Management's Discussion and Analysis of Operations and Financial Condition
For the three months and years ended December 31, 2019 and 2018

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF OPERATIONS AND FINANCIAL CONDITION

This management's discussion and analysis of operations and financial condition ("MD&A") is as of March 27, 2020 and should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2019 (the "Consolidated Financial Statements"). Unless otherwise specified, all figures in this MD&A are presented in thousands of US Dollars ("$") and in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and Interpretations issued by the International Financial Reporting Interpretations Committee.

This MD&A considers both IFRS and certain non-IFRS measures that management considers in evaluating the Company's operational and financial performance. Non-IFRS measures are a numerical measure of a company's performance, that either include or exclude amounts that are not normally included or excluded from the most directly comparable IFRS measures. Management believes that the non-IFRS measures provide useful supplemental information to investors, analysts, lenders and others. In evaluating non-IFRS measures, investors, analysts, lenders and others should consider that non-IFRS measures do not have any standardized meaning under IFRS and that the methodology applied by the Company in calculating such non-IFRS measures may differ among companies and analysts. Non-IFRS financial measures should not be considered as a substitute for, nor superior to, measures of financial performance prepared in accordance with IFRS. Definitions and reconciliations of non-IFRS measures to the most directly comparable IFRS measures are included in Section 7 of this MD&A.

This MD&A contains ''forward-looking information" within the meaning of applicable Canadian securities legislation. Management believes that forward-looking information provides useful supplemental information to investors, analysts, lenders and others. In evaluating forward-looking information, investors, lenders and others should consider that forward looking information may not be appropriate for other purposes and are cautioned not to put undue reliance on forward-looking information. Forward-looking information contained in this MD&A is based on the opinions, assumptions and estimates of management set out herein, which management believes are reasonable as at the date the statements are made. Such opinions, assumptions and estimates are inherently subject to a variety of risks and uncertainties and other known and unknown factors that could cause actual events or results to differ materially from those projected in forward-looking information. Although the Company has attempted to identify crucial factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Cautionary statements regarding forward-looking information and risks and uncertainties affecting forward-looking information are included in Section 9 of this MD&A.

A copy of this MD&A and additional information relating to the Company is available under the Company's profile on the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com *and on the Company's website at* www.itafos.com.

1. GENERAL COMPANY INFORMATION

OVERVIEW

Itafos (the "Company") is a vertically integrated phosphate fertilizers and specialty products company with an attractive portfolio of long-term strategic businesses and projects located in key fertilizer markets worldwide.

The Company owns, operates and is developing the following businesses and projects:

- Itafos Conda – a vertically integrated phosphate mine and fertilizer business with production and sales capacity of approximately 550kt per year of monoammonium phosphate ("MAP"), MAP with micronutrients ("MAP+"), superphosphoric acid ("SPA"), merchant grade phosphoric acid ("MGA") and specialty products including ammonium polyphosphate ("APP") located in Idaho, US;
- Itafos Arraias[1] – a vertically integrated phosphate mine and fertilizer business with production and sales capacity of approximately 500kt per year of single superphosphate ("SSP"), SSP with micronutrients ("SSP+") and approximately 40kt per year of excess sulfuric acid located in Tocantins, Brazil;
- Itafos Farim – a high-grade phosphate mine project located in Farim, Guinea-Bissau;
- Itafos Paris Hills – a high-grade phosphate mine project located in Idaho, US;
- Itafos Santana – a vertically integrated high-grade phosphate mine and fertilizer plant project located in Pará, Brazil;
- Itafos Mantaro – a large phosphate mine project located in Junin, Peru; and
- Itafos Araxá – a vertically integrated rare earth elements and niobium mine and extraction plant project located in Minas Gerais, Brazil.

The Company's principal shareholder is CL Fertilizers Holding LLC ("CLF"). CLF is an affiliate of Castlelake, L.P., a global private investment firm (see Note 27 in the Consolidated Financial Statements).

The Company's shares trade on the TSX Venture Exchange ("TSX-V") under the trading symbol "IFOS". The Company's registered office is at Ugland House, Grand Cayman, Cayman Islands KY1-1104.

[1] Itafos Arraias previously produced and sold PK compounds as part of the repurpose plan, which was enabled by purchasing higher grade phosphate rock from third parties.

BUSINESSES AND PROJECTS

Key highlights of the Company's businesses and projects are as follows:

Item	Itafos Conda[ii]	Itafos Arraias[iii]	Itafos Farim	Itafos Paris Hills	Itafos Santana	Itafos Mantaro	Itafos Araxá
Ownership[i]	100%	97.0%	100%	100%	99.4%	100%	100%
Location	Idaho, US	Tocantins, Brazil	Farim, Guinea-Bissau	Idaho, US	Pará, Brazil	Junin, Peru	Minas Gerais, Brazil
Status	Operating	Idled	Construction ready	Development	Development	Development	Development
Reserves	13.1Mt at avg. 26.6% P_2O_5	Under review	44.0Mt at avg. 30.0% P_2O_5	Under review	Under review	Under review	Under review
Measured and indicated resources (including reserves)	50.3Mt at avg. 25.5% P_2O_5	79.0Mt at avg. 4.9% P_2O_5	105.6Mt at avg. 28.4% P_2O_5	88.0Mt at avg. 24.9% P_2O_5	60.4Mt at avg. 12.0% P_2O_5	39.5Mt at avg. 10.0% P_2O_5	6.3Mt at avg. 5.0% TREO and at avg. 1.0% Nb_2O_5
Inferred resources	0.7Mt at avg. 25.0% P_2O_5	12.7Mt at avg. 3.9% P_2O_5	37.6Mt at avg. 27.7% P_2O_5	10.4Mt at avg. 24.8% P_2O_5	26.6Mt at avg. 5.6% P_2O_5	376.3Mt at avg. 9.0% P_2O_5	21.9Mt at avg. 4.0% TREO and 0.6% Nb_2O_5
Mine life	Through mid-2026	Under review	25 years	Under review	Under review	Under review	Under review
Products	MAP, MAP+, SPA, MGA and APP	SSP, SSP+, and excess sulfuric acid	Phosphate rock	Phosphate rock	SSP and excess sulfuric acid	Phosphate rock	Rare earth oxides and niobium oxide
Annual production and sales capacity	550kt	500kt SSP and SSP+ and 40kt excess sulfuric acid	1.3Mt	1.0Mt	500kt SSP and 30kt excess sulfuric acid	Under review	8.7kt rare earth oxides and 0.7kt niobium oxide

i. Non-controlling interests represented by preferred non-voting shares issued by Itafos in 2018 upon exercise of warrants held by creditors under the 2016 Brazilian restructuring proceedings.
ii. Itafos Conda's reserves and mine life consider existing mines Rasmussen Valley and Lanes Creek only whereas measured and indicated resources and inferred resources include both existing mines and development mines Husky 1 and North Dry Ridge.
iii. Itafos Arraias previously produced and sold PK compounds as part of the repurpose plan, which was enabled by purchasing higher grade phosphate rock from third parties.

The Company's latest respective technical reports are available under the Company's profile on SEDAR at www.sedar.com and on the Company's website at www.itafos.com

2. HIGHLIGHTS

OVERALL HIGHLIGHTS

For the three months ended December 31, 2019, the Company's financial highlights were as follows:

- generated adjusted EBITDA of $(1,926), representing a 163% decrease year-over-year primarily due to significant and continued downward pressure on fertilizer prices in key markets including North America and Brazil (see Section 7);
- incurred net loss of $(88,465), representing a 43% decrease year-over-year primarily due to lower impairments of non-current assets of Itafos Arraias, Itafos Farim and Itafos Santana ($65,094 during 2019 compared to $146,627 during 2018) (see Note 9 in the Consolidated Financial Statements);
- recorded an impairment of $47,544 at Itafos Arraias primarily due to a longer expected ramp-up to optimal capacity utilization and increased associated upfront capital expenditures (see Note 9 in the Consolidated Financial Statements);
- recorded impairments of $15,662 and $1,888 at Itafos Farim and Itafos Santana, respectively, primarily due to the decline in multiples of comparable publicly traded companies and transactions during 2019 (see Note 9 in the Consolidated Financial Statements);
- completed a $36,000 capital raise with CLF including a non-brokered private placement financing of $15,000 and an amendment to increase the availability of a previously issued unsecured subordinated promissory note by $21,000, of which $5,000 was drawn (see Notes 17 and 15 in the Consolidated Financial Statements);
- closed a $20,000 secured working capital facility (the "Revolving Facility") at Itafos Conda (see Note 15 in the Consolidated Financial Statements);
- executed an amended and restated credit and guaranty agreement (the "A&R Credit Agreement"), replacing the existing credit and guaranty agreement dated May 18, 2018, including prior amendments, and further amended certain terms to provide the Company with additional financial flexibility including deferring the testing of financial covenants and reducing cash interest payable in 2020 (see Note 15 in the Consolidated Financial Statements); and
- implemented an aggressive corporate wide cost savings and deferral of spending initiatives.

For the three months ended December 31, 2019, the Company's business highlights were as follows:

- continued strong operational performance at Itafos Conda with overall production volumes of 140,683t, representing a 2% decrease year-over-year;
- generated adjusted EBITDA of $7,909 at Itafos Conda, representing a 60% decrease year-over-year primarily due to higher input costs and significant and continued downward pressure on diammonium phosphate ("DAP") New Orleans ("NOLA") to which MAP sales prices are linked (see Section 7);
- incurred net loss of $(1,590) at Itafos Conda, representing a 111% decrease year-over-year primarily due to significant and continued downward pressure on DAP NOLA to which MAP sales prices are linked;
- completed the technical report titled "NI 43-101 Technical Report on the Itafos Conda and Itafos Paris Hills Mineral Projects, Idaho, USA" and dated as of July 1, 2019 (the "Itafos Conda Technical Report"), concluding one and a half to two years of additional mine life from existing mines and defining Husky 1/North Dry Ridge ("H1/NDR") as the Company's path forward for mine life extension;
- idled Itafos Arraias and suspended the previously announced repurpose plan (the "Repurpose Plan") as part of a disciplined approach to capital allocation considering the significant and continued downward pressure on global fertilizer prices and the additional capital requirements to complete the Repurpose Plan; and
- advanced the development of Itafos Farim including advancing offtake agreement negotiations, completing front-end design and engineering, finalizing the mining contractor tender evaluation and advancing project financing.

For the three months ended December 31, 2019, the Company's other highlights were as follows:

- announced the resignation of Brent de Jong as Chairman and member of the Company's Board of Directors and appointment of Anthony Cina to serve as Chairman on an interim basis; and
- repurchased and cancelled 9,500 shares through the Normal Course Issuer Bid ("NCIB") for an aggregate amount

of $3.

For the year ended December 31, 2019, the Company's financial highlights were as follows:

- generated adjusted EBITDA of $1,149, representing a 96% decrease year-over-year primarily due to significant and continued downward pressure on fertilizer prices in key markets including North America and Brazil (see Section 7);
- incurred net loss of $(144,171), representing a 27% increase year-over-year primarily due to significant and continued downward pressure on fertilizer prices in key markets including North America and Brazil and higher finance expense at corporate (see Note 15 in the Consolidated Financial Statements), which were partially offset by lower impairments of non-current assets of Itafos Arraias, Itafos Farim and Itafos Santana ($65,094 during 2019 compared to $146,627 during 2018) (see Note 9 in the Consolidated Financial Statements) and lower current income tax expense at Itafos Conda;
- recorded an impairment of $47,544 at Itafos Arraias primarily due to a longer expected ramp-up to optimal capacity utilization and increased associated upfront capital expenditures (see Note 9 in the Consolidated Financial Statements);
- recorded impairments of $15,662 and $1,888 at Itafos Farim and Itafos Santana, respectively, primarily due to the decline in multiples of comparable publicly traded companies and transactions during 2019 (see Note 9 in the Consolidated Financial Statements);
- completed capital raises with CLF totaling $51,000 including $15,000 in the form of convertible unsecured promissory notes issued to CLF (the "CLF Promissory Note"), a non-brokered private placement financing of $15,000 and an amendment to increase the availability of the CLF Promissory Note by $21,000, of which $5,000 was drawn (see Notes 15 and 17 in the Consolidated Financial Statements);
- closed the Revolving Facility at Itafos Conda (see Note 15 in the Consolidated Financial Statements);
- executed the A&R Credit Agreement, replacing the existing credit and guaranty agreement dated May 18, 2018, including prior amendments, and further amended certain terms to provide the Company with additional financial flexibility including deferring the testing of financial covenants and reducing cash interest payable in 2020 (see Note 15 in the Consolidated Financial Statements); and
- implemented an aggressive corporate wide cost savings and deferral of spending initiatives.

For the year ended December 31, 2019, the Company's business highlights were as follows:

- continued strong operational performance at Itafos Conda with overall production volumes of 575,948t, representing a 6% increase year-over-year;
- generated adjusted EBITDA of $39,469 at Itafos Conda, representing a 38% decrease year-over-year primarily due to higher input costs and significant and continued downward pressure on DAP NOLA to which MAP sales prices are linked (see Section 7);
- generated net income of $1,724 at Itafos Conda, representing a 98% decrease year-over-year primarily due to the gain recognized on the fair valuation of Itafos Conda in 2018 as well as higher input costs and significant and continued downward pressure on DAP NOLA to which MAP sales prices are linked, and higher depreciation;
- demonstrated sustained environmental, health and safety excellence at Itafos Conda including achievement of one year without a reportable injury (prior to one contract worker reportable injury occurring during Q3 2019 and one employee reportable injury occurring during Q4 2019) and continued avoidance of any chemical releases during 2019;
- completed the Itafos Conda Technical Report concluding one and a half to two years of additional mine life from existing mines and defining H1/NDR as the Company's path forward for mine life extension;
- launched a micronutrient enhanced product MAP+, representing the Company's entry into semi-specialty fertilizer products at Itafos Conda;
- idled Itafos Arraias and suspended the previously announced Repurpose Plan as part of a disciplined approach to capital allocation considering the continued downward pressure on global fertilizer prices and the additional capital requirements to complete the Repurpose Plan; and

- advanced the development of Itafos Farim including securing all operational and environmental permits required to commence construction, signing two memorandums of understanding for offtake, completing front-end design and engineering, finalizing works contractors and procurement packages and advancing project financing.

For the year ended December 31, 2019, the Company's other highlights were as follows:

- announced the resignation of Brian Zatarain as Chief Executive Officer ("CEO") and appointment of Dr. Mhamed Ibnabdeljalil to serve as CEO on an interim basis;
- announced the resignation of Brent de Jong as Chairman and member of the Company's Board of Directors and appointment of Anthony Cina to serve as Chairman on an interim basis; and
- repurchased and cancelled 1,781,000 shares through the NCIB for an aggregate amount of $1,031.

Subsequent to the year ended December 31, 2019, the Company's overall highlights were as follows:

- issued 5,000,000 shares to lenders pursuant to the A&R Credit Agreement in exchange for, among other things, eliminating additional interest of 1% per annum payable in cash for each quarter that the Company's Consolidated Secured Leverage Ratio is equal to 4.00:1.00 at the end of such quarter;
- announced the appointment of Dr. Mhamed Ibnabdeljalil as CEO;
- announced the appointment of Anthony Cina as Chairman of the Company's Board of Directors;
- announced the appointment of Rory O'Neill and Ricardo de Armas to the Company's Board of Directors, as delegated by CLF; and
- completed the idling plan at Itafos Arraias, completed third party reviews of Itafos Arraias' mine and beneficiation plant and secured important long-term tax incentives for Itafos Arraias.

FINANCIAL HIGHLIGHTS

For the three months and years ended December 31, 2019 and 2018, the Company's financial highlights were as follows:

(in thousands of US Dollars except for volumes and prices)	*For the three months ended December 31,* 2019	2018	*For the years ended December 31,* 2019	2018
Revenues	$ 81,431	$ 100,597	$ 339,430	$ 302,182
Operating loss	(80,617)	(151,485)	(115,049)	(142,786)
Net loss	(88,465)	(155,157)	(144,171)	(113,487)
Adjusted EBITDA[i]	(1,926)	3,050	1,149	30,767
Maintenance capex[ii]	$ 12,291	$ 8,358	$ 29,942	$ 39,467
Growth capex[iii]	4,598	4,912	20,560	24,023
Basic loss per share	$ (0.63)	$ (1.09)	$ (1.02)	$ (0.82)
Fully diluted loss per share	$ (0.63)	$ (1.09)	$ (1.02)	$ (0.82)

i. Adjusted EBITDA is a non-IFRS measure (see Section 7).
ii. Maintenance capex is a non-IFRS measure (see Section 7).
iii. Growth capex is a non-IFRS measure (see Section 7).

For the three months ended December 31, 2019 and 2018, the Company's financial highlights were explained as follows:

- revenues were down year-over-year primarily due to lower MAP and SPA sales volumes and lower realized MAP prices at Itafos Conda, which were partially offset by higher revenue contributions from Itafos Arraias;
- net loss was down year-over-year primarily due to lower impairments of non-current assets of Itafos Arraias, Itafos Farim and Itafos Santana (see Note 9 in the Consolidated Financial Statements);
- adjusted EBITDA was down year-over-year primarily due to significant and continued downward pressure on fertilizer prices in key markets including North America and Brazil (see Section 7);
- maintenance capex was up year-over-year primarily due to gyp stack expansion at Itafos Conda during 2019 (see Section 7); and
- growth capex was down year-over-year primarily due to reduced spend at Itafos Arraias during 2019, which was

partially offset by mine life extension initiatives at Itafos Conda related to H1/NDR (see Section 7).

For the years ended December 31, 2019 and 2018, the Company's financial highlights were explained as follows:

- revenues were up year-over-year primarily due to higher MAP and SPA sales volumes as well as higher realized SPA prices, which were partially offset by lower realized MAP prices, at Itafos Conda and higher revenue contributions from Itafos Arraias during 2019, which had not achieved commercial production during H1 2018;
- net loss was up year-over-year primarily due to lower impairments of non-current assets of Itafos Arraias, Itafos Farim and Itafos Santana (see Note 9 in the Consolidated Financial Statements) and higher finance expense at corporate (see Note 15 in the Consolidated Financial Statements), which were partially offset by lower current income tax expense at Itafos Conda;
- adjusted EBITDA was down year-over-year primarily due to higher input costs at Itafos Conda and constrained production due to the implementation of the Repurpose Plan at Itafos Arraias during 2019, which had not achieved commercial production during H1 2018 (see Section 7);
- maintenance capex was down year-over-year primarily due to a partial planned plant turnaround at Itafos Conda during 2019 compared to a full planned plant turnaround at Itafos Conda during 2018 (see Section 7); and
- growth capex was down year-over-year primarily due to the capitalization of costs at Itafos Arraias during H1 2018 ahead of achieving commercial production, which were partially offset by development activities at Itafos Farim and mine life extension initiatives at Itafos Conda related to H1/NDR (see Section 7).

As at December 31, 2019 and 2018, the Company's financial highlights were as follows:

(in thousands of US Dollars)	*As at December 31,* **2019**	**2018**
Total assets	$ 510,764	$ 576,419
Total liabilities	368,505	304,640
Net debt[i]	182,201	152,088
Adjusted net debt[ii]	136,964	128,335
Total equity	142,259	271,779

i. Net debt is a non-IFRS measure (see Section 7).
ii. Adjusted net debt is a non-IFRS measure (see Section 7).

As at December 31, 2019 and 2018, the Company's financial highlights were explained as follows:

- total assets were down year-over-year primarily due to decreases in receivables and inventory at Itafos Conda, impairments of non-current assets of Itafos Arraias, Itafos Farim and Itafos Santana and increases in depreciation of assets in service during 2019, which were partially offset by an increase in property, plant and equipment related to the application of IFRS 16 during 2019 (see Note 10 in the Consolidated Financial Statements) and gyp stack expansion at Itafos Conda during 2019;
- total liabilities were up year-over-year primarily due to increases as a result of the recognition of lease liabilities related to the application of IFRS 16 (see Note 16 in the Consolidated Financial Statements), increases in long-term provisions due to additions to asset retirement obligations at Itafos Conda, higher taxes payable primarily at Itafos Conda and higher trade payables during 2019;
- net debt was up year-over-year primarily due to additional debt from the CLF Promissory Note and the Revolving Facility and paid-in-kind interest expense related to the Facility, which was partially offset by higher cash and cash equivalents (see Section 7);
- adjusted net debt was up year-over-year primarily due to additional debt from the Revolving Facility and paid-in-kind interest expense related to the Facility, which was partially offset by higher cash and cash equivalents and amortization of financing costs related to the Facility (see Section 7); and
- total equity was down year-over-year primarily due to an increase in deficit due to the net loss during 2019, which was partially offset by the non-brokered private placement financing with CLF (see Note 17 in the Consolidated Financial Statements).

BUSINESS HIGHLIGHTS

Itafos Conda

In 2019, Itafos Conda continued its strong operational performance with overall production volumes up year-over-year. In addition, Itafos Conda sustained environmental, health and safety excellence including achievement of a notable milestone by exceeding one year without a reportable injury (prior to one contract worker reportable injury occurring during Q3 2019 and one employee reportable injury occurring during Q4 2019) and continued avoidance of any chemical releases during 2019. Unusually cold and wet weather conditions across key growing regions affected short-term fertilizer buying patterns in the US and caused many growers to defer fertilizer purchases. These developments have elevated inventories to near historic highs, putting significant and continued downward pressure on fertilizer prices in the short-term. SPA production and sales were constrained due to increased amounts of unfavorable ore elements, shortage of finished product rail cars and lack of sulfuric acid availability, which were impacted by weather and logistical challenges and correspondingly resulted in a shift to incremental MAP production. The increase in unfavorable ore elements, most notably magnesium oxide, resulted in evaporation capacity limitations, which negatively impacted SPA production. To mitigate the potential impact of unfavorable ore elements affecting future periods, Itafos Conda is taking steps to further optimize ore blending and evaluating selective beneficiation processes.

Itafos Conda's margins were compressed year-over-year primarily due to higher input costs, most notably purchased sulfuric acid, ore and natural gas. The higher input costs were related to sulfuric acid contract repricing in 2019, higher ore feed costs driven by reduced ore volumes due to mine sequencing and a spike in natural gas price driven by a supply disruption due to an off-site pipeline explosion, which negatively impacted the Sumas index in late 2018. To mitigate the potential impact of input costs affecting future periods, Itafos Conda made operational improvements to improve mining efficiencies during Q3 2019 and entered into a two-year fixed price natural gas supply agreement during Q4 2019.

During 2019, Itafos Conda completed a pilot production run of a new semi-specialty fertilizer product, MAP+. The Company expects that production and sales of MAP+ will improve Itafos Conda's margin profile by reducing exposure to DAP NOLA price fluctuations, requiring less P_2O_5 per tonne and limiting the commercial impact of lower near-term SPA production. Also during Q3 2019, Itafos Conda completed a significant amount of exploratory drilling work in support of the Itafos Conda Technical Report and environmental baselines in support of the permitting process for H1/NDR.

Also during 2019, Itafos Conda completed a partial planned plant turnaround compared to a full planned plant turnaround during 2018. For the year ended December 31, 2018, Itafos Conda's business highlights consider the period from the date of acquisition on January 12, 2018 through December 31, 2018 (see Note 6 in the Consolidated Financial Statements).

For the three months and years ended December 31, 2019, and 2018, Itafos Conda's business highlights were as follows:

(in thousands of US Dollars except for volumes and prices)	*For the three months ended December 31,* 2019	2018	*For the years ended December 31,* 2019	2018
Production volumes (t)				
MAP	95,990	89,341	381,316	360,004
MAP+	—	—	9,028	—
SPA[i]	36,794	38,156	145,848	148,235
MGA[ii]	199	72	1,277	353
APP	7,700	15,300	38,479	33,082
Total production volumes	**140,683**	**142,869**	**575,948**	**541,674**
Sales volumes (t)				
MAP	85,156	101,652	392,162	327,851
MAP+	2,329	—	2,329	—
SPA[i]	35,795	41,079	132,070	128,369
MGA[ii]	272	113	1,350	394
APP	12,257	8,602	38,486	26,527
Total sales volumes	**135,809**	**151,446**	**566,397**	**483,141**
Realized price ($/t)[iii]				
MAP	$ 313	$ 473	$ 378	$ 439
MAP+	$ 375	$ —	$ 375	$ —
SPA[iv]	$ 996	$ 1,006	$ 986	$ 942
MGA[v]	$ 952	$ 1,106	$ 994	$ 985
APP	$ 455	$ 396	$ 466	$ 420
Revenues ($)				
MAP	$ 26,681	$ 48,033	$ 148,182	$ 144,084
MAP+	$ 873	$ —	$ 873	$ —
SPA, net	$ 35,649	$ 41,337	$ 130,233	$ 120,925
MGA, net	$ 259	$ 125	$ 1,342	$ 388
APP, net	$ 5,579	$ 3,405	$ 17,921	$ 11,133
Total revenues	**$ 69,041**	**$ 92,900**	**$ 298,551**	**$ 276,530**
Revenues per tonne P_2O_5[vi]	$ 808	$ 958	$ 850	$ 897
Cash costs per tonne P_2O_5[vii]	$ 704	$ 752	$ 725	$ 688
Adjusted EBITDA[viii]	$ 7,909	$ 19,758	$ 39,469	$ 63,614

i. SPA production and sales volumes (t) are presented on a 100% P_2O_5 basis.
ii. MGA production and sales volumes (t) are presented on a 100% P_2O_5 basis.
iii. Realized price ($/t) is a non-IFRS measure (see Section 7).
iv. SPA realized prices ($/t) are presented on a 100% P_2O_5 basis.
v. MGA realized prices ($/t) are presented on a 100% P_2O_5 basis.
vi. Revenues per tonne P_2O_5 is a non-IFRS measure (see Section 7).
vii. Cash costs per tonne P_2O_5 is a non-IFRS measure (see Section 7).
viii. Adjusted EBITDA is a non-IFRS measure (see Section 7).

For the three months ended December 31, 2019 and 2018, Itafos Conda's business highlights were explained as follows:

- MAP production volumes were up year-over-year primarily due to a shift to incremental MAP production as a result of SPA production constraints;
- MAP sales volumes were down year-over-year due to timing of shipments under the exclusive long-term MAP offtake agreement with Nutrien;
- MAP realized prices were down year-over-year primarily due to significant and continued downward pressure on DAP NOLA to which MAP sales prices are linked ;
- MAP+ production volumes were flat year-over-year due to timing of 2019 production runs;
- MAP+ sales volumes were up year-over-year due to the launch of MAP+ in 2019;
- SPA production and sales volumes were down year-over-year primarily due to the presence of unfavorable ore elements constraining production;
- SPA realized prices were relatively flat year-over-year primarily due to pricing resiliency related to liquid products in premium sales region;
- revenues per tonne P_2O_5 were down year-over-year primarily due to significant and continued downward pressure on DAP NOLA to which MAP sales prices are linked; and
- cash costs per tonne P_2O_5 were down year-over-year primarily due to input costs declining in line with the overall fertilizer market.

For the years ended December 31, 2019 and 2018, Itafos Conda's business highlights were explained as follows:

- MAP production volumes were up year-over-year primarily due to a shift to incremental MAP production as a result of SPA production constraints and shortened 2018 due to acquisition timing and longer plant turnaround;
- MAP sales volumes were up year-over-year despite delayed spring demand due to higher MAP sales under the exclusive long-term MAP offtake agreement with Nutrien;
- MAP realized prices were down year-over-year primarily due to significant and continued downward pressure on DAP NOLA to which MAP sales prices are linked;
- MAP+ production volumes were up year-over-year due to pilot production run during Q3 2019;
- SPA production volumes were flat year-over-year primarily due to production constraints during 2019 and shortened 2018 due to acquisition timing and longer plant turnaround;
- SPA sales volumes were up year-over-year primarily due to greater demand for liquid products during 2019;
- SPA realized prices were up year-over-year primarily due to pricing resiliency related to liquid products in premium sales region;
- revenues per tonne P_2O_5 were down year-over-year primarily due to lower MAP realized prices during 2019, which were partially offset by higher SPA realized prices during 2019; and
- cash costs per tonne P_2O_5 were up year-over-year primarily due to higher input costs in 2019 (see Section 7).

Itafos Arraias

In July 2017, the Company completed the recommissioning of Itafos Arraias. On July 3, 2018, Itafos Arraias achieved commercial production. Despite having achieved commercial production, Itafos Arraias experienced operational challenges post declaration of commercial production resulting in lower than optimal levels of capacity utilization. As is typical in the ramp-up of new phosphate fertilizer production capacity, the Company was working to improve Itafos Arraias' operations with particular focus on improving mass yield, P_2O_5 recovery and overall product quality. To achieve these goals, the Company developed and implemented an efficiency improvement plan (the "Efficiency Improvement Plan") to address the technical issues underlying the operational challenges and to return Itafos Arraias to optimal levels of capacity utilization by year end 2019. While certain of the operational challenges were resolved and the business improved, the Efficiency Improvement Plan did not achieve the results expected.

During 2019, the Company implemented the Repurpose Plan at Itafos Arraias in order to optimize Itafos Arraias' finished fertilizer production with a multi-product portfolio of higher grade SSP and SSP+ and premium PK compounds. The Repurpose Plan at Itafos Arraias was intended to enhance Itafos Arraias' competitive positioning and profitability while reducing its operational and environmental risk profile. To enable the Repurpose Plan, Itafos Arraias purchased, received and processed higher grade phosphate rock from third parties during 2019, including entering into a multi-year phosphate rock supply agreement to purchase higher grade phosphate rock from the OCP Group S.A. (“OCP”).

In addition, the Company advanced other aspects of the Repurpose Plan, including production and sales of higher grade SSP and SSP+ and premium PK compounds, implementation of an efficient logistics process related to third party phosphate rock, reorganization of the site and commissioning of process equipment to enhance efficiency. In connection with advancing implementation of the Repurpose Plan, the Company idled Itafos Arraias’ existing mines, tailings dam and the beneficiation plant during Q2 2019.

On November 21, 2019, the Company announced its decision to idle Itafos Arraias and suspend the previously announced Repurpose Plan at Itafos Arraias as part of a disciplined approach to capital allocation considering the continued downward pressure on global fertilizer prices and the additional capital requirements to complete the Repurpose Plan.

Subsequent to the year ended December 31, 2019, the Company has completed the idling plan at Itafos Arraias, completed third party reviews of Itafos Arraias’ mine and beneficiation plant and secured important long-term tax incentives for Itafos Arraias. The Company followed best practices in implementing its plan to idle Itafos Arraias to protect and preserve the value of the underlying assets. The Company has completed the employee layoffs and contractor terminations associated with the idling plan. In addition, the Company has successfully monetized its remaining inventory and raw materials to partially offset costs associated with the implementation of the idling plan. Notwithstanding the idling of Itafos Arraias, the Company will continue to employ personnel that are necessary for the care and maintenance of the assets and will continue to maintain all licenses and permits in good standing and compliance with existing regulations.

In parallel with its decision to idle Itafos Arraias, the Company engaged the services of Golder Associates Inc. and Jesa Technologies LLC to conduct third party reports on Itafos Arraias’ mine and beneficiation plant, respectively. The third party reports, which were completed in January 2020, confirm that restarting Itafos Arraias’ mine and beneficiation plant is feasible and outline the respective timing and capex requirements.

Itafos Arraias is domiciled in Brazil and is subject to a federal tax rate of 34%, composed of a federal corporate income tax of 25% and other taxes of 9%. The location of Itafos Arraias’ assets makes it eligible to participate in a regional development program administered by the Superintendência do Desenvolvimento da Amazônia (“SUDAM”). Created in 1966 to promote development of the Amazon region in Brazil, SUDAM offers tax incentives that allow eligible companies to reduce the federal tax rate of 34% to 15.25% by means of a 75% discount to the federal corporate income tax of 25%. In February 2020, SUDAM accepted Itafos Arraias’ application, granting Itafos Arraias the tax incentives for a period of ten years with an opportunity to extend thereafter.

For the year ended December 31, 2018, Itafos Arraias’ business highlights consider that Itafos Arraias had not achieved commercial production during H1 2018.

For the three months and years ended December 31, 2019 and 2018, Itafos Arraias' business highlights were as follows:

(in thousands of US Dollars except for volumes and prices)	*For the three months ended December 31,* 2019	2018	*For the years ended December 31,* 2019	2018
Production volumes (t)				
SSP	65,893	29,227	126,906	72,212
SSP+	9,072	2,806	66,996	18,562
PK compounds	—	—	3,230	—
Total production volumes	**74,965**	**32,033**	**197,132**	**90,774**
Excess sulfuric acid production volumes (t)[i]	14,424	13,609	50,066	37,751
Sales volumes (t)				
SSP	47,394	33,739	98,483	106,922
SSP+	5,489	6,672	59,766	23,134
PK compounds	1,899	—	2,018	—
Total sales volumes	**54,782**	**40,411**	**160,267**	**130,056**
Excess sulfuric acid sales volumes (t)	14,424	13,609	50,066	37,751
Realized price ($/t)[ii]				
SSP	$ 190	$ 135	$ 194	$ 155
SSP+	$ 244	$ 160	$ 261	$ 158
PK compounds	$ 352	$ —	$ 355	$ —
Excess sulfuric acid	$ 94	$ 152	$ 110	$ 143
Revenues ($)				
SSP	$ 9,022	$ 4,560	$ 19,077	$ 16,594
SSP+	$ 1,340	$ 1,067	$ 15,589	$ 3,653
PK compounds	$ 668		$ 717	$ —
Total revenues	**$ 11,030**	**$ 5,627**	**$ 35,383**	**$ 20,247**
Excess sulfuric acid revenues ($)	$ 1,360	$ 2,070	$ 5,496	$ 5,405
Revenues per tonne P_2O_5[iii]	$ 759	$ 381	$ 1,259	$ 1,178
Cash costs per tonne P_2O_5[iv]	$ 1,661	$ 1,715	$ 1,931	$ 1,504
Adjusted EBITDA[v]	$ (7,001)	$ (12,649)	$ (23,372)	$ (21,995)

i. Excess sulfuric acid production volumes (t) are presented net of production for internal consumption.
ii. Realized price ($/t) is a non-IFRS measure (see Section 7).
iii. Revenues per tonne P_2O_5 is a non-IFRS measure and excludes excess sulfuric acid (see Section 7).
iv. Cash costs per tonne P_2O_5 is a non-IFRS measure and excludes excess sulfuric acid (see Section 7).
v. Adjusted EBITDA is a non-IFRS measure (see Section 7).

For the three months ended December 31, 2019, and 2018, Itafos Arraias' business highlights were as follows:

- SSP and SSP+ production and sales volumes were up year-over-year primarily due to an aggressive program to monetize raw materials and finished goods inventories following the decision to idle Itafos Arraias;
- SSP and SSP+ realized prices were up year-over-year primarily due to production of higher grade products;
- excess sulfuric acid production and sales volumes were up due to higher sulfuric acid plant availability and throughput;
- revenues per tonne P_2O_5 were up year-over-year primarily due to production of higher grade products; and
- cash costs per tonne P_2O_5 were down year-over-year primarily due to higher production volumes and reduction in MAP consumption required to achieve grade.

For the years ended December 31, 2019, and 2018, Itafos Arraias' business highlights were as follows:

- SSP and SSP+ production and sales volumes were up year-over-year primarily due to the implementation of the Repurpose Plan;
- SSP and SSP+ realized prices were up year-over-year due to production of higher grade products;
- PK compounds production and sales volumes were up year-on-year due to the implementation of the Repurpose Plan;
- excess sulfuric acid production and sales volumes were up year-over-year despite an oversupplied market during 2019 and higher internal consumption as Itafos Arraias had not achieved commercial production during H1 2018;
- revenues per tonne P_2O_5 were up year-over-year primarily due to production of higher grade products; and
- cash costs per tonne P_2O_5 were up year-over-year primarily due to higher input costs associated with production of higher grade products, which was partially offset by a reduction in MAP consumption.

OTHER HIGHLIGHTS

Capital Raise

On September 11, 2019, the Company raised $15,000 in capital in the form of the CLF Promissory Note. On December 31, 2019, the Company completed a $36,000 capital raise with CLF through a non-brokered private placement financing of $15,000 and an amendment to increase the availability of a previously issued subordinated promissory note by $21,000. As at December 31, 2019, the Company had borrowed $5,000 of the available $21,000, with the balance of $16,000 remaining available to be drawn by the Company at its sole discretion through December 31, 2020 (see Note 15 of the Consolidated Financial Statements).

The proceeds of the capital raise are expected to be used to fund general working capital and capital expenditure needs of the Company and its subsidiaries. On December 31, 2019, the Company issued 38,076,923 shares to CLF at an offering price of C$0.52 per share on a non-brokered private placement basis for aggregate gross proceeds of $15,000 (see Note 17 of the Consolidated Financial Statements).

In connection with the $36,000 capital raise with CLF, the Company and CLF have entered into an investor rights agreement (the "IRA"). Pursuant to the IRA, the Company has granted CLF, among other rights, the right to (i) participate pro-rata on future equity issuances, (ii) designate two nominees to the Company's Board of Directors so long as CLF holds more than 20% of the Company's outstanding shares on an undiluted basis and (iii) designate one nominee to the Company's Board of Directors so long as CLF holds more than 10% of the Company's outstanding shares on an undiluted basis.

A&R Credit Agreement

On December 31, 2019, the Company executed the A&R Credit Agreement. The key terms of the A&R Credit Agreement are as follows:

- delayed testing of financial covenants until September 30, 2020 and re-sculpted financial covenants thereafter considering the Company's business plan;
- reallocated interest of 12% per annum from 9% payable in cash and 3% payable in kind to 5% payable in cash and 7% payable in kind until December 6, 2020 or certain conditions have been met;
- eliminated additional interest of 1% per annum payable in cash for each quarter that the Company's Consolidated Secured Leverage Ratio is equal to or greater than 4.00:1.00 at the end of such quarter;
- reduced minimum cash requirement from $2,500 to $1,000; and
- other terms and conditions customary for similar agreements.

In exchange for eliminating additional interest of 1% per annum payable in cash for each quarter that the Company's Consolidated Secured Leverage Ratio is equal to or greater than 4.00:1.00 at the end of such quarter, the Company agreed to issue 5,000,000 shares to lenders to the A&R Credit Agreement, subject to approval from the TSX-V. On January 31, 2020, the Company announced that, following receipt of the necessary approvals from the TSX-V, it has issued the 5,000,000 shares to lender to the A&R Credit Agreement.

Revolving Facility

On October 31, 2019, Itafos Conda closed the Revolving Facility and expanded its commercial relationship with Gavilon Fertilizer, LLC (“Gavilon”), a subsidiary of The Gavilon Group, LLC. The Revolving Facility considers an initial tranche of US$10,000 drawn at closing with an option, subject to certain terms and conditions, to commit up to an additional US$10,000. The proceeds of the Revolving Facility are being used for working capital and other general purposes of Itafos Conda. The Revolving Facility matures on October 31, 2021 and accrues interest at 8% per annum for any amounts outstanding and has a non-use fee of 4% per annum for any undrawn committed amounts. The Revolving Facility is secured by certain accounts receivable and inventory of Itafos Conda. In connection with the closing of the Revolving Facility, Itafos Conda expanded its commercial relationship with Gavilon, including supply of additional fertilizer product to Gavilon over the term of the Revolving Facility.

As at December 31, 2019, Itafos Conda had drawn $9,415 under the Revolving Facility (see Note 15 in the Consolidated Financial Statements). Subsequent to December 31, 2019, the Company drew an additional $585 under the initial tranche of the Revolving Facility. The additional tranche of $10,000 remains available to be drawn by the Company subject to certain terms and conditions (see Note 29 in the Consolidated Financial Statements).

Itafos Farim Updates

On July 22, 2019, the Company provided an update on the engineering and construction of Itafos Farim and announced that it had signed an engineering, procurement and construction management (“EPCM”) agreement for mine site development with Lycopodium Minerals Canada Limited (Toronto, Canada) (“Lycopodium”) and for port site development with W.F Baird and Associates Ltd. (Madison, USA) (“Baird”).

The EPCM agreement with Lycopodium was for services related to the development of Itafos Farim’s mine site, which is expected to produce 1.3Mt per year of phosphate rock. Lycopodium has a deep understanding of the project as it performed the technical report for Itafos Farim titled “NI 43-101 Technical Report on the Farim Phosphate Project” in 2015.

The EPCM agreement with Baird is for services related to the development of Itafos Farim’s port site, which is expected to load Itafos Farim’s mine site production for global export. Milestones achieved to date include advancing detailed design, completing geotechnical design for piling and soil profiles and advancing tendering of major procurement packages and long lead items.

In addition to the EPCM agreements with Lycopodium and Baird, the Company has been advancing other aspects of the construction and engineering of Itafos Farim including finalizing engineering, studies and fieldwork, completing the construction camp and hiring of owners’ team.

On January 24, 2020, the Company provided an update on the engineering and construction of Itafos Farim and announced the termination of the EPCM agreement with Lycopodium. The EPCM agreement with Lycopodium contemplated two phases; phase one considered preparation of a definitive cost estimate and schedule and phase two considered additional detailed engineering, equipment procurement and construction. Given the revised project financing timeline of expected lender approval during the H2 2020, Itafos Farim suspended the EPCM agreement with Lycopodium following completion of phase one and did not provide notice to proceed for phase two. As a result, the EPCM agreement with Lycopodium was terminated on January 17, 2020.

Also on January 24, 2020, the Company provided an update on the EPCM agreement with Baird for services related to the development of the marine portion of Itafos Farim’s port. As at January 24, 2020, Baird had completed approximately 90% of its detailed design work. Following an extensive review process, the Company selected Stefanutti Stocks Coastal (Cape Town, South Africa), a division of Stefanutti Stocks (Pty) Ltd (“Stefanutti”), as contractor for the marine portion of Itafos

Farim's port. Baird is expected to manage Stefanutti for construction of the marine portion of Itafos Farim's port with mobilization and construction expected to commence following completion of project financing.

CEO Resignation and Appointment

On May 16, 2019, the Company announced the resignation of Brian Zatarain as CEO and appointment of Dr. Mhamed Ibnabdeljalil to serve as CEO on an interim basis.

Dr. Ibnabdeljalil has a track record in leading multi-billion-dollar sales, marketing, raw material procurement, logistics, complex deal structuring and negotiation, and M&A efforts across emerging and developed markets. Previously, he served as the Executive Vice President and Chief Commercial Officer of OCP, a leader in the global phosphate industry. There, Dr. Ibnabdeljalil played an integral role in the corporate and strategic restructuring of OCP, reshaping its role in the phosphate fertilizer sector as a global leader. Dr. Ibnabdeljalil has served as a director on more than a dozen boards of fertilizer companies in Europe, India, Middle East and the Americas.

On January 20, 2020, the Company announced the appointment of Dr. Mhamed Ibnabdeljalil as CEO. Dr. Ibnabdeljalil has also been a member of the Company's Board of Directors since December 31, 2016 and will continue in that role.

Chairman Resignation and Appointment

On May November 21, 2019, the Company announced the resignation of Brent de Jong as Chairman of the Company's Board of Directors and appointment of Anthony Cina to serve as Chairman on an interim basis.

Mr. Cina has over 30 years of experience in accounting, finance and tax-related roles and has extensive experience in the mining industry. Mr. Cina is a corporate director and board advisor to various mining and technology-related public and private companies. Prior to these roles, Mr. Cina served in several senior executive roles with mining companies, most recently as Senior Vice President, Business Administration at Yamana Gold Inc. Prior to joining Yamana Gold Inc., Mr. Cina was Chief Financial Officer of Itafos. Mr. Cina is a Chartered Accountant and Chartered Professional Accountant and has received the ICD.D designation from the Institute of Corporate Directors. Mr. Cina holds a Bachelor of Commerce degree from the University of Toronto.

On February 24, 2020, the Company announced the appointment of Anthony Cina as Chairman. Mr. Cina has been a member of the Company's Board of Directors since April 21, 2015 and also serves as Chairman of the Company's Audit Committee.

New Directors

On March 4, 2020, the Company announced the appointment of Rory O'Neill and Ricardo De Armas to its Board of Directors. CLF designated Mr. O'Neill and Mr. De Armas as its nominees to the Company's Board of Directors pursuant to the previously announced investor rights agreement entered into on December 31, 2019, between the Company and CLF.

Mr. O'Neill is Chief Executive Officer and Managing Partner at Castlelake. Mr. O'Neill founded Castlelake in 2005 and is responsible for the firm's overall direction, including all investment and operational activities, as well as establishing the firm's vision, culture and investment approach. Mr. O'Neill also serves as chair of Castlelake's Investment Review Committee and has overseen more than $25 billion of global investments in more than 60 countries across a variety of sectors including agribusiness, minerals, energy and transportation. Prior to founding Castlelake, Mr. O'Neill was a senior managing director at Cargill Value Investment (now CarVal Investors) where he helped establish and grow the firm's global investment business. Early in his career, Mr. O'Neill was a certified public accountant at KPMG. Mr. O'Neill serves on the Board of Trustees of the University of St. Thomas. Mr. O'Neill holds a Bachelor of Arts in business administration and biology from the University of St. Thomas and a Master of Business Administration from the University of Pennsylvania.

Mr. De Armas is a Director at Castlelake. Mr. De Armas joined Castlelake in 2016 as part of the Global Special Situations team and is responsible for investments in emerging markets across a variety of sectors including agribusiness and metals and mining. Prior to joining Castlelake, Mr. De Armas was Vice President at De Jong Capital and Principal at Zaff Capital where he was instrumental in the acquisitions and restructurings that ultimately resulted in the formation of Itafos. Prior to joining Zaff Capital, Mr. De Armas was an investment banker at Citigroup where he focused on investments in Latin America across a variety of sectors including agribusiness and metals and mining. Prior to joining Citigroup, Mr. De Armas was a financial analyst at Procter & Gamble. Mr. De Armas serves on numerous boards, including Heron Resources Limited and North River Resources Plc. Mr. De Armas holds a Bachelor of Science in business administration from Universidad Metropolitana and a Master of Business Administration from Harvard Business School.

NCIB

On December 12, 2018, the Company received conditional acceptance from the TSX-V to commence a NCIB. Through the NCIB, the Company could purchase, over the 12-month period of the NCIB, up to an aggregate of 7,103,515 shares of the Company, representing 5.0% of the Company's outstanding shares as at December 12, 2018. A copy of the NCIB notice can be obtained free of charge by contacting the Company.

The NCIB commenced on December 14, 2018 and terminated on December 13, 2019. During the three months ended December 31, 2019, the Company repurchased and cancelled 9,500 shares through the NCIB for an aggregate amount of $3. During the year ended December 31, 2019, the Company repurchased and cancelled 1,781,000 shares through the NCIB for an aggregate amount of $1,031 (see Note 17 of the Consolidated Financial Statements). All purchases through the NCIB were made through the facilities of the TSX-V or alternative Canadian trading systems at market prices or by such other means as may be permitted under applicable securities laws.

MARKET HIGHLIGHTS

Global Supply Highlights

For the three months ended December 31, 2019, global supply highlights were as follows:

- Ma'aden, OCP, PhosAgro, Eurochem and Mosaic continued to compete for volumes worldwide;
- Chinese DAP producers continued to export to Asia and India at record levels despite suggesting production cuts;
- inventory levels continued to rise in North America, India and Brazil amid increasing cargoes from Morocco, Saudi Arabia and Russia with North American inventory levels further elevated due to weak fall fertilizer application; and
- Mosaic's idled Louisiana phosphate operations partially offset the oversupply in the US market; however, operations restarted during December 2019.

Global Demand Highlights

For the three months ended December 31, 2019, global demand highlights were as follows:

- India experienced a longer and heavier monsoon season, increasing expected fertilizer consumption for Rabi season;
- Chinese demand remained muted due to high inventory levels and high price premium compared to Chinese exports;
- North America fall movement was hampered by a late harvest and wet weather, resulting in weak fall fertilizer application;
- European demand was relatively solid during the fall on the back of a sound 2019 harvest; however, fertilizer purchasing to replenish inventories ahead of spring 2020 were deferred, leading to significant price cuts; and
- Brazil continued to be a useful outlet for overstocked North American channels as local buyers took advantage of low prices to secure fertilizer ahead of the application season.

Global Pricing Highlights

For the three months ended December 31, 2019, global pricing highlights were as follows:

- DAP FOB NOLA averaged $281/t, down 37% year-over-year and dropping to a 12-year low due to continued elevated inventories;
- MAP CFR Brazil averaged $297/t, down 34% year-over-year and dropping to a 13-year low due to continued elevated inventory levels;
- liquid phosphates continued to outpace dry phosphates due to a relatively tighter supply-demand balance; and
- input prices including sulfur and ammonia averaged down 65% and 25% year-over-year, respectively, due to lack of demand for sulfur and ample ammonia supply availability across Trinidad, Russia, North Africa and the Middle East.

3. PROJECTS

Itafos Conda

Itafos Conda is a vertically integrated phosphate rock mine and fertilizer business located in Idaho, US. Itafos Conda is 100% owned by the Company and has been operating for over 30 years. Itafos Conda, with its strategic location and operational flexibility, offers multiple options to deliver P_2O_5 value to the North American fertilizer markets. Itafos Conda has production and sales capacity of approximately 550kt per year of MAP, MAP+, SPA, MGA and APP, representing approximately 7% of the US phosphate market. In addition, Itafos Conda is one of three key US producers of SPA.

Itafos Conda sells 100% of its MAP production to a wholly-owned subsidiary of Nutrien Ltd. ("Nutrien") pursuant to a MAP offtake agreement with pricing linked to DAP NOLA, a leading phosphate benchmark. Itafos Conda sells its MAP+, SPA, MGA and APP to crop input retailers who re-sell to end users.

Itafos Conda produces approximately 40% of its sulfuric acid requirements internally using sulfur purchased from third parties at pricing linked to applicable sulfur benchmarks. Itafos Conda purchases the remainder of its sulfuric acid requirements from a third party under a long-term contract with pricing linked to a sulfur benchmark. Itafos Conda purchases 100% of its ammonia requirements from a wholly-owned subsidiary of Nutrien pursuant to an ammonia supply agreement with pricing linked to DAP NOLA.

Itafos Conda averages over 2.0Mt of mined phosphate ore annually. The phosphate ore is conventionally open pit mined by a third party operator on a cost-plus basis and transported by truck and rail to the production facilities. Itafos Conda currently sources ore from its existing mines Rasmussen Valley ("RV") and Lanes Creek ("LC"), which are located approximately 15 miles from Itafos Conda's production facilities. RV and LC mines are expected to supply ore to Itafos Conda through mid-2026, which represents an additional one and a half to two years of mine life over Itafos Conda's historical internal estimates.

The Company is actively working on extending Itafos Conda's current mine life through the safe and responsible execution of its development mines H1/NDR, which are located approximately 19 miles from Itafos Conda's production facilities. H1/NDR's property encompasses an area of more than 1,000 acres and consists of two federal and one state phosphate leases that are being permitted as a single mine. H1/NDR is located near the center of the western phosphate field, which comprises one of the most extensive phosphorite formations in the US. Permitting and development work for H1/NDR is ongoing, with commercial production expected to begin in 2025.

Itafos Conda's resource highlights[2] are as follows:

Itafos Conda – RV/LC	Tonnes (Mt)	Grade (%)	P_2O_5 (Mt)
Reserves	13.1	26.6	3.5
Measured and indicated resources (including reserves)	16.2	26.7	4.0
Inferred resources	0.2	25.7	0.0

Itafos Conda – H1/NDR	Tonnes (Mt)	Grade (%)	P_2O_5 (Mt)
Measured and indicated resources	34.0	24.9	8.5
Inferred resources	0.5	24.7	0.1

Itafos Conda – Total	Tonnes (Mt)	Grade (%)	P_2O_5 (Mt)
Reserves	13.1	26.6	3.5
Measured and indicated resources (including reserves)	50.3	25.5	12.5
Inferred resources	0.7	25.0	0.2

As at December 31, 2019, Itafos Conda has mined approximately 0.9Mt of ore since the Itafos Conda Technical Report was prepared on July 1, 2019.

As at December 31, 2019, Itafos Conda had 274 employees and 242 contractors (mostly from third-party mining operator).

Itafos Arraias

Itafos Arraias is a vertically integrated phosphate rock mine and fertilizer business located in Tocantins, Brazil. Itafos Arraias is 97.0% owned by the Company and is currently idled as part of a disciplined approach to capital allocation considering the continued downward pressure on global fertilizer prices. Itafos Arraias is strategically positioned in one of the world's fastest growing fertilizer markets and has production and sales capacity of approximately 500kt per year of SSP and SSP+, representing approximately 7% of the Brazil phosphate market.

When operational, Itafos Arraias sells 100% of its SSP and SSP+ domestically to various national and regional blenders, trading companies and large farmers.

Itafos Arraias produces its sulfuric acid requirements internally and sells approximately 40kt per year of its excess sulfuric acid production into local sulfuric acid markets. Itafos Arraias purchases sulfur and ammonia from third parties at market prices.

When operational, Itafos Arraias' phosphate ore is conventionally open pit mined by a third-party operator on a cost per tonne basis and transported by truck to the production facilities. When operational, Itafos Arraias sources ore from the Near Mine, Canabrava and Domingos phosphate ore mines located approximately 10 miles from the production facilities.

Itafos Arraias' resource highlights[3] are as follows:

Itafos Arraias	Tonnes (Mt)	Grade (%)	P_2O_5 (Mt)
Measured and indicated resources	79.0	4.9	3.9
Inferred resources	12.7	3.9	0.5

Given the fluctuations in commodity prices and lapse in time since the latest technical report for Itafos Arraias was prepared on March 27, 2013, the realizable value of the business may differ from the conclusions drawn in such latest technical report.

[2] The latest technical report for Itafos Conda titled "NI 43-101 Technical Report on Itafos Conda and Paris Hills Mineral Projects, Idaho, USA" and dated as of July 1, 2019 is filed under the Company's profile on SEDAR and on the Company's website.
[3] The latest technical report for Itafos Arraias titled "Updated Technical Report Itafos Arraias SSP Project, Tocantins State, Brazil" and dated as of March 27, 2013 is filed under the Company's profile on SEDAR and on the Company's website.

As at December 31, 2019, Itafos Arraias has mined approximately 4.6Mt of ore since the latest technical report for Itafos Arraias was prepared on March 27, 2013.

As at December 31, 2019, Itafos Arraias had 203 employees and 164 contractors.

Itafos Farim

Itafos Farim is a high grade and low-cost phosphate rock mine project located in Farim, Guinea-Bissau. Itafos Farim is 100% owned by the Company and is currently a construction-ready development project. Itafos Farim is expected to produce 1.3Mt of phosphate rock per year for global export, representing approximately 4% of global traded phosphate rock, with the potential to expand capacity to up to 2.0Mt per year, representing approximately 6% of global trade phosphate rock.

Itafos Farim will produce and sell low-cadmium phosphate rock, making it an ideal option for export to Europe, where the European Union has recently implemented environmental regulations limiting cadmium levels. Itafos Farim phosphate rock also benefits from a low concentration of oxocalcium, which results in a lower sulfuric acid requirement in the production of phosphoric acid.

Itafos Farim owns phosphate ore deposits with reserves representing a 25-year mine life. The property consists of a high-grade sedimentary phosphate deposit of one continuous phosphate bed extending over a known surface area of approximately 40km^2. The project has access to existing infrastructure including 70km of paved road covering most of the route from the site to a port that will be constructed and owned by the Company, giving Itafos Farim access to export phosphate rocks to key global fertilizer markets.

Itafos Farim's resource highlights[4] are as follows:

Itafos Farim	Tonnes (Mt)	Grade (%)	P_2O_5 (Mt)
Reserves	44.0	30.0	13.2
Measured and indicated resources (including reserves)	105.6	28.4	30.0
Inferred resources	37.6	27.7	10.4

Itafos Paris Hills

Itafos Paris Hills is a high-grade phosphate rock mine project located in Idaho, US. Itafos Paris Hills is 100% owned by the Company and is currently a development project. Itafos Paris Hills is expected to produce 1.0Mt of phosphate rock per year and to be integrated into Itafos Conda. Following completion of the Itafos Conda Technical Report, the Company is focusing its efforts and resources related to extending Itafos Conda's current mine life on H1/NDR.

Itafos Paris Hills owns phosphate ore mines located approximately 35 miles from Itafos Conda's production facilities. The property encompasses an area of approximately 1,010 hectares and consists of three patented lode mining claims and 21 contiguous fee parcels. The property is located near the center of the western phosphate field, which comprises one of the most extensive phosphorite formations in the US. The Itafos Paris Hills phosphate deposit is divided into the Lower Zone and Upper Zone. The Lower Zone is characterized as a higher-grade phosphate deposit relative to the Upper Zone.

[4] The latest technical report for Itafos Farim titled "NI 43-101 Technical Report on the Farim Phosphate Project" and dated as of September 14, 2015 is filed under GBL's profile on SEDAR and on the Company's website.

Itafos Paris Hills' resource highlights[5] are as follows:

Itafos Paris Hills – Lower Zone	Tonnes (Mt)	Grade (%)	P_2O_5 (Mt)
Measured and indicated resources	28.1	30.1	8.5
Inferred resources	3.6	30.1	1.1

Itafos Paris Hills – Upper Zone	Tonnes (Mt)	Grade (%)	P_2O_5 (Mt)
Measured and indicated resources	59.9	22.5	13.5
Inferred resources	6.8	22.0	1.5

Itafos Paris Hills – Total	Tonnes (Mt)	Grade (%)	P_2O_5 (Mt)
Measured and indicated resources	88.0	24.9	22.0
Inferred resources	10.4	24.8	2.6

Itafos Santana

Itafos Santana is a high grade vertically integrated phosphate rock mine and SSP fertilizer project located in Pará, Brazil. Itafos Santana is 99.4% owned by the Company and is currently a development project. Itafos Santana is expected to have production and sales capacity of 500kt per year of SSP to serve the Brazilian fertilizer markets. Itafos Santana is also expected to sell approximately 30kt per year of its excess sulfuric acid production into local sulfuric acid markets.

Itafos Santana owns phosphate ore deposits with property consisting of approximately 235,150 hectares near existing infrastructure.

Itafos Santana's resource highlights[6] are as follows:

Itafos Santana	Tonnes (Mt)	Grade (%)	P_2O_5 (Mt)
Measured and indicated resources	60.4	12.0	7.2
Inferred resources	26.6	5.6	1.5

Given the early stage of Itafos Santana, fluctuations in commodity prices and lapse in time since the latest technical report for Itafos Santana was prepared on October 28, 2013, the realizable value of the project may differ from the conclusions drawn in such latest technical report.

Itafos Mantaro (Peru)

Itafos Mantaro is a large phosphate rock mine project located in Junin, Peru. Itafos Mantaro is 100% owned by the Company and is currently a development project. Itafos Mantaro is expected to produce phosphate rock to serve producers of phosphate fertilizers.

Itafos Mantaro owns phosphate ore deposits with property consisting of approximately 12,800 hectares near existing infrastructure.

[5] The latest technical report for Itafos Paris Hills titled "NI 43-101 Technical Report on Itafos Conda and Paris Hills Mineral Projects, Idaho, USA" and dated as of July 1, 2019 is filed under the Company's profile on SEDAR and on the Company's website.

[6] The latest technical report for Itafos Santana titled "Feasibility Study – Santana Phosphate Project Pará State, Brazil" and dated as of October 28, 2013 is filed under the Company's profile on SEDAR and on the Company's website.

Itafos Mantaro's resource highlights[7] are as follows:

Itafos Mantaro – West Zone	Tonnes (Mt)	Grade (%)	P_2O_5 (Mt)
Measured and indicated resources	39.5	10.0	4.0
Inferred resources	376.3	9.0	33.9

Itafos Mantaro's resources have upside potential from East Zone and Far East Zone, which are collectively estimated to contain 705-725Mt at an average grade of 9-9.5% P_2O_5.

Given the early stage of Itafos Mantaro, fluctuations in commodity prices and lapse in time since the latest technical report for Itafos Mantaro was amended and restated on February 21, 2010, the realizable value of the project may differ from the conclusions drawn in such latest technical report.

Itafos Araxá (Brazil)

Itafos Araxá is a vertically integrated rare earth elements and niobium mine and extraction plant project located in Minas Gerais, Brazil. Itafos Araxá is 100% owned by the Company and is currently a development project. Itafos Araxá is expected to have production and sales capacity of 8.7kt per year of rare earth oxides and 0.7kt per year of niobium oxide to serve international markets.

Itafos Araxá owns rare earth elements and niobium ore mines with property consisting of approximately 211 hectares close to existing infrastructure.

Itafos Araxá's resource highlights[8] are as follows:

Itafos Araxá	Tonnes (Mt)	TREO Grade (%)	TREO (kt)	Nb_2O_5 Grade (%)	Nb_2O_5 (kt)
Measured and indicated resources	6.3	5.0	317.6	1.0	64.7
Inferred resources	21.9	4.0	875.4	0.6	140.4

Given the early stage of Itafos Araxá, fluctuations in commodity prices and lapse in time since the latest technical report for the project was amended and restated on January 25, 2013, the realizable value of Itafos Araxá may differ from the conclusions drawn in such latest technical report.

4. STRATEGY AND OUTLOOK

FINANCIAL OUTLOOK

The Company's financial outlook for 2020 is as follows:

(in thousands of US Dollars)	Low	High
Adjusted EBITDA[i]	$ 10,000	$ 20,000
Maintenance capex[ii]	15,000	25,000
Growth capex[iii]	5,000	10,000
Adjusted net debt[iv]	170,000	180,000

i. Adjusted EBITDA is a non-IFRS financial measure (see Section 7).
ii. Maintenance capex is a non-IFRS financial measure (see Section 7).
iii. Growth capex is a non-IFRS financial measure (see Section 7).
iv. Adjusted net debt is a non-IFRS financial measure (see Section 7).

[7] The latest technical report for Itafos Mantaro titled "NI 43-101 Technical Report on Mantaro Phosphate Deposit" dated February 21, 2010 is filed under STG's profile on SEDAR and on the Company's website.
[8] The latest technical report for Itafos Araxá titled "A Preliminary Economic Assessment in the form of an Independent Technical Report on MBAC Fertilizer Corp. – Araxá Project" dated October 1, 2012 as amended and restated January 25, 2013 is filed under the Company's profile on SEDAR and on the Company's website.

The Company's financial outlook is explained as follows:

- adjusted EBITDA outlook considers latest third party pricing outlook for pricing and key inputs, continuation of the idling of Itafos Arraias and corporate costs;
- maintenance capex outlook considers planned plant maintenance at Itafos Conda;
- growth capex outlook considers unlevered capex related to Itafos Conda's mine life extension initiatives related to H1/NDR; and
- adjusted net debt considers projected balance as at December 31, 2020 and does not include potential additional financing.

BUSINESS OUTLOOK

The Company is executing its strategy by focusing on:

- extending Itafos Conda's current mine life through advancing permitting and development of H1/NDR;
- optimizing Itafos Conda's EBITDA generation potential;
- evaluating strategic alternatives for Itafos Arraias;
- focusing on securing project financing, completing detailed design and engineering and negotiating offtake agreements for Itafos Farim;
- maintaining the integrity of the concessions and evaluating strategic alternatives for Itafos Paris Hills, Itafos Santana, Itafos Mantaro and Itafos Araxá;
- continuing to advance aggressive corporate wide cost savings and deferral of spending initiatives; and
- advancing initiatives related to capital raising.

Itafos Conda

Itafos Conda is a vertically integrated phosphate mine and fertilizer business representing approximately 7% of US phosphate market capacity. Itafos Conda is strategically positioned in southeast Idaho, in close proximity to key North American fertilizer markets. On January 12, 2018, the Company completed the acquisition of Itafos Conda (see Note 6 in the Consolidated Financial Statements). The acquisition of Itafos Conda was a unique investment opportunity that was consistent with the Company's strategy and was immediately transformational. Itafos Conda has been operating for over 30 years and further diversifies the Company's portfolio through geography, project development stage and business characteristics. Currently, the Company is focusing on extending Itafos Conda's current mine life through advancing development and permitting of H1/NDR and optimizing Itafos Conda's EBITDA generation potential.

H1/NDR's development milestones are as follows:

Area	Status	Highlights
Technical report	Completed	▪ Technical report titled "NI 43-101 Technical Report on the Itafos Conda and Itafos Paris Hills Mineral Projects, Idaho, USA" and dated as of July 1, 2019 completed ▪ Resources and reserves for RV and LC expected to extend Itafos Conda's mine life through mid-2026, which represents an additional one and a half to two years of mine life over Itafos Conda's historical internal estimates ▪ Resources for H1/NDR represent a 60% increase over Itafos Conda's historical internal estimates ▪ H1/NDR defined as the Company's path forward for mine life extension
Exploration and development	Ongoing	▪ 346 drill holes completed for H1 and 303 drill holes have been completed for NDR as at December 31, 2019 ▪ Core samples from H1 drilling gathered and undergoing metallurgical testing
Environmental	Ongoing	▪ National Environmental Policy Act ("NEPA") process initiated ▪ Combined Environmental Impact Statement ("EIS") by Bureau of Land Management, US Forest Service and US Army Corps of Engineers in process ▪ Environmental baselines completed for all resources except geochemical and groundwater, which are in process ▪ Surface water and groundwater monitoring ongoing
Permits	Ongoing	▪ Federal phosphate leases secured ▪ Primary federal and state permitting in process
Studies and fieldwork	Ongoing	▪ Geotechnical slope stability analysis completed ▪ Groundwater fate and transport modeling in process; stormwater management plan in process ▪ Metallurgy analysis in process ▪ Updated Mine and Reclamation Plan in process ▪ Analysis of mining and facilities alternatives (NEPA requirement) in process ▪ Analysis of existing and new infrastructure in process

Itafos Conda's EBITDA optimization milestones are as follows:

Area	Status	Highlights
MAP+	Near complete	▪ Pilot production run completed during Q3 2019 ▪ Integrated into 2020 production plan ▪ Micronutrient addition to granulation project expected to be completed during Q1 2020 ▪ Development of sales and marketing plan ongoing
Operations and cost to serve excellence	Ongoing	▪ Freight and rail car fleet optimization ongoing ▪ SPA netback optimization ongoing
Attrition scrubbing and flotation	Ongoing	▪ Tailings characterization by technical advisor complete ▪ Feasibility study ongoing
Increased P_2O_5 throughput	Ongoing	▪ Review by technical advisor complete ▪ Desktop project economic evaluation in progress
On-site ammonia production	Ongoing	▪ Desktop concept evaluation in progress
Sulfuric acid plant expansion and cogeneration	Ongoing	▪ Pre-feasibility study originally completed in 2015 ▪ Proposals requested to update pre-feasibility study
Byproduct recovery (V)	Ongoing	▪ Phase 0/1 concept engineering and bench-scale testing complete
Byproduct recovery (AHF/PS)	Ongoing	▪ Phase 0/1 concept engineering and bench-scale testing complete ▪ Exploring strategic options with potential off-take partners
SPA expansion and APP integration	Ongoing	▪ Market analysis in progress

Itafos Arraias

Itafos Arraias was designed as a vertically integrated phosphate fertilizer business representing approximately 7% of Brazil phosphate market capacity. Itafos Arraias is strategically located in the Cerrado region of Brazil, one of the fastest growing fertilizer markets in the world. In July 2017, the Company completed the recommissioning of Itafos Arraias. On July 3, 2018, Itafos Arraias achieved commercial production. Despite having achieved commercial production, Itafos Arraias experienced operational challenges post declaration of commercial production resulting in lower than optimal levels of capacity utilization. During 2019, the Company implemented the Repurpose Plan to optimize Itafos Arraias' finished fertilizer production with a multi-product portfolio of higher grade SSP and SSP+ and premium PK compounds. On November 21, 2019, the Company announced its decision to idle Itafos Arraias and suspend the previously announced Repurpose Plan at Itafos Arraias as part of a disciplined approach to capital allocation considering the continued downward pressure on global fertilizer prices and the additional capital requirements to complete the Repurpose Plan. Notwithstanding the idling of Itafos Arraias, Itafos Arraias has and will continue to maintain all licenses and permits in good standing and compliance with existing regulations (see Section 2).

Subsequent to the year ended December 31, 2019, the Company has completed the idling plan at Itafos Arraias, completed third party reviews of Itafos Arraias' mine and beneficiation plant and secured important long-term tax incentives for Itafos Arraias. Currently, the Company is currently evaluating strategic alternatives for Itafos Arraias.

Itafos Farim

Currently, the Company is focusing on securing project financing, completing detailed design and engineering and negotiating offtake agreements for Itafos Farim.

Itafos Farim's development milestones are as follows:

Area	Status	Highlights
Technical report	Completed	▪ Technical report titled "NI 43-101 Technical Report on the Farim Phosphate Project" and dated as of September 14, 2015 completed
Environmental and social	Completed	▪ Environment and Social Impact Assessment ("ESIA") based on International Finance Corporation ("IFC") guidelines and Equator principles completed ▪ Baseline air, noise and water quality measurements taken since 2016 and will continue through end of mine life ▪ Resettlement action plan approved by the Government of Guinea-Bissau
Permits	Completed	▪ All required environmental and operating permits obtained ▪ Contractors camp construction permit obtained ▪ Certain construction permits (e.g., sanitation) to be obtained prior to construction
Studies and fieldwork (detailed design and engineering inputs)	Completed	▪ River bathymetry study completed and Supramax shipping route determined ▪ Geotech and hydrogeological drilling completed ▪ Four additional pilot plants tests performed that allowed phosphate rock specification sheet to be completed ▪ Static and kinetic leach tests completed that confirmed that tailings do not produce acid drainage or leach metals
Detailed design and engineering	Near complete	▪ Front-end engineering and design ("FEED") completed by Lycopodium, including preparation of a definitive cost estimate and definitive schedule ▪ Detailed mine plan with optimized pit shell completed by Golder; contract mining bid process completed ▪ Mine dewatering design completed by Knight Piésold; third party review in in process ▪ Detailed design of marine terminal nearly completed by Baird; Stefanutti appointed as marine works contractor ▪ All major process equipment procurement packages finalized ▪ Design of resettlement homes completed
Construction and resettlement	Ongoing	▪ Contractors camp construction completed ▪ De-vegetation and earthworks ready to commence at both mine and port site ▪ Construction of resettlement homes to be completed over an 18-24 month period ▪ Preparation of agricultural land for livelihood restitution in process
Offtake agreements	Ongoing	▪ Memorandums of understanding for offtake executed with two counterparties ▪ Negotiation of offtake agreements in process
Project financing	Ongoing	▪ Extensive lender due diligence completed including independent technical consultant review of technical report and ESIA; independent technical consultant review of detailed design and engineering ongoing ▪ Lender approval expected during H2 2020

Mid-Term Pipeline

Currently, the Company is focusing on maintaining the integrity of the concessions and evaluating strategic alternatives for Itafos Paris Hills, Itafos Santana, Itafos Mantaro and Itafos Araxá.

Corporate

Currently, the Company is focusing on continuing to advance corporate wide cost savings and deferral of spending initiatives to improve margins and preserve capital. In addition, the Company is focusing on advancing capital raise initiatives to fund its working capital and growth capex requirements. The Company is further evaluating project schedules and ramp up timing for its businesses and projects in light of the challenging market environment to manage the current sector down cycle in order to reduce short-term capital raising requirements and preserve cash.

MARKET OUTLOOK

Coronavirus Impact

Although much of the potential impact of coronavirus on phosphate fertilizer markets remains uncertain, the Company's outlook on the potential impact of coronavirus is as follows:

- overall agricultural demand fundamentals are not expected to be significantly impacted as global food demand should remain strong despite agricultural demand for bio-fuels being potentially reduced due to declining oil prices;
- global fertilizer supply and demand balance has not been materially impacted to date, although weakening currencies of developing countries would likely benefit Russia and Brazil;
- Chinese supply disruptions linked to coronavirus are expected to be limited as the Government of China is prioritizing agriculture and related sectors in Hubei; and
- rapidly tightening access to credit may have ripple effects on demand by constraining consumer access to financing to fund purchases.

Global Supply Outlook

The Company's outlook on global supply is as follows:

- Chinese export availability should tighten as producers start to concentrate on supplying the domestic season;
- OCP and Ma'aden are expected to remain competing for global market share as they continue to ramp-up recently commissioned capacity;
- in the short term, the OPC Group is facing logistical challenges posed by poor weather at Jorf Lasfar port and as a result announced a 0.5Mt reduction in expected production through February 2020;
- Russian suppliers are increasingly focused on domestic and regional markets, with PhosAgro announcing a 20% reduction in DAP/MAP exports through February 2020;
- Mosaic restarted its idled Louisiana phosphate operations during December 2019, yet announced indefinite production cuts at its Central Florida phosphate operations;
- overall, the announced production cuts from OCP, PhosAgro and Mosaic provided some welcome relief during Q1 2020 but are not expected to be sufficient to fully rebalance the market in 2020; and
- no significant new capacity is expected to be commissioned in 2020.

Global Demand Outlook

The Company's outlook on global demand is as follows:

- India's longer and heavier monsoon have filled reservoirs and DAP affordability is expected to encourage phosphate fertilizer application; however, currently high inventory levels and lower fertilizer subsidies are likely to dampen demand;
- Chinese demand is expected to remain stable despite potential local shortages of supply due to in-country logistical constraints;
- North American fall demand has been hampered by a late harvest and wet weather; however, fertilizer consumption is expected to improve by mid-year 2020 driven by the lack of application over the last year and relatively strong grain prices;
- Brazilian MAP consumption is expected to take place ahead of schedule due to a profitable 2019 crop, which left farmers with cash on hand, and fertilizer prices at their most affordable levels in 10 years; and
- Q1 tends to be a seasonally weak period globally for fertilizer consumption, with Q1 2020 demand expected to be further impacted by reduced Australian demand due to bushfires.

Global Pricing Outlook

The Company's outlook on global pricing is as follows:

- potential impacts of coronavirus represent a significant uncertainty;
- supply reductions announced by OCP, Mosaic and PhosAgro brought short-term relief on phosphate prices in early 2020;
- prices are expected to remain challenged through Q2 or Q3 2020 as supply should continue pressuring the market and elevated inventories are expected to take time to drawdown, particularly in North America;
- prices are expected to increase gradually during H2 2020 as supply retreats and demand starts to consume global inventories; and
- input prices are expected to continue moving in different directions, with sulfur forecasted to remain depressed through mid-2020 as the demand outlook remains muted, while ammonia markets are expected to tighten due to planned shutdowns in Trinidad and minor production turnarounds.

5. OVERVIEW OF RESULTS

SUMMARY OF QUARTERLY RESULTS

For the three months ended December 31, 2019, September 30, 2019, June 30, 2019 and March 31, 2019, the Company's summary of quarterly results was as follows:

(in thousands of US Dollars except for per share amounts)		December 31, 2019		September 30, 2019		June 30, 2019		March 31, 2019
Net loss	$	(88,465)	$	(20,778)	$	(21,597)	$	(13,331)
Basic loss per share		(0.63)		(0.15)		(0.15)		(0.09)
Diluted loss per share		(0.63)		(0.15)		(0.15)		(0.09)
Total assets	$	510,764	$	568,630	$	566,575	$	575,339

For the three months ended December 31, 2018, September 30, 2018, June 30, 2018 and March 31, 2018, the Company's summary of quarterly results was as follows:

(in thousands of US Dollars except for per share amounts)		December 31, 2018		September 30, 2018		June 30, 2018		March 31, 2018
Net income (loss)	$	(155,157)	$	(14,390)	$	4,736	$	51,324
Basic income (loss) per share		(1.09)		(0.10)		0.03		0.37
Diluted income (loss) per share		(1.09)		(0.10)		0.03		0.36
Total assets	$	576,419	$	749,189	$	760,789	$	692,369

6. STATEMENTS OF OPERATIONS

For the three months ended December 31, 2019 and 2018, the Company's statements of operations were as follows:

(in thousands of US Dollars except for per share amounts)	For the three months ended December 31, 2019	2018
Revenues	**$ 81,431**	**$ 100,597**
Cost of goods sold	90,721	99,915
Impairments	65,094	146,627
	$ (74,384)	**(145,945)**
Expenses		
Selling, general and administrative expenses	6,233	5,540
Operating loss	**$ (80,617)**	**$ (151,485)**
Foreign exchange loss	(960)	(954)
Other income, net	283	138
Finance expense, net	(9,248)	(4,661)
Gain on asset disposal	170	—
Loss before income taxes	**$ (90,372)**	**$ (156,962)**
Current and deferred income tax recovery	(1,907)	(1,805)
Net loss attributable to shareholders of the parent	**$ (88,465)**	**(155,157)**
Net loss attributable to non-controlling interest	—	—
Net loss	**$ (88,465)**	**$ (155,157)**
Basic loss per share	**$ (0.63)**	**$ (1.09)**
Fully diluted loss per share	**$ (0.63)**	**$ (1.09)**

For the three months ended December 31, 2019 and 2018, the Company's statements of operations were explained as follows:

- revenues were down year-over-year primarily due to lower MAP and SPA sales volumes and lower realized MAP prices at Itafos Conda, which were partially offset by revenue contributions from Itafos Arraias;
- cost of goods sold was down year-over-year primarily due to input costs declining in line with the overall fertilizer market;
- selling, general and administrative expenses were up year-over-year primarily due to a change in methodology related to allocation of indirect costs at Itafos Conda and increased payroll (including termination payments) and insurance expenses;
- foreign exchange gains and losses were primarily due to fluctuations of the Brazilian Real;
- other income was up year-over-year primarily due to sale of surplus parts at Itafos Conda;
- finance expense was up year-over-year primarily due to interest expense and loss on debt modification at corporate and application of IFRS 16 during 2019; and
- current and deferred income tax recovery was up year-over-year due to lower taxable income at Itafos Conda.

For the years ended December 31, 2019, 2018 and 2017, the Company's statements of operations were as follows:

(in thousands of US Dollars except for per share amounts)	*For the years ended December 31,* 2019		2018		2017	
Revenues	**$**	**339,430**	**$**	**302,182**	**$**	**—**
Cost of goods sold		362,248		276,553		—
Impairments		65,094		146,627		—
	$	**(87,912)**		**(120,998)**	**$**	**—**
Expenses						
Selling, general and administrative expenses		27,137		21,788	$	19,447
Operating loss	**$**	**(115,049)**	**$**	**(142,786)**	**$**	**(19,447)**
Foreign exchange loss		(2,473)		(665)		(1,165)
Other income (loss), net		(2,230)		(653)		2,740
Gain on fair valuation of Itafos Conda, net		—		46,902		—
Finance expense, net		(28,659)		(15,866)		(1,263)
Gain (loss) from investments in associates		—		7,910		(2,400)
Gain on asset disposal		170		—		—
Warrant expense		—		—		(6,962)
Loss before income taxes	**$**	**(148,241)**	**$**	**(105,158)**	**$**	**(28,497)**
Current and deferred income tax (recovery) expense		(4,070)		8,329		1,914
Net loss attributable to shareholders of the parent	**$**	**(144,171)**	**$**	**(113,487)**	**$**	**(30,411)**
Net loss attributable to non-controlling interest		—		—		
Net loss	**$**	**(144,171)**	**$**	**(113,487)**	**$**	**(30,411)**
Basic loss per share	**$**	**(1.02)**	**$**	**(0.82)**	**$**	**(0.39)**
Fully diluted loss per share	**$**	**(1.02)**	**$**	**(0.82)**	**$**	**(0.39)**

For the years ended December 31, 2019, 2018 and 2017, the Company's statements of operations were explained as follows:

- revenues were up year-over-year primarily due to higher MAP and SPA sales volumes as well as higher realized SPA prices, which were partially offset by lower realized MAP prices, at Itafos Conda and revenue contributions from Itafos Arraias during 2019, which had not achieved commercial production during H1 2018;
- cost of goods sold was up year-over-year primarily due to higher input costs at Itafos Conda and constrained production due to implementation of the Repurpose Plan at Itafos Arraias during H1 2019, which had not achieved commercial production during H1 2018 (see Section 7);
- selling, general and administrative expenses were up year-over-year primarily due to a change in methodology related to allocation of indirect costs at Itafos Conda and increased payroll (including termination payments) and insurance expenses, which were partially offset by transaction costs recognized in 2018;
- foreign exchange gains and losses were primarily due to fluctuations of the Brazilian Real;
- other expense was up year-over-year primarily due to an increase in labor contingency during Q2 2019, which was partially offset by other income received from a third party to run power lines through Itafos Conda property during Q1 2019;
- gain on fair valuation of Itafos Conda was due to a one-time event related to the acquisition of Itafos Conda during Q1 2018 (see Note 6 in the Consolidated Financial Statements);
- finance expense was up year-over-year primarily due to interest expense and loss on debt modification at corporate and application of IFRS 16 during 2019;
- gain from investments in associates was due to a one-time event related to the completion of the GBL Arrangement during Q1 2018 (see Note 6 in the Consolidated Financial Statements); and
- current and deferred income tax (recovery) expense was down year-over-year due to increased net loss in 2019.

7. NON-IFRS FINANCIAL MEASURES

DEFINITIONS

The Company considers non-IFRS measures as follows:

Non-IFRS measure	Definition	Most directly comparable IFRS measure
EBITDA	Earnings before interest, taxes, depreciation, depletion and amortization	Net income (loss) and operating income (loss)
Adjusted EBITDA	EBITDA adjusted for non-cash, extraordinary, non-recurring and other items unrelated to the Company's core operating activities	Net income (loss) and operating income (loss)
Total capex	Additions to property, plant, and equipment and mineral properties adjusted for additions to asset retirement obligations, additions to right of use assets and capitalized interest	Additions to property, plant and equipment and mineral properties
Maintenance capex	Portion of total capex relating to the maintenance of ongoing operations of the Company	Additions to property, plant and equipment and mineral properties
Growth capex	Portion of total capex relating to development of growth opportunities of the Company	Additions to property, plant and equipment and mineral properties
Net debt	Debt and debentures less cash and cash equivalents and short-term investments	Current debt, current debentures, long-term debt, long-term debentures, cash and cash equivalents and short-term investments
Adjusted Net debt	Net debt adjusted for deferred financing costs and related party debt and debentures	Current debt, current debentures, long-term debt, long-term debentures, cash and cash equivalents and short-term investments
Working capital	Current assets less current liabilities	Current assets and current liabilities
Realized price	Revenues divided by sales volumes	Revenues
Revenues per tonne P_2O_5	Revenues divided by sales volumes presented on P_2O_5 basis	Revenues
Cash costs	Cost of goods sold less net realizable value adjustments, depreciation, depletion and amortization	Cost of goods sold
Cash costs per tonne P_2O_5	Cash costs divided by sales volumes presented on P_2O_5 basis	Cost of goods sold

EBITDA AND ADJUSTED EBITDA

For the three months ended December 31, 2019 and 2018

For the three months ended December 31, 2019, the Company had EBITDA and Adjusted EBITDA by segment as follows:

(in thousands of US Dollars)	Itafos Conda	Itafos Arraias	Development and exploration	Corporate	Total
Net loss	**$ (1,590)**	**$ (56,077)**	**$ (18,985)**	**$ (11,813)**	**$ (88,465)**
Finance (income) expense, net	(9)	93	1	9,163	9,248
Current and deferred income tax	(2,530)	—	—	623	(1,907)
Depreciation and depletion	11,536	2,134	38	53	13,761
EBITDA	**$ 7,407**	**$ (53,850)**	**$ (18,946)**	**$ (1,974)**	**$ (67,363)**
Unrealized foreign exchange (gain) loss	(68)	255	154	21	362
Share-based payment recovery	—	—	—	(708)	(708)
Impairments	—	47,544	17,550	—	65,094
Termination payments	—	—	—	887	887
Dissolution costs	—	—	—	34	34
Transaction costs	—	—	—	143	143
Net realizable value adjustments to inventory	805	(727)	—	—	78
Other (income) expense, net	(235)	(223)	—	5	(453)
Adjusted EBITDA	**$ 7,909**	**$ (7,001)**	**$ (1,242)**	**$ (1,592)**	**$ (1,926)**

(in thousands of US Dollars)	Itafos Conda	Itafos Arraias	Development and exploration	Corporate	Total
Operating loss	**$ (4,182)**	**$ (55,291)**	**$ (19,092)**	**$ (2,052)**	**$ (80,617)**
Depreciation and depletion	11,536	2,134	38	53	13,761
Foreign exchange loss - realized	(250)	(661)	262	51	(598)
Share-based payment recovery	—	—	—	(708)	(708)
Impairments	—	47,544	17,550	—	65,094
Termination payments	—	—	—	887	887
Dissolution costs	—	—	—	34	34
Transaction costs	—	—	—	143	143
Net realizable value adjustments to inventory	805	(727)	—	—	78
Adjusted EBITDA	**$ 7,909**	**$ (7,001)**	**$ (1,242)**	**$ (1,592)**	**$ (1,926)**

For the three months ended December 31, 2019, Adjusted EBITDA increased by $20 due to the impact of IFRS 16 initial application (see Note 5 in the Consolidated Financial Statements).

For the three months ended December 31, 2018, the Company had EBITDA and Adjusted EBITDA by segment as follows:

(in thousands of US Dollars)		**Itafos Conda**		**Itafos Arraias**		**Development and exploration**		**Corporate**		**Total**
Net income (loss)	**$**	**14,993**	**$**	**(148,062)**	**$**	**(15,591)**	**$**	**(6,497)**	**$**	**(155,157)**
Finance expense, net		213		521		13		3,914		4,661
Current and deferred income tax		(2,099)		—		—		293		(1,806)
Depreciation and depletion		6,693		4,236		44		13		10,986
EBITDA	**$**	**19,800**	**$**	**(143,305)**	**$**	**(15,534)**	**$**	**(2,277)**		**(141,316)**
Unrealized foreign exchange (gain) loss		27		1,842		(393)		21		1,497
Share-based payment recovery		—		—		—		(287)		(287)
Impairments		—		132,252		14,375		—		146,627
Gain on fair valuation of Itafos Conda, net		—		—		—		—		—
Other (income) expense, net		(69)		(68)		1		(2)		(138)
Gain from investment in associates		—		—		—		—		—
Transaction costs		—		—		—		37		37
Net realizable value adjustments to inventory		—		(3,370)		—		—		(3,370)
Adjusted EBITDA	**$**	**19,758**	**$**	**(12,649)**	**$**	**(1,551)**	**$**	**(2,508)**	**$**	**3,050**

(in thousands of US Dollars)		**Itafos Conda**		**Itafos Arraias**		**Development and exploration**		**Corporate**		**Total**
Operating income (loss)	**$**	**13,070**	**$**	**(146,573)**	**$**	**(15,559)**	**$**	**(2,423)**	**$**	**(151,485)**
Depreciation and depletion		6,693		4,236		44		13		10,986
Foreign exchange gain (loss) - realized		(5)		806		(411)		152		542
Share-based payment recovery		—		—		—		(287)		(287)
Impairment		—		132,252		14,375		—		146,627
Transaction costs		—		—		—		37		37
Net realizable value adjustments to inventory		—		(3,370)		—		—		(3,370)
Adjusted EBITDA	**$**	**19,758**	**$**	**(12,649)**	**$**	**(1,551)**	**$**	**(2,508)**	**$**	**3,050**

For the three months ended December 31, 2018, Adjusted EBITDA was not impacted by IFRS 16 (see Note 5 in the Consolidated Financial Statements).

For the year ended December 31, 2019 and 2018

For the year ended December 31, 2019, the Company had EBITDA and Adjusted EBITDA by segment as follows:

(in thousands of US Dollars)	Itafos Conda	Itafos Arraias	Development and exploration	Corporate	Total
Net income (loss)	**$ 1,724**	**$ (82,136)**	**$ (22,447)**	**$ (41,312)**	**$ (144,171)**
Finance expense, net	205	156	39	28,259	28,659
Current and deferred income tax	(5,541)	—	—	1,471	(4,070)
Depreciation and depletion	41,026	8,637	155	210	50,028
EBITDA	**$ 37,414**	**$ (73,343)**	**$ (22,253)**	**$ (11,372)**	**$ (69,554)**
Unrealized foreign exchange gain	(8)	(311)	(45)	(3)	(367)
Share-based payment expense	—	—	—	204	204
Impairments	—	47,544	17,550	—	65,094
Other (income) expense, net	55	2,098	3	(96)	2,060
Termination payments	—	—	—	887	887
Dissolution costs	—	—	—	34	34
Transaction costs	—	—	—	143	143
Net realizable value adjustments to inventory	2,008	640	—	—	2,648
Adjusted EBITDA	**$ 39,469**	**$ (23,372)**	**$ (4,745)**	**$ (10,203)**	**$ 1,149**

(in thousands of US Dollars)	Itafos Conda	Itafos Arraias	Development and exploration	Corporate	Total
Operating loss	**$ (3,500)**	**$ (77,790)**	**$ (22,100)**	**$ (11,659)**	**$ (115,049)**
Depreciation and depletion	41,026	8,637	155	210	50,028
Foreign exchange loss - realized	(65)	(2,403)	(350)	(22)	(2,840)
Share-based payment expense	—	—	—	204	204
Impairments	—	47,544	17,550	—	65,094
Termination payments	—	—	—	887	887
Dissolution costs	—	—	—	34	34
Transaction costs	—	—	—	143	143
Net realizable value adjustments to inventory	2,008	640	—	—	2,648
Adjusted EBITDA	**$ 39,469**	**$ (23,372)**	**$ (4,745)**	**$ (10,203)**	**$ 1,149**

For the year ended December 31, 2019, Adjusted EBITDA increased by $3,019 due to the impact of IFRS 16 initial application (see Note 5 in the Consolidated Financial Statements).

For the year ended December 31, 2018, the Company had EBITDA and Adjusted EBITDA by segment as follows:

(in thousands of US Dollars)	Itafos Conda	Itafos Arraias	Development and exploration	Corporate	Total
Net income (loss)	**$ 84,242**	**$ (161,762)**	**$ (10,449)**	**$ (25,518)**	**$ (113,487)**
Finance expense, net	730	970	110	14,056	15,866
Current and deferred income tax	7,152	—	—	1,177	8,329
Depreciation and depletion	18,472	8,506	44	47	27,069
EBITDA	**$ 110,596**	**$ (152,286)**	**$ (10,295)**	**$ (10,238)**	**(62,223)**
Unrealized foreign exchange (gain) loss	35	623	267	(232)	693
Share-based payment recovery	—	—	—	(119)	(119)
Impairments	—	132,252	14,375	—	146,627
Gain on fair valuation of Itafos Conda, net	(46,902)	—	—	—	(46,902)
Other (income) expense, net	(115)	786	2	(20)	653
Gain from investment in associates	—	—	(7,910)	—	(7,910)
Transaction costs	—	—	—	3,318	3,318
Net realizable value adjustments to inventory	—	(3,370)	—	—	(3,370)
Adjusted EBITDA	**$ 63,614**	**$ (21,995)**	**$ (3,561)**	**$ (7,291)**	**$ 30,767**

(in thousands of US Dollars)	Itafos Conda	Itafos Arraias	Development and exploration	Corporate	Total
Operating income (loss)	**$ 45,141**	**$ (159,408)**	**$ (17,991)**	**$ (10,528)**	**$ (142,786)**
Depreciation and depletion	18,472	8,506	44	47	27,069
Foreign exchange gain (loss) - realized	1	25	11	(9)	28
Share-based payment recovery	—	—	—	(119)	(119)
Impairments	—	132,252	14,375	—	146,627
Transaction costs	—	—	—	3,318	3,318
Net realizable value adjustments to inventory	—	(3,370)	—	—	(3,370)
Adjusted EBITDA	**$ 63,614**	**$ (21,995)**	**$ (3,561)**	**$ (7,291)**	**$ 30,767**

For the year ended December 31, 2018, Adjusted EBITDA was not impacted by IFRS 16 (see Note 5 in the Consolidated Financial Statements).

CAPEX

For the three months ended December 31, 2019 and 2018

For the three months ended December 31, 2019, the Company had capex by segment as follows:

(in thousands of US Dollars)	Itafos Conda	Itafos Arraias	Development and exploration	Corporate	Total
Additions to property, plant and equipment	$ 11,143	$ 6,544	$ 387	$ —	$ 18,074
Additions to mineral properties	10,160	—	1,663	—	11,823
Additions to property, plant and equipment related to asset retirement obligations	(7,166)	(5,144)	—	—	(12,310)
Additions to right of use assets	—	—	—	—	—
Capitalized interest	(698)	—	—	—	(698)
Total capex	**$ 13,439**	**$ 1,400**	**$ 2,050**	**$ —**	**$ 16,889**
Maintenance capex	10,891	1,400	—	—	12,291
Growth capex	2,548	—	2,050	—	4,598

For the three months ended December 31, 2018, the Company had capex by segment as follows:

(in thousands of US Dollars)	Itafos Conda	Itafos Arraias	Development and exploration	Corporate	Total
Additions to property, plant and equipment	$ 1,469	$ 7,891	$ 605	$ —	$ 9,965
Additions to mineral properties	7,978	532	1,504	—	10,014
Additions to property, plant and equipment related to asset retirement obligations	(534)	(5,515)	(105)	—	(6,154)
Capitalized interest	(555)	—	—	—	(555)
Total capex	**$ 8,358**	**$ 2,908**	**$ 2,004**	**$ —**	**$ 13,270**
Maintenance capex	8,358	—	—	—	8,358
Growth capex	—	2,908	2,004	—	4,912

For the years ended December 31, 2019 and 2018

For the year ended December 31, 2019, the Company had capex by segment as follows:

(in thousands of US Dollars)	Itafos Conda	Itafos Arraias	Development and exploration	Corporate	Total
Additions to property, plant and equipment	$ 31,414	$ 12,006	$ 818	$ 62	$ 44,300
Additions to mineral properties	18,151	—	9,198	—	27,349
Additions to property, plant and equipment related to asset retirement obligations	(13,106)	(5,144)	—	—	(18,250)
Additions to right of use assets	(370)	(430)	—	—	(800)
Capitalized interest	(2,097)	—	—	—	(2,097)
Total capex	**$ 33,992**	**$ 6,432**	**$ 10,016**	**$ 62**	**$ 50,502**
Maintenance capex	25,625	4,255	—	62	29,942
Growth capex	8,367	2,177	10,016	—	20,560

For the year ended December 31, 2018, the Company had capex by segment as follows:

(in thousands of US Dollars)	Itafos Conda	Itafos Arraias	Development and exploration	Corporate	Total
Additions to property, plant and equipment	$ 42,941	$ 26,509	$ 1,770	$ 63	$ 71,283
Additions to mineral properties	26,864	1,610	4,444	—	32,918
Additions to property, plant and equipment related to asset retirement obligations	(29,846)	(5,515)	(105)	—	(35,466)
Capitalized interest	(555)	(4,690)	—	—	(5,245)
Total capex	**$ 39,404**	**$ 17,914**	**$ 6,109**	**$ 63**	**$ 63,490**
Maintenance capex	39,404	—	—	63	39,467
Growth capex	—	17,914	6,109	—	24,023

NET DEBT AND ADJUSTED NET DEBT

As at December 31, 2019 and December 31, 2018, the Company's net debt and adjusted net debt were as follows:

(in thousands of US Dollars)	*As at December 31,* **2019**	**2018**
Current debt	$ 1,400	$ 325
Current debentures	1,059	942
Long-term debt	207,149	160,258
Long-term debentures	1,702	2,588
Cash and cash equivalents	(29,109)	(9,919)
Short-term investments	—	(2,106)
Net debt	**$ 182,201**	**$ 152,088**
Deferred financing costs Related to the Facility	5,182	9,484
CLF participation on the Facility	(29,274)	(32,741)
CLF Promissory Note	(20,689)	—
Canadian debentures issued to CLF	(456)	(496)
Adjusted net debt	**$ 136,964**	**$ 128,335**

CASH COSTS

For the three months ended December 31, 2019 and 2018

For the three months ended December 31, 2019, the Company had cash costs by segment as follows:

(in thousands of US Dollars except for per tonne amounts)	Itafos Conda	Itafos Arraias	Total
Cost of goods sold	72,475	17,219	89,694
Net realizable value adjustments	(805)	—	(805)
Depreciation and depletion	(11,536)	(2,134)	(13,670)
Cash costs	**$ 60,134**	**$ 15,085**	**$ 75,219**
Tonnes P_2O_5 sold	85,447	9,080	94,527
Cash costs per tonne P_2O_5	**$ 704**	**$ 1,661**	**$ 796**

For the three months ended December 31, 2018, the Company had cash costs by segment as follows:

(in thousands of US Dollars except for per tonne amounts)	Itafos Conda	Itafos Arraias	Total
Cost of goods sold	79,649	20,168	99,817
Net realizable value adjustments	—	(3,370)	(3,370)
Depreciation and depletion	(6,693)	(4,236)	(10,929)
Cash costs	**$ 72,956**	**$ 12,562**	**$ 85,518**
Tonnes P_2O_5 sold	96,976	7,324	104,300
Cash costs per tonne P_2O_5	**$ 752**	**$ 1,715**	**$ 820**

For the years ended December 31, 2019 and 2018

For the year ended December 31, 2019, the Company had cash costs by segment as follows:

(in thousands of US Dollars except for per tonne amounts)	Itafos Conda	Itafos Arraias	Total
Cost of goods sold	297,698	63,523	361,221
Net realizable value adjustments	(2,008)	(640)	(2,648)
Depreciation and depletion	(41,026)	(8,637)	(49,663)
Cash costs	**$ 254,664**	**$ 54,246**	**$ 308,910**
Tonnes P_2O_5 sold	351,361	28,098	379,459
Cash costs per tonne P_2O_5	**$ 725**	**$ 1,931**	**$ 814**

For the year ended December 31, 2018, the Company had cash costs by segment as follows:

(in thousands of US Dollars except for per tonne amounts)	Itafos Conda	Itafos Arraias	Total
Cost of goods sold	230,634	45,821	276,455
Net realizable value adjustments	—	(3,370)	(3,370)
Depreciation and depletion	(18,472)	(8,506)	(26,978)
Cash costs	**$ 212,162**	**$ 33,945**	**$ 246,107**
Tonnes P_2O_5 sold	308,265	22,572	330,837
Cash costs per tonne P_2O_5	**$ 688**	**$ 1,504**	**$ 744**

8. FINANCIAL CONDITION

LIQUIDITY

As at December 31, 2019 and 2018, the Company had cash and cash equivalents and short-term investments of $29,109 and $12,025, respectively and working capital of $84,106 and $115,047, respectively.

As at December 31, 2019 and 2018, the Company's working capital was as follows:

(in thousands of US Dollars)	*As at December 31,* **2019**	**2018**
Cash	$ 29,109	$ 9,919
Accounts receivable	23,446	35,907
Short-term investments	—	2,106
Inventories, net	105,039	133,840
Other current assets	6,563	12,704
Accounts payable and accrued liabilities	(72,062)	(75,601)
Provisions	(2,382)	(494)
Current debt	(1,400)	(325)
Current debentures	(1,059)	(942)
Contract liabilities	(702)	(2,067)
Other current liabilities	(2,446)	—
Working capital[i]	**$ 84,106**	**$ 115,047**

i. Working capital is a non-IFRS financial measure (see Section 7).

On September 11, 2019, the Company raised $15,000 capital in the form of the CLF Promissory Note. In November 2019, the Company received a commitment from CLF to invest up to an incremental $36,000, if required, for the Company to meet its liabilities as and when they become due to ensure business continuity and ongoing operations through December 31, 2020. On December 31, 2019, the Company completed a $36,000 capital raise with CLF through a non-brokered private placement financing of $15,000 and an amendment to increase the availability of a previously issued subordinated promissory note by $21,000. As at December 31, 2019, the Company had borrowed $5,000 of the available $21,000, with the balance of $16,000 remaining available to be drawn by the Company at its sole discretion through December 31, 2020 (see Notes 4 and 15 in the Consolidated Financial Statements).

Also on December 31, 2019, the Company executed the A&R Credit Agreement, replacing the existing credit and guaranty agreement dated May 18, 2018, including prior amendments, and further amended certain terms to provide the Company with additional financial flexibility including deferring the commencement of testing of financial covenants to September 30, 2020 and reducing cash interest payable in 2020 (see Notes 4 and 15 in the Consolidated Financial Statements).

The amount of the capital raise completed on December 31, 2019 was based on the Company's business plan in November 2019. Despite significant and continued downward pressure on global fertilizer prices since November 2019, the amount of the capital raise completed on December 31, 2019 is currently projected to be sufficient through December 31, 2020. However, any further reductions to global fertilizer price trends, or other factors that could reduce cash flow from operations, including, but not limited to, potential operational disruptions resulting from coronavirus, could result in a cash shortfall and/or financial covenant default, unless otherwise remedied (see Notes 4 and 28 in the Consolidated Financial Statements).

On October 31, 2019, Itafos Conda closed the Revolving Facility and expanded its commercial relationship with Gavilon. The Revolving Facility considers an initial tranche of $10,000 committed at closing with an option, subject to certain terms and conditions, to commit to an additional tranche of $10,000. The proceeds of the Revolving Facility are being used for working capital and other general purposes of Itafos Conda. The Revolving Facility matures on October 31, 2021 and accrues interest at 8% per annum for any amounts outstanding and has a non-use fee of 4% per annum for any undrawn committed amounts. The Revolving Facility is secured by certain accounts receivable and inventory of Itafos Conda. In connection with the closing of the Revolving Facility, Itafos Conda expanded its commercial relationship with Gavilon, including supply of additional fertilizer product to Gavilon over the term of the Revolving Facility. As at December 31, 2019, Itafos Conda had drawn $9,415 under the Revolving Facility (see Note 15 in the Consolidated Financial Statements).

Subsequent to December 31, 2019, Itafos Conda drew an additional $585 under the initial tranche of the Revolving Facility. The additional tranche of $10,000 remains available to be drawn by Itafos Conda subject to certain terms and conditions (see Note 29 in the Consolidate Financial Statements).

While the Company has a demonstrated track record of raising capital and amending its financial covenants, there can be no assurance of the Company's ability to do so going forward. Failure to obtain sufficient financing could result in a delay or indefinite postponement of the Company's strategic initiatives and development objectives. Additional financing may not be available when needed, or if available, the terms of such financing might not be favorable to the Company and might involve substantial dilution to existing members. Failure to raise capital when needed could have a material adverse effect on the Company's business, financial condition and results of operations.

The financial covenants considered in the A&R Credit Agreement include requirements for the Company to maintain a consolidated secured leverage ratio and achieve a minimum level of EBITDA at Itafos Conda. Such financial covenants will be measured on a quarterly basis beginning on September 30, 2020. The Company is currently projecting compliance with such financial covenants. For September 30, 2020, the Company is projecting EBITDA headroom of approximately $3,000 and $8,000 for its consolidated secured leverage ratio and minimum level of EBITDA at Itafos Conda, respectively. For December 31, 2020, the Company is projecting EBITDA headroom of approximately $300 and $1,000 for its consolidated secured leverage ratio and minimum level of EBITDA at Itafos Conda, respectively. However, any further reductions to global fertilizer price trends, or other factors that could reduce cash flow from operations, including, but not limited to, potential operational disruptions resulting from coronavirus, could result in a financial covenant default, unless otherwise remedied. The Company is actively working to reduce its exposure to potential a potential reduction in projected cash flow from operations through aggressive corporate wide cost savings and deferral of spending initiatives.

The Company is not currently projecting any impact on its operations or financial outlook as a result of coronavirus. However, the Company is closely monitoring risks to its operations including factors that could impact production or demand for its products as such factors could have a material impact on the Company's cash flow from operations, which could result in a in a cash shortfall and/or financial covenant default, unless otherwise remedied (see Notes 28 and 29 in the Consolidated Financial Statements).

BALANCE SHEETS

As at December 31, 2019 and 2018, the Company's summary balance sheets were as follows:

		As at December 31,				
(in thousands of US Dollars)		**2019**		**2018**		**2017**
Cash and cash equivalents and short-term investments	$	29,109	$	12,025	$	63,677
Current assets (including cash and cash equivalents and short-term investments)	$	164,157	$	194,476	$	81,075
Non-current assets		346,607		381,943		340,216
Total assets	**$**	**510,764**	**$**	**576,419**	**$**	**421,291**
Current liabilities (excluding current portion of debt)	$	78,651	$	79,104	$	18,623
Non-current liabilities (excluding long-term debt)		81,305		64,953		15,539
Debt (current and long-term)		208,549		160,583		25,530
Total liabilities	**$**	**368,505**	**$**	**304,640**	**$**	**59,692**
Equity attributable to shareholders of the parent	$	133,197	$	262,717		352,537
Non-controlling interest		9,062		9,062		9,062
Total equity	**$**	**142,259**	**$**	**271,779**	**$**	**361,599**

As at December 31, 2019 and 2018, the Company's summary balance sheets were explained as follows:

- total current assets were down year-over-year primarily due to decreases in accounts receivable, inventory and vendor deposits at Itafos Conda during 2019;
- total non-current assets were down year-over-year primarily due to impairments of non-current assets of Itafos Arraias, Itafos Farim and Itafos Santana and increase in depreciation of assets in service during 2019 (see Note 10 in the Consolidated Financial Statements), which were partially offset by increases in plant, property and equipment related to the initial application of IFRS 16 (see Note 5 in the Consolidated Financial Statements), in fixed asset additions primarily at Itafos Conda and Itafos Arraias (see Note 10 in the Consolidated Financial Statements) and in additions to asset retirement obligations at Itafos Conda during 2019;
- total current liabilities were up year-over-year primarily due to an increase in other current liabilities as a result of the recognition of lease liabilities related to the application of IFRS 16 during 2019 (see Note 16 in the Consolidated Financial Statements), higher taxes payable primarily at Itafos Conda and higher trade payables, which were partially offset by a decrease in accrued liabilities as a result of credits granted through the MAP offtake agreement during 2019 (see Note 6 in the Consolidated Financial Statements);
- total long-term liabilities were up year-over-year primarily due to increases in other long-term liabilities due to the recognition of lease liabilities related to the application of IFRS 16 (see Note 16 in the Consolidated Financial Statements) and long-term provisions due to additions to asset retirement obligations at Itafos Conda during 2019 (see Note 14 in the Consolidated Financial Statements);
- debt was up year-over-year primarily due to additional debt from the CLF Promissory Note and the Revolving Facility and paid-in-kind interest at corporate related to the Facility (see Note 15 in the Consolidated Financial Statements); and
- total equity was down year-over-year primarily due to an increase in deficit due to the net loss during 2019, which was partially offset by the non-brokered private placement financing with CLF (see Note 17 in the Consolidated Financial Statements).

As at December 31, 2019 and 2018, the Company did not have any significant off-balance sheet arrangements.

CAPITAL RESOURCES

As at December 31, 2019, and 2018, the Company's capital resources were as follows:

	As at December 31,	
(in thousands of US Dollars)	**2019**	**2018**
Total equity	$ 142,259	$ 271,779
Net debt[i]	182,201	152,088
Capital resources	**$ 324,460**	**$ 423,867**

i. Net debt is a non-IFRS measure (see Section 7).

In order to maintain or adjust its capital structure, the Company may, upon approval from its Board of Directors, issue shares, or undertake other activities as deemed appropriate under the specific circumstances.

FOREIGN EXCHANGE

The Company's presentation and functional currency is US Dollars. On February 27, 2018, the Company completed the acquisition of all of the issued and outstanding common shares not previously owned, directly or indirectly, by the Company of GBL, the owner of Itafos Farim (see Note 6 in the Consolidated Financial Statements). GBL's functional currency was Canadian Dollars and the functional currency of its subsidiary Itafos Farim, Sarl (formerly known as GBM Minerais Sarl) was Central African Francs. In May 2019, GBL changed its functional currency from Canadian Dollars to US Dollars and Itafos Farim, Sarl changed its functional currency from Central African Francs to US Dollars (see Note 3 in the Consolidated Financial Statements).

CASH FLOWS

For the years ended December 31, 2019 and 2018, the Company's cash flows were as follows:

(in thousands of US Dollars)	*For the years ended December 31,* 2019	2018
Cash and cash equivalents, beginning of period	**$ 9,919**	**$ 63,677**
Cash flows from (used by) operating activities	35,036	(18,739)
Cash flows used by investing activities	(44,445)	(151,475)
Cash flows from (used by) financing activities	28,590	116,893
Effect of foreign exchange of non-US Dollar denominated cash	9	(437)
Increase (decrease) in cash	$ 19,190	$ (53,758)
Cash and cash equivalents, end of period	**$ 29,109**	**$ 9,919**

For the years ended December 31, 2019 and 2018, the Company's cash flows were explained as follows:

- cash flows from (used by) operating activities were up year-over-year primarily due to net change in non-cash working capital during 2019 primarily related to lower inventory levels resulting from higher sales and accounts receivable at Itafos Conda due to timing of collections;
- cash flows used by investing activities were down year-over-year primarily due to the acquisition of Itafos Conda and completion of the GBL Arrangement during 2018 (see Note 6 in the Consolidated Financial Statements); and
- cash flows from (used by) financing activities were down year-over-year primarily due to the closing of the Facility during 2018, which were partially offset by additional debt from the CLF Promissory Note, and the Revolving Facility and additional equity from the non-brokered private placement financing with CLF (see Notes 15 and 17 in the Consolidated Financial Statements).

CONTRACTUAL OBLIGATIONS

As at December 31, 2019, the Company's contractual obligations were as follows:

(in thousands of US Dollars)	Within 1 year	Years 2 and 3	Years 4 and 5	After 5 years	Total
Long-term debt	$ 1,400	$ 268,938	$ —	$ —	**$ 270,338**
Accounts payable and accrued liabilities	72,062	—	—	—	**72,062**
Provisions	2,382	—	—	54,952	**57,334**
Leases	3,259	5,086	4,402	1,382	**14,129**
Canadian debentures	793	509	128	128	**1,558**
Brazilian debentures	266	333	333	271	**1,203**
Contractual obligations	**$ 80,162**	**$ 274,866**	**$ 4,863**	**$ 56,733**	**$ 416,624**

The Company's provisions are representative of the environmental and asset retirement obligations as well as legal contingencies that exist as at December 31, 2019. As at December 31, 2019, Itafos Conda and Itafos Arraias had environmental and asset retirement obligations of $41,232 and $13,612, respectively. Liabilities for costs are recorded when it is probable that obligations have been incurred and the amounts can be reasonably estimated (see Note 14 in the Consolidated Financial Statements).

9. BUSINESS RISKS AND UNCERTAINTIES

FORWARD-LOOKING INFORMATION

This MD&A contains "forward-looking information" within the meaning of applicable Canadian securities legislation.

Except for statements of historical fact relating to the Company, information contained herein may constitute forward-looking information, including any information as to the Company's mission, strategy, outlook, plans or future operational and financial performance. Generally, forward-looking information can be identified by the use of forward-looking terminology such as “plans”, “expects”, “is expected”, “estimates”, “intends”, or variations of such words and phrases or statements that certain actions, events or results “may”, “could”, “would”, “might” or “will be taken”, “occur” or “be achieved.”

Forward-looking information contained in this MD&A may include, without limitation, statements with respect to the Company’s:

- mission, strategy and outlook;
- ability to carry out and complete any plan;
- ability to achieve future operational and financial results;
- ability to own and operate its operating projects;
- ability to develop and complete its development projects;
- ability to obtain necessary permits and licenses;
- ability to secure financing;
- expectations around commodity markets;
- expectations around resources and reserves, including those stipulated in technical reports;
- expectations around current estimates and potential increases of mine life; and
- expectations around environmental and asset retirement obligations.

The forward-looking information contained in this MD&A is based on the opinions, assumptions and estimates of management set out herein, which management believes are reasonable as at the date the statements are made. Those opinions, assumptions and estimates are inherently subject to a variety of risks and uncertainties and other known and unknown factors that could cause actual events or results to differ materially from those projected in the forward-looking information.

These factors include risks and uncertainties relating to:

- commodity price risks;
- operating risks;
- safety risks;
- mineral reserves and mineral resources risks;
- mine development and completion risks;
- foreign operations risks;
- regulatory risks;
- environmental risks;
- weather risks;
- climate change risks;
- currency risks;
- competition risks;
- counterparty risks;
- financing risks;
- additional capital risks;
- credit risks;
- key personnel risks;
- impairment risks;
- cybersecurity risks;
- transportation risks;
- infrastructure risks;
- equipment and supplies risks;
- litigation risks;
- permitting and licensing risks;
- land title and access rights risks;
- insurance and uninsured risks;

- acquisitions and integration risks;
- malicious acts risks;
- stock price volatility risks;
- limited operating history risks;
- technological advancement risks;
- tax risks;
- foreign subsidiaries risks;
- reputation damage risks;
- controlling shareholder risks; and
- conflicts of interest risks.

Although the Company has attempted to identify crucial factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. The reader is cautioned not to place undue reliance on forward-looking information. The forward-looking information contained herein is presented for the purpose of assisting investors in understanding the Company's expected operational and financial performance and the Company's plans and objectives and may not be appropriate for other purposes.

The risks and uncertainties affecting the forward-looking information contained in this MD&A are described in greater detail below.

RISK FACTORS

Commodity Price Risks

The Company's operational and financial performance will be dependent upon commodity prices including fertilizers, minerals, grains, raw materials and energy. Commodity prices fluctuate widely and are affected by numerous factors beyond the Company's control including, but not limited to, supply, demand, interest rates, inflation rates, exchange rates and trade tariffs. Such external economic factors are in turn influenced by changes in international investment patterns, monetary systems and political developments. The commodity prices of fertilizers, minerals and grains directly affect the Company's revenues. The commodity prices of raw materials and energy directly affect the Company's cost of goods sold. There can be no assurance that the commodity prices affecting revenues will be correlated with the commodity prices affecting cost of goods sold. Furthermore, the Company may not, or may not be able to, utilize derivatives to hedge its exposure to commodity price volatility. In addition, fluctuations in commodity prices could adversely affect the Company's mineral resource and mineral reserve estimates, including those stipulated in technical reports.

Operating Risks

The Company's operations are subject to the typical hazards and risks associated with the exploration, development and production of fertilizers, including unusual and unexpected geologic formations, seismic activity, rock bursts, cave-ins, flooding, pit wall failures, tailings dam failures and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability. The Company's production facilities are subject to risks relating to equipment breakdowns, interruption in the supply of inputs, power failures, longer-than-expected planned maintenance activities and natural disasters or other events disrupting operations. A prolonged shutdown at any of the Company's facilities could have an adverse effect on the Company's operational and financial performance. Although adequate precautions to minimize risk have been and will continue to be taken, the operating risks cannot be completely mitigated. In addition, the Company's operations are subject to hazards such as fire, equipment failure or other contingencies that may result in environmental pollution and consequent liability, and public health crises (including, but not limited to, the coronavirus), which can result in volatility and disruption to global supply chains, operations, mobility of people and the financial markets.

Safety Risks

Safety is a core value for the Company. The mining and fertilizer production activities the Company engages in are inherently hazardous, and the Company has personnel working or travelling in countries facing escalating tensions. Failure to prevent or appropriately respond to a safety, health or security incident could result in one or more incidents leading to injuries or fatalities among the Company's employees, contractors and communities near the Company's operations. Such incidents may lead to liabilities arising out of personal injuries or death, operational interruptions and shutdown or abandonment of affected facilities. Accidents could cause the Company to expend significant managerial time and efforts and financial resources to remediate safety issues or to repair damaged facilities and may also adversely impact the Company's reputation.

Mineral Reserves and Mineral Resources Risks

The calculation of mineral reserves, mineral resources and corresponding grades being mined or dedicated to future production are imprecise and depend on geological interpretation and statistical inferences or assumptions drawn from drilling and sampling analysis, which might prove to be unpredictable. Mineral resources that are not mineral reserves do not have demonstrated economic viability. Until mineral resources are mined and processed, the quantity of mineral resources and grades must be considered estimates only. In addition, due to the uncertainty which may attach to inferred mineral resources, there is no assurance that inferred mineral resources will be upgraded to indicated or measured mineral resources as a result of continued exploration. Any material change in the quantity of mineral reserves, mineral resources, grade or stripping ratio may affect the economic viability of the Company's properties. In addition, there can be no assurance that metal recoveries in small-scale laboratory tests will be duplicated in larger scale tests. Estimates of resources, reserves and production costs can also be affected by such factors as environmental permit regulations and requirements, weather, environmental factors, unforeseen technical difficulties, unusual or unexpected geological formations and work interruptions.

Mine Development and Completion Risks

It is impossible to ensure that the exploration or development programs planned by the Company will result in a profitable commercial mining operation. Whether a mineral deposit will be commercially viable depends on many factors, including: the attributes of the deposit, such as size, grade and proximity to infrastructure; highly cyclical mineral prices; and government regulations, including in respect of prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital. There is no certainty that the expenditures made by the Company towards the search and evaluation of mineral deposits will result in discoveries or development of commercial quantities of phosphate.

Foreign Operations Risks

The Company owns businesses and projects in various jurisdictions and is subject to the laws, government policies and regulations of those jurisdictions. Future changes in the laws and fiscal policies, and their interpretations and administrations, could adversely affect the Company's operations and prices. The Company's operations in these jurisdictions may be affected in varying degrees by political instability, government regulations relating to the mining and fertilizer industries and foreign investment therein, and the policies of other nations. Any changes in regulations or shifts in political conditions are beyond the control of Company and may adversely affect its business. The Company's operations may be affected in varying degrees by government regulations, including those with respect to restrictions on production, price controls, export controls, income taxes, expropriation of property, employment, land use, water use, environmental legislation and mine safety. The regulatory environment is in a state of continuing change, and new laws, regulations and requirements may be retroactive in their effect and implementation. The Company's operations may also be affected in varying degrees by political and economic instability, economic or other sanctions imposed by other nations, terrorism, military repression, crime, extreme fluctuations in currency exchange rates and high inflation.

Regulatory Risks

The Company's operations are subject to various laws governing prospecting, development, production, taxes, labor standards and occupational health, mine safety, toxic substances and other matters. Mining and fertilizer production activities are also subject to various laws and regulations relating to the protection of the environment. Although the Company believes that its activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner that could limit or curtail production or development of the Company's businesses or projects. Amendments to current laws and regulations governing the operations and activities of the Company or more stringent implementation thereof could have a material adverse effect on the Company's operational and financial performance. In addition, there can be no assurance that all approvals required for future development will be obtainable on reasonable terms or on a timely basis, or that such laws and regulations would not have an adverse effect on any project which the Company may undertake to develop.

Environmental Risks

All phases of the Company's operations are subject to the environmental regulations of local, state and national governments with jurisdiction over the Company's operations. These regulations mandate, among other things, water quality standards and land reclamation and regulate the generation, transportation, storage and disposal of hazardous waste. Environmental legislation is evolving in a manner that will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that existing or future environmental regulation will not materially adversely affect the Company's business, financial condition and results of operations.

As a company working with chemicals and other hazardous substances, the Company's business is inherently subject to environmental incidents, including uncontrolled tailings, gypsum stack or other containment breaches, significant subsidence from mining activities and significant spills, discharges or other releases of hazardous substances into the environment. Certain environmental laws, including many provincial environmental statutes and CERCLA, impose joint and several liability, without regard to fault, for clean-up costs on persons who have disposed of or released hazardous substances into the environment. Given the nature of the Company's business, the Company has incurred, is incurring currently, and is likely to incur periodically in the future, liabilities under environmental laws at the Company's facilities, adjacent or nearby third-party facilities or offsite disposal locations. The costs associated with future clean-up activities that the Company may be required to conduct or finance may be material. Significant environmental incidents can be harmful to the Company's employees, contractors and communities and impact the biodiversity, water resources and related ecosystems near the Company's operations. In addition, the Company may become liable to third parties for damages, including personal injury and property damage, resulting from such incidents. Such incidents could adversely impact the Company's operations, financial performance or reputation.

Violations of environmental and health and safety laws can result in substantial penalties, court orders to install pollution-control equipment, civil and criminal sanctions, permit restrictions or revocations and facility shutdowns. Environmental and health and safety laws change rapidly and have tended to become more stringent over time. As a result, the Company has not always been, and may not always be, in compliance with all environmental and health and safety laws and regulations. In addition, future environmental and health and safety laws and regulations or reinterpretation of current laws and regulations may the Company to make substantial expenditures. Furthermore, the Company's costs to comply with, or any liabilities under, these laws and regulations could be significant.

Environmental hazards may also exist on the properties on which the Company holds interests that are unknown to the Company at present and that have been caused by previous or existing owners or operators of the properties. Government environmental approvals and permits are currently, or may in the future be, required in connection with the Company's operations. To the extent that such approvals are required and not obtained, the Company may be curtailed or prohibited from proceeding with planned exploration or development of mineral properties. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions, including orders issued by regulatory or judicial authorities, causing operations to cease or be curtailed and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions.

Parties engaged in mining and fertilizer production operations, including the Company, may be required to compensate those suffering loss or damage due to such activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations. Amendments to current laws, regulations and permits governing operations and activities of mining and fertilizer companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in exploration expenses and capital expenditures or abandonment or delays in development of new mining and fertilizer production properties.

Weather Risks

Anomalies in regional weather patterns can have a significant and unpredictable impact on the demand for the products and services engaged by the Company's business and may also have an impact on prices. The Company's target customers have limited windows of opportunity to complete required tasks at each stage of crop cultivation. Should adverse weather conditions prevail during these seasonal windows, the Company could face the possibility of reduced revenue in a particular season without the opportunity to recover until the following season. The Company also faces the significant risk of inventory carrying costs should its customers' activities be curtailed during their normal seasons. In addition, inflow of water into phosphate mines from heavy rainfall or groundwater could result in increased costs and production down-time and may require the Company to abandon a mine, either of which could adversely affect the Company's operating results.

Climate Change Risks

The impact of climate change on the Company's business and operations, as well as that of its customers, is uncertain and may vary by geographic location. Climate change may include changing rainfall patterns, water shortages, changing sea levels, changing storm patterns and intensities, changing temperature levels and other unforeseen changes. These changes could adversely impact the Company's costs and operating activities. In addition, the Company's future operations and activities may emit amounts of greenhouse gases that could subject the Company to legislation regulating emission of greenhouse gases, and the cost of complying with such legislation may adversely affect the business of the Company.

Currency Risks

Currency fluctuations may affect the Company's capital and/or operating costs. The Company is exposed to currency risks stemming from the fact that the Company and its subsidiaries carry on business in the international marketplace. The appreciation of foreign currencies against the US Dollar could adversely affect the Company's earnings and financial condition. In particular, the Company is exposed to increased currency risks because a significant portion of the Company's expenditures relate to its Brazil operations, which are transacted using Brazilian Reals, and a portion of its sales are generated in Brazil using Brazilian Reals. These expenditures and sales are subject to fluctuations in the exchange rates between the Brazilian Real and other currencies, including the US Dollar and the Canadian Dollar. Depending on the relative changes in the currencies, these fluctuations may adversely affect the amount of US Dollars expended in Brazil and the revenue generated in Brazil.

Competition Risks

The mining and fertilizer production industries are intensely competitive in all phases, and the Company competes with many companies possessing greater financial and technical resources than it. Accordingly, such competitors may be better able to withstand market volatility while retaining significantly greater operating and financial flexibility than the Company. The Company's products are subject to intense price competition. Commodities have little or no product differentiation, and customers make their purchasing decisions principally on the basis of delivered price and, to a lesser extent, on customer service and product quality. This price pressure may affect the Company's results of operations. In addition, certain of the Company's products are sold into regional markets that may have lower cost competitors or differentiated products owing to a variety of factors.

Competition in the fertilizer mining industry is primarily for: mineral rich properties that can be developed and produced economically; the technical expertise to find, develop and operate such properties; the labor to operate such properties; and the capital to fund the development of such properties. Such competition may result in the Company being unable to acquire desired properties, to recruit or retain qualified employees or to acquire the capital necessary to fund its operations and develop its properties. Existing or future competition in the mining industry could materially adversely affect the Company's prospects for mineral exploration in the future.

Counterparty Risks

The Company's operations are reliant on relationships with key counterparties including customers, suppliers and partners. There can be no assurance that the Company will maintain its relationship with its key counterparties. In addition, there can be no assurance that any new agreement entered into by the Company for sales, supply, purchase or shared services will have terms as favorable as those contained in current agreements. Any adverse changes with respect to the Company's key counterparties and the agreements between the Company and such key counterparties could have a material adverse effect on the Company's operational and financial performance.

Financing Risks

The Company's substantial existing indebtedness and any additional debt the Company may incur in the future could have negative consequences on the Company's business should operating cash flows be insufficient to cover the Company's debt service requirements, which would adversely affect the Company's operations and liquidity. The Company's substantial debt service obligations will have an impact on its earnings and cash flow for so long as the indebtedness is outstanding. The substantial indebtedness could, as a result of debt service obligations or through the operation of the financial and other restrictive covenants under the debt documents, have significant consequences, such as reducing the availability of cash to fund working capital, capital expenditures and other business activities, limiting the Company's ability to take advantage of new business opportunities, and causing the Company to be more vulnerable to general adverse economic and industry conditions.

The Company's ability to obtain any additional financing, whether through the issuance of new debt securities or otherwise, and the terms of any such financing are dependent on, among other things, its financial condition, financial market conditions within the industry and numerous other factors. Consequently, in case the Company needs to access the credit markets, including refinancing its debt, there can be no assurance that it will be able to obtain financing on acceptable terms or within an acceptable timeframe, if at all. The Company may be unable to obtain financing with acceptable terms when needed, which could materially adversely affect its business and results of operations.

Additional Capital Risks

The Company's projects will require additional financing. Failure to obtain sufficient financing could result in a delay or indefinite postponement of the development of any or all of the Company's projects. Additional financing may not be available when needed, or if available, the terms of such financing might not be favorable to the Company and might involve substantial dilution to existing members. Failure to raise capital when needed could have a material adverse effect on the Company's business, financial condition and results of operations.

Credit Risks

The Company is exposed to the credit of certain third parties, which may fail to fulfill performance obligations to the Company. In such circumstances, the carrying amount on the Company's balance sheet could be impacted. Some of the Company's customers require access to credit to purchase the Company's products. A lack of available credit to customers in one or more countries, due to global or local economic conditions or for other reasons, could adversely affect demand for the Company's products.

Key Personnel Risks

The Company's key personnel including its Board of Directors, management and other key employees plays a significant role in the Company's success and its strategy. The Company's future performance and development depend to a significant extent on the abilities, experience of its key personnel. The Company's ability to retain its key personnel, or to attract suitable replacements should key personnel leave, is dependent on the competitive nature of the employment market. The loss of the services of key personnel could adversely impact the Company's operational and financial performance.

In addition, sustaining and growing the Company's business depends on the recruitment, development and retention of qualified and motivated employees. Although the Company strives to be an employer of choice in its industry, competition for skilled employees in certain geographical areas in which the Company operates can be significant, and the Company may not be successful in attracting, retaining or developing such skilled employees. In addition, the Company invests significant time and expense in training its employees, which increases their value to competitors who may seek to recruit them. The inability to attract, develop or retain quality employees could negatively impact the Company's ability to take on new projects and sustain its operations.

Impairment Risks

Mining and mineral interests and fertilizer production facilities and assets in development stage represent significant assets of the Company and represent capitalized expenditures related to the development of mining properties and the value assigned to exploration potential on acquisition and related plant and equipment. The costs associated with mining properties are separately allocated to exploration potential, mineral reserves and mineral resources and include acquired interests in production, development and exploration-stage properties representing the fair value at the time they were acquired. The values of such mineral properties are primarily driven by the nature and amount of material interests believed to be contained or potentially contained in properties to which they relate. The Company evaluates its mining interests and fertilizer production facilities for impairment when events or changes in circumstances indicate that the related carrying amounts may not be recoverable, which becomes more of a risk due to the current global economic conditions. Impairment is considered to exist if the total estimated future undiscounted cash flows are less than the carrying amount of the assets. An impairment loss is measured and recorded based on discounted estimated future cash flows. Future cash flows are estimated based on expected future production, commodity prices, operating costs and capital costs. There are numerous uncertainties inherent in estimating mineral reserves and mineral resources. Differences between management's assumptions and market conditions could have a material effect in the future on the Company's financial position and results of operation. In addition, the fragility of the global economy creates risk surrounding inventory levels.

Cybersecurity Risks

With the increased dependence on information technology for the Company's operations, the risks associated with cybersecurity also increase. Every aspect of the business relies on information technology, including supply chain, turnarounds and maintenance, logistics and treasury. Cybersecurity risks include hacking, fraudulent payments, loss of information due to viruses, breaches due to employee error and unintended disclosure of information. The Company is in the process of implementing controls and security procedures to safeguard its systems from being vulnerable to cyberattacks; however, the Company may not be able to prevent all cyberattacks and such attacks could seriously harm the Company's operations and materially adversely affect its operating results.

Transportation Risks

The cost of delivery is a significant factor in the total cost to customers. As a result, changes in transportation costs or changes in customer expectations about transportation costs can affect sales volumes and prices. The Company relies on railroad, trucking and other transportation service providers to transport raw materials to the Company's manufacturing facilities, to coordinate and deliver finished products to the Company's storage and distribution system and to ship finished products to the Company's customers. The Company also leases railcars in order to ship raw materials and finished products. These transportation operations, equipment and services are subject to various hazards, including adverse operating conditions, extreme weather conditions, system failures, work stoppages, delays, accidents, such as spills and derailments, and other accidents and operating hazards.

In the event of a disruption of existing transportation or terminal facilities for the Company's products or raw materials, alternative transportation and terminal facilities may not have sufficient capacity to fully serve all of the Company's customers or facilities. An extended interruption in the delivery of the Company's products to its customers or the supply of natural gas, ammonia or sulfur to the Company's production facilities could adversely affect sales volumes and margins.

These transportation operations, equipment and services are also subject to environmental, safety and regulatory oversight. Due to concerns related to accidents, terrorism or increasing concerns regarding transportation of potentially hazardous substances, local, provincial, state and federal governments could implement new regulations affecting the transportation of raw materials or the Company's finished products. If transportation of the Company's products is delayed or the Company is unable to obtain raw materials as a result of any third party's failure to operate properly or the other hazards described above, or if new and more stringent regulatory requirements are implemented affecting transportation operations or equipment, or if there are significant increases in the cost of these services or equipment, the Company's revenues and cost of operations could be adversely affected. In addition, the Company may experience increases in its transportation costs or changes in such costs relative to transportation costs incurred by the Company's competitors.

Infrastructure Risks

Mining and fertilizer production activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants, which affect capital and operating costs. Unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect the Company's operational and financial performance.

Equipment and Supplies Risks

The Company is dependent on various supplies and equipment to carry out its operations and exploration and development activities. The shortage of supplies, equipment and parts could have a material adverse effect on its ability to carry out its operations and therefore limit or increase the cost of operations, exploration and development and related activities. An increase in demand for services and equipment could cause operational, exploration, development or construction costs to increase materially. Inadequate or untimely availability could result in delays of services or equipment and could increase potential scheduling difficulties and costs due to the need to coordinate the availability of services or equipment. Any such material increase in costs would adversely affect the Company's operational and financial performance.

Litigation Risks

All industries, including the mining and fertilizer industries, are subject to legal claims, with and without merit. The Company is involved in current and threatened litigation and may become involved in legal disputes in the future. Defense and settlement costs can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, the resolution of any particular legal proceeding may have a material adverse effect on the Company's operational and financial performance.

Permitting and Licensing Risks

The Company's operations are subject to receiving and maintaining permits and licenses from appropriate governmental authorities. There is no assurance that delays will not occur in connection with obtaining all necessary renewals of permits and licenses for the existing operations, additional permits or licenses for any possible future changes to operations or associated with new legislation. Prior to any development on any of its properties, the Company must receive permits or licenses from appropriate governmental authorities. There can be no assurance that the Company will continue to hold all permits and licenses necessary to develop or continue operating at any particular property.

Land Title and Access Rights Risks

The acquisition of title to mineral properties is a detailed and time-consuming process. Title to, and access to the area of, mineral concessions may be disputed. The Company believes it has taken reasonable measures to ensure proper title and access to its properties, as applicable; however, there is no guarantee that title to any of its properties or access rights will not be challenged or impaired. Third parties may have valid claims underlying portions of the Company's interests, including prior unregistered liens, agreements, transfers or claims, including native land claims, and title or access rights may be affected by, among other things, undetected defects. In addition, the Company may be unable to operate its properties as permitted or to enforce its rights with respect to its properties.

Insurance and Uninsured Risks

The Company's business is subject to various risks and hazards generally, including adverse environmental conditions, industrial accidents, labor disputes, unusual or unexpected geological conditions, ground or slope failures, cave-ins, catastrophic equipment failures, changes in the regulatory environment, foreign government instability and natural phenomena such as inclement weather conditions, floods and earthquakes. Such occurrences could result in damage to mineral properties or fertilizer production facilities, personal injury or death, environmental damage to the Company's properties or the properties of others, delays in mining, monetary losses and possible legal liability. Although the Company maintains insurance to protect against certain risks in such amounts as it considers reasonable, its insurance will not cover all of the potential risks associated with the Company's operations. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards result from exploration and production is not generally available to the Company or to other companies in the mining and fertilizer industries on commercially acceptable terms. The Company might also become subject to liability for pollution or other hazards that may not be insured against or that the Company may elect not to insure against because of premium costs or other reasons. Losses from these events may cause the Company to incur significant costs that could have a material adverse effect upon its operational and financial performance.

Acquisitions and Integration Risks

From time to time, the Company examines opportunities to acquire additional businesses and projects. Any acquisition that the Company may choose to complete may be of a significant size, may change the scale of the Company's business and operations, and may expose the Company to new geographic, political, operating, financial and geological risks. The Company's success in its acquisition activities depends on its ability to identify suitable acquisition candidates, negotiate acceptable terms for any such acquisition and integrate the acquired operations successfully with those of the Company. Any acquisitions would be accompanied by risks. For example, there may be a significant change in commodity prices after the Company has committed to complete a transaction and established a purchase price or an exchange ratio; the Company may have difficulty integrating and assimilating the operations and personnel of any acquired companies, realizing anticipated synergies and maximizing the financial and strategic position of the combined enterprise, and maintaining uniform standards, policies and controls across the organization; the integration of the acquired business or assets may disrupt the Company's ongoing business and its relationships with employees, customers, suppliers and contractors; and an acquired business or assets may have unknown liabilities that may be significant. If the Company chooses to raise debt capital to finance any such acquisition, the Company's leverage would increase. If the Company chooses to use equity as consideration for such acquisition, existing members may suffer dilution. Alternatively, the Company may choose to finance any such acquisition with its existing resources. There can be no assurance that the Company would be successful in overcoming these risks or any other problems encountered regarding such acquisitions.

Malicious Acts Risks

Intentional and malicious acts of destruction to the Company's property could hinder the Company's development, production and future sales and may also interrupt the Company's supply chain. The Company's facilities could be damaged, leading to a reduction in operational production capacity and efficiency. Employees, contractors and the public could also suffer substantial physical injury. The consequences of any such actions could damage the Company's reputation, negatively affecting the Company's performance.

Stock Price Volatility Risks

Securities markets worldwide experience significant price and volume fluctuations in response to general economic and market conditions and their effect on various industries. This market volatility could cause the price of the Company's shares to decline significantly, without regard to the Company's operating performance. These fluctuations could be based on numerous factors in addition to those otherwise described in this MD&A, including:

- the Company's operating performance and the performance of its competitors;
- the public's reaction to the Company's news releases, other public announcements and filings with the Canadian securities regulators;
- changes in earnings estimates or recommendations by research analysts who follow the Company or other companies in the same industry;
- variations in general economic, market and political conditions;
- actions of current members, including sales of shares by directors and executive officers of the Company;
- the arrival or departure of key personnel;
- the lack of trading volume and liquidity of the Company's shares on the TSX-V; and
- other developments affecting the Company, the fertilizer industry or the Company's competitors.

In addition, in recent years stock markets across the globe have experienced significant price and volume fluctuations. These fluctuations may be unrelated to the operating performance of particular companies. These broad market fluctuations may cause declines in the market price of the Company's stock.

The Company must also comply with certain listing requirements and maintain its good standing with the TSX-V to continue having its shares traded on the TSX-V.

Limited Operating History Risks

The Company has a limited history of operations and has projects that are in the early stage of development. As such, the Company is subject to many risks common to such enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources and the lack of revenue. There is no assurance that the Company will be successful in achieving a return on investment, and the likelihood of the Company's success must be considered in light of its early stage of operations.

Technological Advancement Risks

Future technological advancements, such as development of high quality seeds that require less nutrients or technological advancements in efficacy of application of nutrients, could adversely affect demand for the Company's products and impact results of operations.

Tax Risks

The interpretation of tax regulations and legislation and their application to the Company's business is complex and subject to change. Accordingly, the Company's ability to realize future income tax assets and participate in favorable tax programs could significantly affect net income or cash flow in future periods.

Foreign Subsidiaries Risks

Potential limitations and tax liabilities associated with the transfer of cash or other assets between the Company and its Subsidiaries could restrict the Company's ability to fund its operations efficiently. Any such limitations or the perception that such limitations may exist now or in the future could have an adverse impact on the Company's valuation and stock price.

Reputational Damage Risks

Damage to the Company's reputation can be the consequence of various events. Reputation loss extends throughout all risk categories and may result in loss of investor confidence, loss of customer confidence, poor community relations and a decline in employee productivity. Reputation loss could interfere with the Company's ability to execute its strategies. Reputation loss is a negative consequence resulting from these or other risks and can have a detrimental effect on the Company's performance.

Controlling Shareholder Risks

Due to its position as controlling shareholder, CLF can exert control on the Company's overall direction. CLF is able to nominate and elect directors of the Company. Obtaining the controlling shareholder's approval would be required for various significant corporate actions. The Company may rely on commitments of additional capital investments from CLF for future working capital and growth opportunities. There can be no assurance that CLF will commit to such additional capital investments.

Conflicts of Interest Risks

Certain of the Company's directors and officers also serve as directors and/or officers of other companies involved in natural resource exploration and development and, consequently, there exists the possibility for such directors and officers to be in a position of conflict. The Company expects that any decision made by any of such directors and officers involving the Company will be made in accordance with their duties and obligations to deal fairly and in good faith with a view to the best interests of the Company and its members, but there can be no assurance in this regard. In addition, each of the Company's directors is required to declare any matter in which such director may have a conflict of interest or which are governed by the procedures set forth in applicable law.

10. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with IFRS requires the Company to make estimates and assumptions that affect the reported amounts of the assets, liabilities, revenue and expenses reported each period. Each of these estimates varies with respect to the level of judgment involved and the potential impact on the Company's reported financial results. Evaluations of estimates and judgments occur continuously. Estimates and judgments are based on historical experience and other factors including expectations of future events that are considered reasonable under the circumstances. If the Company's financial condition, change in financial condition or results of operations would be materially impacted by a different estimate or a change in estimate from period to period, estimates are deemed critical. By their nature, these estimates are subject to measurement uncertainty, and changes in these estimates may affect the financial statements of future periods (see Note 4 in the Consolidated Financial Statements).

11. DISCLOSURE CONTROLS AND PROCEDURES

The Company maintains controls and procedures, including disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR") as defined in National Instrument 52-109. The Company's DC&P are intended to provide reasonable assurance that information required to be disclosed by the Company in its filings is reported accurately and timely. The Company's ICFR is intended to provide reasonable assurance regarding the reliability of the Company's financial reporting for external purposes in accordance with IFRS.

There are inherent limitations to the effectiveness of any system of DC&P and ICFR, including the possibility of human error and the circumvention or overriding of controls and procedures. Accordingly, even effective controls and procedures can only provide reasonable assurance of achieving their objectives.

The Company has identified certain risks in its controls and procedures related to segregation of duties resulting from limited administrative staffing and manual processes. The Company is mitigating such risks through various measures, including automating processes and increasing oversight.

For the year ended December 31, 2019, there have been no changes to the Company's controls and procedures that have materially affected, or are reasonably likely to materially affect, the Company's DC&P and ICFR.

The Company's management, including the CEO and the Chief Financial Officer, have evaluated the effectiveness of the Company's controls and procedures based on the framework and criteria established in Internal Control – Integrated Framework (2013) as issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") and concluded that the Company's DC&P and ICFR were effective at a reasonable assurance level as at December 31, 2019.

12. OTHER DISCLOSURES

RELATED PARTY TRANSACTIONS

The Company's related party transactions include key management compensation and debt and debentures from CLF, its principal shareholder (see Note 27 in the Consolidated Financial Statements).

QUALIFIED PERSON

Unless otherwise indicated, the responsible Qualified person, within the guidelines set forth in NI 43-101, who has reviewed and approved the scientific and technical information contained in this MD&A regarding Itafos Conda and Itafos Paris Hills is Luc Adjanor, Chartered Engineer and Professional Member with the UK Institute of Materials, Minerals and Mining.

Unless otherwise indicated, the responsible Qualified person, within the guidelines set forth in NI 43-101, who has reviewed and approved the scientific and technical information contained in this MD&A regarding Itafos Arraias, Itafos Santana and Itafos Araxá is Carlos Guzmán, FAusIMM (229036), Mining Engineer, RM (Chilean Mining Commission).

Unless otherwise indicated, the responsible Qualified person, within the guidelines set forth in NI 43-101, who has reviewed and approved the scientific and technical information contained in this MD&A regarding Itafos Farim is Dan Markovic, P.Eng.

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