MBAC FERTILIZER CORP.

Condensed Interim Consolidated Financial Statements

For the Three Months Ended March 31, 2015 and 2014 (unaudited)

Notice of no auditor review of Condensed Interim Consolidated Financial Statements

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed interim consolidated financial statements, they must be accompanied by a notice indicating that the condensed interim consolidated financial statement have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of the Corporation have been prepared by and are the responsibility of the Corporation's management.

The Corporation's independent auditor has not performed a review of these condensed interim consolidated financial statements in accordance with standards established by CPA Canada for a review of condensed interim consolidated financial statements by an entity's auditor.

MBAC FERTILIZER CORP.

Condensed Interim Consolidated Balance Sheets

As at March 31, 2015 and December 31, 2014 *(Unaudited and in thousands of United States dollars)*

		March 31, 2015		December 31, 2014
ASSETS				
Current				
Cash and cash equivalents	$	142	$	–
Restricted cash *(Note 4)*		768		1,409
Accounts receivable		72		73
Inventories *(Note5)*		2,437		4,529
Other current assets *(Note 6)*		1,668		2,256
		5,087		8,267
Non-Current				
Other long-term assets *(Note 6)*		20,094		24,329
Property, plant and equipment *(Note 7)*		321,854		390,443
Mineral properties *(Note 8)*		51,335		60,669
Total Assets	$	398,370	$	483,708
LIABILITIES				
Current				
Bank indebtedness	$	–	$	1,619
Accounts payable and accrued liabilities		29,865		32,073
Deferred revenue		1,357		1,515
Debt *(Note 9)*		239,299		254,788
		270,521		289,995
Non-Current				
Other long-term liabilities		7,948		10,122
Total Liabilities		278,469		300,117
SHAREHOLDERS' EQUITY				
Share capital *(Note 10)*		286,553		312,868
Contributed surplus		16,457		17,879
Warrant reserve		9,421		10,286
Accumulated other comprehensive loss		(8,916)		(17,032)
Deficit		(183,614)		(140,410)
		119,901		183,591
Total Liabilities and Shareholders' Equity	$	398,370	$	483,708

General Information and Going Concern *(Note 1)*
Commitments and Contingencies *(Note 13)*

ON BEHALF OF THE BOARD:

Signed: "Peter Marrone"
Peter Marrone
Director

Signed: "Cristiano Melcher"
Cristiano Melcher
Director

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

MBAC FERTILIZER CORP.

Condensed Interim Consolidated Statements of Operations

For the three months ended March 31, 2015 and 2014

(Unaudited and in thousands of United States dollars except for per share amounts)

	March 31, 2015	March 31, 2014
Operating expenses		
Selling, general and administrative expenses	$ 960	$ 2,110
Operations care and maintenance expenses *(Note 7)*	7,469	–
Exploration and evaluation expenditures	–	24
Operating loss	8,429	2,134
Unrealized foreign exchange gain (loss) *(Note 11)*	(19,438)	10,977
Realized foreign exchange gain (loss)	6	(1,680)
Other (expense) income	(2,441)	(893)
Finance income (expense) *(Note 12)*	(12,562)	187
Income (loss) before income taxes	(42,864)	6,457
Current income tax expense	–	–
Deferred income tax expense	340	402
	340	402
Net income (loss)	$ (43,204)	$ 6,055
Basic and diluted net income (loss) per share *(Note 10(b))*	$ (0.24)	$ 0.04

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

MBAC FERTILIZER CORP.

Condensed Interim Consolidated Statements of Comprehensive Income (Loss)

For the three months ended March 31, 2015 and 2014

(*Unaudited and in thousands of United States dollars*)

	March 31, 2015	March 31, 2014
Net income (loss)	$ (43,204)	$ 6,055
Other comprehensive income		
Items that may be reclassified subsequently to profit and loss:		
Cumulative translation adjustment	8,116	16,039
Comprehensive income (loss)	$ (35,088)	$ 22,094

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

MBAC FERTILIZER CORP.

Condensed Interim Consolidated Statements of Changes in Equity

For the three months ended March 31, 2015 and 2014

(*Unaudited and in thousands of United States dollars except for number of shares*)

	Share capital		Contributed surplus	Warrant reserve	Accumulated other comprehensive loss	Deficit	Total equity
	Number of shares	Amount					
Balance, January 1, 2015	181,607,492	$ 312,868	$ 17,879	$ 10,286	$ (17,032)	$ (140,410)	$ 183,591
Net income for the period	–	–	–	–	–	(43,204)	(43,204)
Other comprehensive income (net of tax):							
Cumulative translation adjustment	–	–	–	–	8,116	–	8,116
Comprehensive income for the period	–	–	–	–	8,116	(43,204)	(35,088)
Share-based payment expense	–	–	84	–	–	–	84
Exchange differences	–	(26,315)	(1,506)	(865)	–	–	(28,686)
Balance, March 31, 2015	**181,607,492**	**$ 286,553**	**$ 16,457**	**$ 9,421**	**$ (8,916)**	**$ (183,614)**	**$ 119,901**
Balance, January 1, 2014	152,029,492	$ 328,865	$ 18,492	$ 5,542	$ (26,673)	$ (111,896)	$ 214,330
Net income for the period	–	–	–	–	–	6,055	6,055
Other comprehensive income (net of tax):							
Cumulative translation adjustment	–	–	–	–	16,039	–	16,039
Comprehensive income for the period	–	–	–	–	16,039	6,055	22,094
Share-based payment expense	–	–	345	–	–	–	345
Exchange differences	–	(12,452)	(701)	(209)	–	–	(13,362)
Balance, March 31, 2014	**152,029,492**	**$ 316,413**	**$ 18,136**	**$ 5,333**	**$ (10,634)**	**$ (105,841)**	**$ 223,407**

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

MBAC FERTILIZER CORP.

Condensed Interim Consolidated Statements of Cash Flows

For the three months ended March 31, 2015 and 2014

(*Unaudited and in thousands of United States dollars*)

	March 31, 2015	March 31, 2014
Cash provided by (used in):		
Operating activities		
Net income (loss)	$ (43,204)	$ 6,055
Adjusting items:		
Depreciation and depletion	5,341	11
Share-based payment expense	84	345
Deferred income tax expense	340	402
Loss on disposition of property, plant and equipment *(Note 7)*	170	50
Unrealized (gain) loss on derivative instruments	–	(1,309)
Unrealized foreign exchange gain *(Note 11)*	19,438	(10,977)
Provisions and write-offs	644	–
Other financial expense *(Note 12)*	12,049	755
	(5,138)	(4,668)
Net change in non-cash working capital *(Note 16)*	1,930	7,633
	(3,208)	2,965
Investing activities		
Acquisition of property, plant and equipment	(194)	(8,773)
Exploration, evaluation and mine development expenditures	–	(741)
Proceeds on disposition of property, plant and equipment *(Note 7)*	–	30
Change in CELTINS note receivable	–	628
	(194)	(8,856)
Financing activities		
Proceeds from debt financing *(Note 9)*	8,138	16,467
Repayment of debt *(Note 9)*	(199)	(8,566)
Interest and fees paid on debt	(3,127)	(5,727)
Change in restricted cash *(Note 4)*	403	2,167
	5,215	4,341
Foreign currency effect on cash	(52)	(230)
Increase (decrease) in cash	1,761	(1,780)
Cash, beginning of period	(1,619)	661
Cash (bank indebtedness), end of period	$ 142	$ (1,119)

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

1. GENERAL INFORMATION AND GOING CONCERN

MBAC Fertilizer Corp. ("MBAC" or the "Company") is a Canadian-based company engaged in the mining, production and exploration of phosphate fertilizers in the Brazilian market. The Company is focused on becoming a significant integrated producer of phosphate fertilizer and related products in the Brazilian market. The Company operates the Itafós Arraias Single Super Phosphate ("SSP") Operations which is wholly owned by the Company's subsidiary, Itafós Mineração Ltda. ("Itafós"). The production facility comprises a beneficiation plant, a sulphuric acid plant, an SSP acidulation plant and a granulation plant (the "Itafós Arraias SSP Operations").

These consolidated financial statements have been prepared on a basis which assumes that the Company will be able to continue its operation as a going concern for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business.

The Company was ramping up production of granulated SSP at the Itafós Arraias SSP Operations in 2014, meeting industry specifications and making deliveries to customers. This production ramp-up was delayed due to severe financial constraints resulting in additional funding requirements to finance the working capital and debt service needs of the Company. In consultation with its senior lenders, MBAC has engaged a financial advisor to conduct a strategic review process to help find a definitive solution to the Company's working capital constraints and liquidity requirements. Options under consideration in the strategic review process include, but are not limited to, securing a strategic partner, the sale of the Company or its assets as well as other potential value-maximizing transactions. In support of its strategic review process and its objective to preserve working capital, at the beginning of the quarter, MBAC has put its Itafós Arraias SSP Operations in care and maintenance mode. Although MBAC believes that a long-term solution will be achieved in due course through the strategic process, the Company's ability to continue as a going concern is dependent on obtaining additional working capital funding in the immediate term. The Company continues to work with its senior lenders to obtain the required funding in the short term. MBAC has determined that its working capital needs for the next twelve months exceeds the amounts available under its credit agreements. While the Company has had a successful track record in raising capital to date, there can be no assurance that it will be able to do so in the future. These conditions indicate material uncertainty that may cast significant doubt as to the ability of the Company to meet its obligations as they come due and, accordingly, the ultimate appropriateness of the use of accounting principles applicable to a going concern. The Company's primary sources of funding to this point have been the issuance of equity securities, debt and the sale of assets. MBAC has limited other financial resources.

The unaudited condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to a going concern, which assumes that the Company will be able to meet its obligations and continue its operations for the foreseeable future. The consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities, the reported expenses and balance sheet classifications that would be necessary if the going concern assumption was inappropriate. These adjustments could be material.

The Company's common shares are listed on the Toronto Stock Exchange ("TSX") under the symbol "MBC". Its registered office is at 120 Adelaide Street West, Suite 1250, Toronto, Ontario, M5H 1T1, Canada.

2. BASIS OF CONSOLIDATION AND PRESENTATION

These unaudited condensed interim consolidated financial statements have been prepared in accordance with IAS 34 – *Interim Financial Reporting* as issued by the International Accounting Standards Board ("IASB"). Accordingly, certain disclosures included in annual financial statements prepared in accordance with IFRS as issued by the IASB have been condensed or omitted and these unaudited condensed interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2014.

The unaudited condensed interim consolidated financial statements are presented in United States Dollars ("USD"). References herein to C$ and CAD are to the Canadian Dollar and R$ and BRL are to the Brazilian Real.

The preparation of these unaudited condensed interim consolidated financial statements requires the use of certain significant accounting estimates and judgements by management in applying the Company's accounting policies. The areas involving significant judgements and estimates have been set out in Note 4 of the Company's audited consolidated financial statements for the year ended December 31, 2014. There have been no material revisions to the nature of judgements and amount of changes in estimates of amounts reported in the Company's audited consolidated financial statements for the year ended December 31, 2014.

During the period ended March 31, 2015, the Itafós property was placed into care and maintenance, resulting in an impairment indicator under IAS 36. The outcome of the impairment assessment on the Itafós property did not change the outcome of the impairment assessment performed as part of the December 31, 2014 annual financial statements, and there are no other changes in the key estimates and judgements to note in these unaudited condensed interim financial statements.

The policies applied in these unaudited condensed interim consolidated financial statements are based on IFRS issued and outstanding as of May 15, 2015, the date the board of directors of the Company approved the financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these unaudited condensed interim consolidated financial statements are consistent with those followed in the preparation of the Company's audited consolidated financial statements for the year ended December 31, 2014, with the exception of a new policy in respect of care and maintenance expenditures resulting from Itafós being placed on care and maintenance during the quarter (see Note 7). There was no significant impact on the Company's unaudited condensed interim consolidated financial statements as a result of new standards that became effective during 2015.

4. RESTRICTED CASH

The Company had restricted cash of $768 (December 31, 2014 – $1,409) comprised of debt service reserve accounts. During Q1 2015, the Company's senior lenders released certain funds from the debt service reserve accounts to meet certain working capital needs.

5. INVENTORIES

	March 31, 2015	December 31, 2014
Raw materials	$ 895	$ 2,482
Work in process	188	423
Finished goods	249	303
Spare parts and supplies	1,105	1,321
	$ 2,437	$ 4,529

6. OTHER LONG-TERM ASSETS

	March 31, 2015	December 31, 2014
Tax credits	$ 19,629	$ 23,628
Finance lease receivable	1,101	1,317
Other	1,032	1,640
	21,762	26,585
Less: Current portion	1,668	2,256
	$ 20,094	$ 24,329

Tax credits

Other long-term assets are primarily comprised of tax credits. Tax credits consist of Brazilian state and federal taxes accumulated primarily on purchases of property, plant and equipment and can be applied to offset and potentially reimburse certain value added taxes and other taxes payable in future periods. As at March 31, 2015, the Company had tax credits of $19,629 (December 31, 2014 – $23,628) of which $203 (December 31, 2014 – $251) was included in "Other current assets".

7. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings and Plant	Machinery, equipment and other	Total
Cost				
Balance as at December 31, 2014	$ 4,009	$ 157,161	$ 258,223	$ 419,393
Additions	–	–	194	194
Disposals	–	–	(170)	(170)
Transfers	–	–	–	–
Exchange differences	(659)	(25,833)	(42,254)	(68,746)
Balance as at March 31, 2015	**$ 3,350**	**$ 131,328**	**$ 215,993**	**$ 350,671**
Accumulated Depreciation				
Balance as at December 31, 2014	$ –	$ 11,728	$ 17,222	$ 28,950
Depreciation for the period	–	2,178	3,164	5,342
Disposals	–	–	–	–
Transfers	–	–	–	–
Exchange differences	–	(2,176)	(3,299)	(5,475)
Balance as at March 31, 2015	**$ –**	**$ 11,730**	**$ 17,087**	**$ 28,817**
Net Book Value				
As at December 31, 2014	$ 4,009	$ 145,433	$ 241,001	$ 390,443
As at March 31, 2015	**$ 3,350**	**$ 119,598**	**$ 198,906**	**$ 321,854**

As at March 31, 2015, borrowing costs of $47,158 (December 31, 2014 – $56,409) had been capitalized and are included in “Property, plant and equipment”. During Q1 2015, the Company capitalized borrowing costs of $nil (three months ended March 31, 2014 – $7,853).

Prior to January 7, 2015, the Company capitalized pre-commercial production costs relating to the Itafós Arraias SSP Operations as property, plant and equipment, as these costs were incurred in the development of the Itafós Arraias SSP Operations towards commercial production. Effective January 7, 2015, the Itafós Operations has been placed under care and maintenance while the Company continues to seek potential solutions under the strategic review process. The Company determined that expenditures incurred at Itafós Arraias SSP operations during the care and maintenance phase no longer satisfy the requirement to be capitalized as an asset, and accordingly are recorded as “Operations care and maintenance expenses” in the consolidated statement of operations.

The Operations care and maintenance expenses of $7,469 for the quarter ended March 31, 2015 (quarter ended March 31, 2014 – $nil) was primarily comprised of depreciation expense of $5,276 and salaries & wages of $1,866.

8. MINERAL PROPERTIES

	Development costs	Exploration and evaluation costs	Accumulated Depletion	Net book value
Balance as at December 31, 2014	$ 45,275	$ 17,522	$ (2,128)	$ 60,669
Additions	560	2	–	562
Disposals	–	–	–	–
Exchange differences	(7,371)	(2,874)	349	(9,896)
Balance as at March 31, 2015	**$ 38,464**	**$ 14,650**	**$ (1,779)**	**$ 51,335**

9. DEBT

		March 31, 2015		December 31, 2014
Project Financing:				
FINAME Loans	$	**2,766**	$	3,393
Itaú Loans		**67,132**		76,885
IFC Loan		**41,590**		40,817
Mizuho Loan		**16,895**		19,417
Votorantim Loans		**16,001**		17,741
Other Loans:				
Itaú Mezzanine Loans		**35,721**		38,847
Working Capital Loans		**56,604**		54,565
Santana BNDES Loan		**2,590**		3,123
	$	**239,299** [1]	$	254,788 [1]

[1] Balances include interest accruals of $13,666 (December 31, 2014 – $9,311) and are net of unamortized borrowing costs of $12,774 (December 31, 2014 – $13,518), which are included as deferred transaction costs in the carrying value of the debt, and amortized using the effective interest method.

During 2014, the Company executed debt extension agreements with its senior lenders whereby MBAC was permitted to defer the repayment of principal and interest amounts for a period of up to two years. The senior debt extension also includes an extension of the current maturity dates of the existing working capital facilities previously provided by the senior lenders by approximately four years. The Company will not be required to replenish the debt service reserve accounts until 2016. During Q1 2015, the senior lenders released certain funds from the debt service reserve accounts to meet certain working capital needs.

As at March 31, 2015 and December 31, 2014, the Company was not in compliance with certain debt covenants associated with its Project Financing and Other Loans and therefore has presented all its debt as current as there are cross-default provisions in our senior debt agreements.

Working Capital Loans

Itaú Working Capital Loans

The Company has a working capital loan with Banco Itaú BBA ("Itaú") in the amount of $10.3 million (the "Itaú Nassau Loan"). This loan, denominated in USD, has a fixed interest rate of 4.66% p.a. and was scheduled to mature on March 15, 2015. During Q1 2015, this loan agreement was amended to extend the maturity date of the Itaú Nassau Loan to July 2015.

The Company has a working capital loan with Banco Itaú BBA ("Itaú") in the amount of $2.7 million (R$8.6 million). This loan, denominated in BRL, has an interest rate of DI + 4.50% p.a. and was scheduled to mature on April 20, 2015. Subsequent to quarter end, this loan agreement was amended extending its maturity to July 2015.

During Q1 2015, the Company executed and received disbursements on new working capital loans from Itaú in the amounts of $5.3 million (R$17.0 million) and $0.8 million (R$2.7 million). The loans have an interest rate of DI + 4.50% and mature on November 20, 2020. Interest is payable quarterly beginning in July 2015, and monthly commencing September 2016 and principal is payable monthly beginning September 2016. The purpose of these loans was to refinance overdraft balances, settle bank guarantee liabilities and cover debt service requirements on other Itaú loan agreements.

Votorantim Working Capital Loans

The Company has a working capital loan with Banco Votorantim ("Votorantim") in the amount of $1.6 million (R$5.0 million). This loan, denominated in BRL, has an interest rate of DI + 4.50% p.a. and was scheduled to mature on April 20, 2015. Subsequent to quarter end, the Company was not able to settle this loan; however, the Company continues to negotiate a potential maturity extension with the lender.

Santander Working Capital Loan

During 2014, the Company executed and received disbursements from a working capital loan with Banco Santander ("Santander") for $10.6 million (the "Santander Working Capital Loan"). This loan has an interest rate of LIBOR + 3.473% p.a. and matures on August 21, 2015. Principal is due at maturity and interest is payable semi-annually beginning in February 2015. Subsequent to quarter end, the maturity date of the interest payment that was due under this facility was extended to August 21, 2015.

Modal Working Capital Loan

During 2014, the Company entered into a working capital loan with Banco Modal S.A. ("Modal") for $5.1 million (R$16.2 million). This loan has an interest rate of 0.75% per month + DI and was originally scheduled to mature on March 2, 2015. Principal is due at maturity and interest was payable monthly beginning in May 2014. During Q1 2015, the Company extended the maturity date of the loan to August 10, 2015.

Security

As at March 31, 2015, each of the Itaú Loans, IFC Loan, Mizuho Loan, Votorantim Loans, Itaú Working Capital Loans 3 and Votorantim Working Capital Loans 3 were secured by a first lien on (a) property, plant and equipment acquired in connection with the construction of the production facility at the Itafós Arraias SSP Operations; (b) quotas representing 100% of the equity shares of Itafós; (c) deposits in the Itafós bank accounts; (d) mineral rights related to the project; and (e) first lien on the shares and mineral rights of MBAC Fertilizantes Ltda. (the subsidiary company that holds the Santana Phosphate Project in the State of Pará, Brazil). The FINAME Loans are secured by a lien on equipment acquired in connection with funds from the FINAME lines of credit. The use of proceeds from all of these debt facilities were used to fund expenditures in respect of the development of the production facility at the Itafós Arraias SSP Operations. The Santander Loan is secured by a second lien on the mineral rights and assets of Itafós and by a first lien on the shares and mineral rights of the subsidiary company that holds the Company's rare earth oxides/niobium/phosphate project (Araxá Project). The other Working Capital Loans and the Santana BNDES Loan are secured by a bank guarantee.

10. SHARE CAPITAL

(a) Authorized capital

Share capital as at March 31, 2015 was $286,553 (December 31, 2014 – $312,868). The Company is authorized to issue an unlimited number of common shares without par value and an unlimited number of preferred shares issuable in series. There are no preference shares issued or outstanding. As at March 31, 2015, MBAC had 181,607,492 common shares (December 31, 2014 – 181,607,492) issued and outstanding.

(b) Weighted-average number of common shares and dilutive common share equivalents

	Three months ended	
	March 31, 2015	March 31, 2014
Weighted average number of common shares	**181,607,492**	152,029,492
Weighted average number of dilutive share purchase options	**–**	–
Diluted weighted average number of common shares	**181,607,492**	152,029,492

11. UNREALIZED FOREIGN EXCHANGE LOSS (GAIN)

The functional currency of the Brazilian subsidiaries of the Company is BRL. The functional currency of all other entities is CAD and the Company's presentation currency is USD. The unrealized foreign exchange loss of $19,438 for Q1 2015 (Q1 2014 – gain of $10,977) was primarily comprised of the unrealized losses resulting from the revaluation of long-term debt denominated in foreign currency and intercompany loans between the Company's subsidiaries. The unrealized losses on the intercompany loans are recorded for accounting purposes and do not create an economic impact for the consolidated Company.

12. FINANCE INCOME (EXPENSE)

	Three months ended	
	March 31, 2015	March 31, 2014
Interest expense and amortization of deferred transaction costs	**$ (12,531)**	$ (1,033)
Unrealized gain (loss) on derivatives	**–**	1,309
Other financial expense	**(46)**	(262)
Interest income	**15**	173
Finance income (expense)	**$ (12,562)**	$ 187

Interest expense and amortization of deferred transaction costs in Q1 2015 was $12,531 (Q1 2014 – $1,033). Prior to January 7, 2015, the Company capitalized interest expense and amortization of deferred transaction costs relating to the Itafós Arraias SSP Operations as property, plant and equipment, as these costs were incurred in the development of the Itafós Arraias SSP Operations towards commercial production. Effective January 7, 2015, the Itafós Arraias SSP Operations has been placed under care and maintenance while the Company continues to seek potential solutions under the strategic review process. The Company determined that interest expenses and amortization of deferred transaction costs relating to the Itafós Arraias SSP Operations during the care and maintenance phase no longer satisfy the requirement to be capitalized as an asset, and accordingly are recorded as "finance expense" in the consolidated statement of operations.

13. COMMITMENTS AND CONTINGENCIES

The Company may be involved in legal proceedings from time to time, arising in the ordinary course of its business. The amount of ultimate liability with respect to these actions is not expected to, in the opinion of management, materially affect MBAC's financial position, results of operations or cash flows. Based on the Company's knowledge and assessment of events as at March 31, 2015, the Company does not believe that the outcome of any of the matters not recorded in the financial statements, individually or in aggregate, would have a material adverse effect.

The Company has various cancellable operating lease agreements, whereby MBAC is required to give a notice of less than three months for the termination of these agreements. In addition to commitments otherwise reported in these financial statements, the Company is contractually committed to capital commitments of $13 and non-cancellable operating lease commitments of $50. Payments in respect of these commitments are due as follows:

Within 1 year	$	53
1 to 2 years		6
2 to 3 years		3
Thereafter		–
	$	62

In March 2015, the Company's head office in Canada renegotiated its office lease agreement, effectively reducing future operating lease commitments by approximately $703.

14. SEGMENT REPORTING

Operating segments

Operating segments were identified on the basis of internal information reviewed by the chief operating decision maker. Three segments were identified based on the geographical areas and the reporting structure. The Corporate segment is comprised of activities related to administrative offices in Canada, Brazil, Barbados and the Netherlands, the Operations segment is comprised of activities at the Itafós Arraias SSP Operations and the Development and Exploration segment is comprised of activities related to the Santana Phosphate Project and the Araxá Project. The accounting policies of the reportable segments are the same as the Company's accounting policies.

All of the Company's revenue and substantially all of the Company's non-current assets are in Brazil.

For Q1 2015:

	Operations	Development & Exploration	Corporate	Total
Operating earnings				
Operating expenses				
Selling, general and administrative expenses	$ –	$ 22	$ 938	$ 960
Operations care and maintenance expenses	7,469	–	–	7,469
Exploration and evaluation expenditures	–	–	–	–
Operating loss	(7,469)	(22)	(938)	(8,429)
Interest income	15	–	–	15
Interest expense	(11,460)	(278)	(476)	(12,214)
Other	(14,677)	(326)	(7,233)	(22,236)
Income (loss) before income taxes	(33,591)	(626)	(8,647)	(42,864)
Income tax expense	–	–	340	340
Net income (loss)	$ (33,591)	$ (626)	$ (8,987)	$ (43,204)
Fixed asset additions				
Additions to PP&E	$ 194	$ –	$ –	$ 194
Additions to mineral properties	$ –	$ 562	$ –	$ 562

For Q1 2014:

	Operations	Development & Exploration	Corporate	Total
Operating earnings				
Operating expenses				
Selling, general and administrative expenses	$ –	$ 7	$ 2,103	$ 2,110
Exploration and evaluation expenditures	–	24	–	24
Operating loss	–	(31)	(2,103)	(2,134)
Interest income	147	–	26	173
Interest expense	(165)	(145)	(314)	(624)
Other	2,868	(24)	6,198	9,042
Income (loss) before income taxes	2,850	(200)	3,807	6,457
Income tax expense	–	–	402	402
Net income (loss)	$ 2,850	$ (200)	$ 3,405	$ 6,055
Fixed asset additions				
Additions to PP&E	$ 19,915	$ 9	$ 41	$ 19,965
Additions to mineral properties	$ 34	$ 1,369	$ –	$ 1,403

15. FAIR VALUE MEASUREMENT AND RISK FACTORS

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk, interest rate risk, foreign currency risk, and commodity price risk. These unaudited condensed interim consolidated financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2014.

Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value, by reference to the reliability of the inputs used to estimate the fair values.

- Level 1: Valuations based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Valuations based on directly or indirectly observable inputs in active markets for similar assets or liabilities, other than Level 1 prices such as quoted interest or currency exchange rates; and
- Level 3: Valuations based on significant inputs that are not derived from observable market data, such as discounted cash flow methodologies based on internal cash flow forecasts.

The Company's financial instruments consist of cash and cash equivalents, bank indebtedness, current and long-term receivables, accounts payable and accrued liabilities, deferred revenue and debt. The fair values of cash and cash equivalents, current and long-term receivables, and accounts payable and accrued liabilities approximates their carrying values.

The Company recognizes transfers between the levels of the fair value hierarchy at the date of the event or change in circumstances that caused the transfer. There were no such transfers during Q1 2015.

16. NET CHANGE IN NON-CASH WORKING CAPITAL

Changes in non-cash working capital items provided $1,930 of cash during Q1 2015 (Q1 2014 –$7,633). The change in non-cash working capital was primarily comprised of cash provided by accounts payable and accrued liabilities.