment under the credit facility is reduced to zero, and (3) the effective date for a new credit facility.

The credit facility also has a covenant that requires us to provide to the lenders audited annual financial statements within 90 days of the end of each year. The audit report must not contain any going concern modification. The audit report accompanying our financial statements for the year ended December 31, 2015, contains a going concern modification, and therefore does not satisfy the credit facility covenant. The lenders under the facility agreed to waive until September 30, 2016, the requirement that we deliver audited annual financial statements for the year ended December 31, 2015, without any going concern modification. Further, the lenders agreed that the existence of audited annual financial statements for the year ended December 31, 2015, with a going concern modification will not constitute a default or event of default under the facility until September 30, 2016. Our continued failure to comply with this covenant after September 30, 2016, will result in an event of default that, if not cured or waived, could result in the acceleration of all outstanding indebtedness, including the acceleration of our senior notes discussed below and any amounts outstanding under the credit facility.

The financial covenants under the credit facility are calculated as follows:

- Our maximum leverage ratio (calculated as the ratio of funded indebtedness to adjusted EBITDA for the prior four fiscal quarters) is 3.5 to 1, where funded indebtedness is calculated as total funded indebtedness minus cash and cash equivalent investments on hand up to a maximum of \$75 million. Our leverage ratio at June 30,

2016, was 10.3 to 1.

Our minimum fixed charge coverage ratio (calculated as the ratio of adjusted EBITDA for the prior four fiscal quarters, minus maintenance capital expenditures and cash paid for income taxes, to interest expense plus scheduled principal amortization of long-term funded indebtedness) is 1.3 to 1, where annual maintenance capital expenditures is set at \$20 million. Our fixed charge coverage ratio at June 30, 2016, was (1.4) to 1.

34

Table of Contents

These ratios and other restrictive covenants under the credit facility could limit our ability to engage in activities that we believe are in our long-term best interests.

The facility is unsecured and is guaranteed by our material subsidiaries. We occasionally borrow and repay amounts under the facility for near-term working capital needs and may do so in the future. As of June 30, 2016, we had a \$0.5 million letter of credit outstanding under the facility.

Unsecured Senior Notes

In April 2013, we issued \$150 million aggregate principal amount of unsecured senior notes (the "Notes") pursuant to a note purchase agreement entered into in August 2012. The Notes consist of the following series:

\$60 million of 3.23% Senior Notes, Series A, due April 16, 2020

\$45 million of 4.13% Senior Notes, Series B, due April 14, 2023

\$45 million of 4.28% Senior Notes, Series C, due April 16, 2025

The Notes are senior unsecured obligations and rank equally in right of payment with any other unsubordinated unsecured indebtedness of ours. The Notes are subject to the same leverage ratio and fixed charge coverage ratio as apply under the credit facility, as described above. In January 2016, we amended the note purchase agreement to provide that the interest rate for the senior notes will be increased by 0.25% during any time that our leverage ratio exceeds 2.25 to 1. As we did not meet our leverage ratio and fixed charge ratio as of March 31, 2016, in accordance with the terms of the note purchase agreement, the above interest rates increased by 2% from April 1, 2016 through July 28, 2016. As part of an amendment and waiver extension in July 2016, the above interest rates increased 3.5% above the rates indicated above beginning July 29, 2016 and will remain at that level as long as we are not meeting these ratios. As described above, these ratios and other restrictive covenants under the Notes could limit our ability to engage in activities that we believe are in our long-term best interests.

We were not in compliance with the financial covenants under the Notes as of March 31, 2016, and June 30, 2016; however, the noteholders have agreed to waive until September 30, 2016, the requirement that we comply with these covenants for the quarters ended March 31, 2016 and June 30, 2016. Further, the noteholders agreed that noncompliance with these covenants for the quarters ended March 31, 2016, and June 30, 2016, will not constitute a default or event of default under the Notes until September 30, 2016. If current market conditions continue, we anticipate that our adjusted EBITDA will not be sufficient for us to return to compliance with these covenants through 2016. We are working with the noteholders and evaluating our options, which could include additional covenant amendments, waivers, or forbearances, alternative financing arrangements, a possible further reduction in the amount of our credit facility, and a possible reduction of our outstanding debt, which may include the payment of prepayment penalties. We have reached an agreement in principle regarding revised terms of our senior notes and have received a commitment letter from a third-party lender for a new credit facility to replace our existing credit facility, subject to various conditions, including that the revised terms of the agreement between us and the holders of our senior notes be satisfactory to the third-party lender. We are working toward completing documentation to close these transactions by September 30, 2016. However, if we are unable to reach definitive agreements, our continued failure to comply with these covenants after September 30, 2016, will result in an event of default under the Notes and the credit facility that, if not cured or waived, could result in the acceleration of all outstanding indebtedness, including the acceleration of the Notes and any amounts outstanding under the credit facility.

The obligations under the Notes are unconditionally guaranteed by our material subsidiaries.

Interest is paid semiannually on April 16 and October 16 of each year. Interest expense is recorded net of any capitalized interest associated with investments in capital projects. We incurred gross interest expense of \$3.1 million and \$1.7 million for the three months ended June 30, 2016 and 2015, respectively. Included in the gross interest expense for the three months ended June 30, 2016, is the write-off of deferred financing costs of \$0.8 million related to the decrease in our unsecured credit facility as described above. We capitalized \$0.1 million and an immaterial amount of interest during the three months ended June 30, 2016, and 2015. For the six months ended June 30, 2016, and 2015, we incurred gross interest expense of \$5.4 million and \$3.3 million, respectively. Included in the gross interest expense for the six months ended June 30, 2016 is the write-off of deferred financing costs of \$1.5 million related to the decrease in our unsecured credit facility as described above. We capitalized \$0.2 million and an immaterial amount during the six months ended June 30, 2016, and 2015, respectively.

Off-Balance Sheet Arrangements

As of June 30, 2016, we had no off-balance sheet arrangements aside from the operating leases and bonding obligations described in the accompanying notes to the condensed consolidated financial statements.

35

Table of Contents

Critical Accounting Policies and Estimates

Our Annual Report on Form 10-K for the year ended December 31, 2015, describes the critical accounting policies that affect our more significant judgments and estimates used in the preparation of our consolidated financial statements. There have been no significant changes to our critical accounting policies since December 31, 2015.

Non-GAAP Financial Measures

To supplement our consolidated financial statements, which are prepared and presented in accordance with GAAP, from time to time we may use non-GAAP financial measures to monitor and evaluate our performance. These non-GAAP financial measures should not be considered in isolation or as a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP. In addition, because the presentation of these non-GAAP financial measures varies among companies, our non-GAAP financial measures may not be comparable to similarly titled measures used by other companies.

We believe these non-GAAP financial measures provide useful information to investors for analysis of our business. We use these non-GAAP financial measures as one of our tools in comparing performance period over period on a consistent basis and when planning, forecasting, and analyzing future periods. We believe these non-GAAP financial measures are used by professional research analysts and others in the valuation, comparison, and investment recommendations of companies in the potash mining industry. Many investors use the published research reports of these professional research analysts and others in making investment decisions.

Below is additional information about the non-GAAP financial measure used in this filing, including a reconciliation of this non-GAAP financial measure to the most directly comparable GAAP measure, for the three and six months ended June 30, 2016, and 2015.

Average Net Realized Sales Price per Ton

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

	Three Months Ended June 30,					
	2016			2015		
(in thousands except per ton amounts)	Potash	Trio®	Total	Potash	Trio®	Total
Sales	\$39,196	\$12,644	\$51,840	\$57,093	\$16,558	\$73,651
Freight costs	6,882	2,049	8,931	4,478	2,420	6,898
Subtotal	\$32,314	\$10,595	\$42,909	\$52,615	\$14,138	\$66,753
Divided by:						
Tons sold	168	33		147	37	
Average net realized sales price per ton	\$193	\$320		\$358	\$383	

Table of Contents

(in thousands except per ton amounts)	Six Months Ended June 30,					
	2016			2015		
	Potash	Trio®	Total	Potash	Trio®	Total
Sales	\$92,891	\$32,226	\$125,117	\$147,822	\$42,850	\$190,672
Freight costs	13,433	5,830	19,263	11,684	6,126	17,810
Net sales	\$79,458	\$26,396	\$105,854	\$136,138	\$36,724	\$172,862
Divided by:						
Tons sold	386	83		377	98	
Average net realized sales price per ton	\$206	\$318		\$361	\$373	

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Part II, Item 7A., "Quantitative and Qualitative Disclosure About Market Risk," of our Annual Report on Form 10-K for the year ended December 31, 2015, describes our exposure to market risk. There have been no significant changes to our market risk exposure since December 31, 2015.

ITEM 4. CONTROLS AND PROCEDURES**Evaluation of Disclosure Controls and Procedures**

We maintain "disclosure controls and procedures," as defined in Rule 13a-15(e) and 15d-15(e) under the Exchange Act. Our disclosure controls and procedures are designed to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in Securities and Exchange Commission rules and forms. Our disclosure controls and procedures are also designed to ensure that this information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure. Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of our disclosure controls and procedures as of June 30, 2016. Based on this evaluation, our principal executive officer and principal financial officer have concluded that our disclosure controls and procedures were effective as of June 30, 2016, at the reasonable assurance level.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during the three months ended June 30, 2016, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations on Effectiveness of Controls

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

Table of Contents

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

In February 2015, Mosaic Potash Carlsbad Inc. ("Mosaic") filed a complaint and application for preliminary injunction and permanent injunction against Steve Gamble and us in the Fifth Judicial District Court for County of Eddy in the State of New Mexico. Mr. Gamble is a current Intrepid employee and former Mosaic employee. The complaint alleges against us violations of the Uniform Trade Secrets Act and tortious interference with contract relating to alleged misappropriation of Mosaic's trade secrets. Mosaic seeks monetary relief of an unspecified amount, including damages for actual loss and unjust enrichment, exemplary damages, attorneys' fees, and injunctive relief and has alleged that it has spent hundreds of millions of dollars to research and develop its alleged trade secrets. In August 2015, the court denied Mosaic's application for preliminary injunction. The lawsuit is currently progressing through discovery. We are vigorously defending against the lawsuit.

In July 2016, Mosaic filed a complaint against Steve Gamble and us in US District Court for the District of New Mexico. The complaint alleges violations of the Computer Fraud and Abuse Act, conversion, and civil conspiracy relating to alleged misappropriation of Mosaic's confidential information. Mosaic seeks injunctive relief and compensatory and punitive damages of an unspecified amount. We are vigorously defending against the lawsuit.

We are subject to other 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 other claims or actions is not reasonably likely to have a material adverse effect on our financial condition, 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.

ITEM 1A. RISK FACTORS

Our future performance is subject to a variety of risks and uncertainties that could materially and adversely affect our business, financial condition, results of operations, and the trading price of our common stock. These risks and uncertainties are described in Part I, Item 1A. "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2015. There have been no material changes to these risks and uncertainties.

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

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

We are committed to providing a safe and healthy work environment. The objectives of our safety programs are to eliminate workplace accidents and incidents, to preserve employee health, and to comply with 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 regulators to identify and implement new 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 Quarterly Report on Form 10-Q 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 facilities and our HB solar solution mine are subject to regulation by the

Table of Contents

Occupational Health and Safety Administration and, therefore, are not required to be included in the information provided in Exhibit 95.1.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

The list of exhibits in the Exhibit Index to this Quarterly Report on Form 10-Q is incorporated herein by reference.

39

Table of Contents

SIGNATURES

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

INTREPID POTASH, INC.

(Registrant)

Dated: August 1,
2016 /s/ Robert P. Jornayvaz III

Robert P. Jornayvaz III - Executive Chairman of the Board, President, and Chief Executive Officer
(Principal Executive Officer and Duly Authorized Officer)

Dated: August 1,
2016 /s/ Brian D. Frantz

Brian D. Frantz - Senior Vice President and Chief Accounting Officer (Principal Financial Officer
and Principal Accounting Officer)

Table of Contents

EXHIBIT INDEX

Exhibit No.	Description
3.1	Certificate of Amendment to Restated Certificate of Incorporation of Intrepid Potash, Inc. (incorporated by reference to Intrepid Potash, Inc.'s Current Report on Form 8-K (File No. 001-34025) filed on May 26, 2016).
10.1	Waiver and Amendment No. 6 to Credit Agreement, dated as of May 6, 2016, by and among Intrepid Potash, Inc., each of the lenders named therein, and U.S. Bank National Association, as Administrative Agent (incorporated by reference to Intrepid Potash, Inc.'s Current Report on Form 8-K (File No. 001-34025) filed on May 9, 2016).
10.2	Waiver and Amendment No. 7 to Credit Agreement, dated as of July 29, 2016, by and among Intrepid Potash, Inc., each of the lenders named therein, and U.S. Bank National Association, as Administrative Agent (incorporated by reference to Intrepid Potash, Inc.'s Current Report on Form 8-K (File No. 001-34025) filed on July 29, 2016).
10.3	Second Waiver to Note Purchase Agreement, dated as of May 6, 2016, by and among Intrepid Potash, Inc. and each of the purchasers named therein (incorporated by reference to Intrepid Potash, Inc.'s Current Report on Form 8-K (File No. 001-34025) filed on May 9, 2016).
10.4	Third Waiver to Note Purchase Agreement, dated as of June 30, 2016, by and among Intrepid Potash, Inc. and each of the purchasers named therein (incorporated by reference to Intrepid Potash, Inc.'s Current Report on Form 8-K (File No. 001-34025) filed on June 30, 2016).
10.5	Fourth Waiver to Note Purchase Agreement, dated as of July 15, 2016, by and among Intrepid Potash, Inc. and each of the purchasers named therein (incorporated by reference to Intrepid Potash, Inc.'s Current Report on Form 8-K (File No. 001-34025) filed on July 15, 2016).
10.6	Fifth Waiver to Note Purchase Agreement, dated as of July 29, 2016, by and among Intrepid Potash, Inc. and each of the purchasers named therein (incorporated by reference to Intrepid Potash, Inc.'s Current Report on Form 8-K (File No. 001-34025) filed on July 29, 2016).
10.7	Intrepid Potash, Inc. Amended and Restated Short-Term Incentive Plan (incorporated by reference to Intrepid Potash, Inc.'s Current Report on Form 8-K (File No. 001-34025) filed on May 26, 2016).†
10.8	Intrepid Potash, Inc. Amended and Restated Equity Incentive Plan (incorporated by reference to Intrepid Potash, Inc.'s Current Report on Form 8-K (File No. 001-34025) filed on May 26, 2016).†
10.9	Form of Restricted Stock Agreement under Intrepid Potash, Inc. Amended and Restated Equity Incentive Plan.†*
10.10	Form of Stock Option Agreement under Intrepid Potash, Inc. Amended and Restated Equity Incentive Plan.†*
10.11	Separation Agreement and General Release, dated as of May 6, 2016, by and between Intrepid Potash, Inc. and Kelvin G. Feist.†*
31.1	Certification of Principal Executive Officer pursuant to Rule 13a-14(a) and 15d-14(a), as amended.*
31.2	Certification of Principal Financial Officer pursuant to Rule 13a-14(a) and 15d-14(a), as amended.*
32.1	Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.**
32.2	Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.**
95.1	Mine Safety Disclosure Exhibit.*

101.INS XBRL Instance Document.*

101.SCH XBRL Taxonomy Extension Schema.*

101.CAL XBRL Extension Calculation Linkbase.*

101.LAB XBRL Extension Label Linkbase.*

101.PRE XBRL Extension Presentation Linkbase.*

101.DEF XBRL Extension Definition Linkbase.*

*Filed herewith.

**Furnished herewith.

Management contract or compensatory plan or arrangement.

41

Table of Contents

42