ITAFOS

(formerly MBAC Fertilizer Corp.)

Audited Consolidated Financial Statements

For the Years Ended
December 31, 2016 and 2015

Management's Responsibility for Financial Information

The consolidated financial statements, the notes thereto and other financial information contained in the management's discussion and analysis are the responsibility of management of Itafos and have been approved by the Board of Directors.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board. The consolidated financial statements, where necessary, include amounts which reflect management's best estimates and judgments based on current available information. To provide reasonable assurance that the Company's assets are appropriately accounted for and adequately safeguarded, and that financial information is accurate and reliable, Itafos maintains systems of internal accounting and administrative controls.

The Board of Directors, through its Audit Committee, is responsible for ensuring that management fulfills its responsibilities for financial reporting. The Board is ultimately responsible for reviewing and approving the audited consolidated financial statements and the accompanying management's discussion and analysis.

The Audit Committee meets periodically with management and the independent auditors to review internal accounting controls, auditing matters, financial reporting issues, and to satisfy itself that all parties are properly discharging their responsibilities. The Audit Committee also reviews the consolidated financial statements, the management's discussion and analysis of financial results, and the independent auditor's report. The Audit Committee also considers and recommends the engagement or reappointment of the external auditors to the shareholders. The Audit Committee reports its findings to the Board of Directors for its approval of the consolidated financial statements for issuance to the shareholders.

The consolidated financial statements have been audited, on behalf of the shareholders, by the Company's independent auditors, PricewaterhouseCoopers LLP, in accordance with Canadian generally accepted auditing standards. PricewaterhouseCoopers LLP has full and free access to the Audit Committee.

Signed: "Brian Zatarain"	*Signed: "Rafael F. Rangel"*
Brian Zatarain	Rafael F. Rangel
Chief Executive Officer	Chief Financial Officer

March 29, 2017

Independent Auditor's Report

To the Shareholders of Itafos (formerly MBAC Fertilizer Corp.)

We have audited the accompanying consolidated financial statements of Itafos (formerly MBAC Fertilizer Corp.) and its subsidiaries (the Company), which comprise the consolidated balance sheets as at December 31, 2016 and December 31, 2015 and the consolidated statements of operations, comprehensive loss, changes in equity and cash flows for the years then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Itafos and its subsidiaries as at December 31, 2016 and December 31, 2015 and their financial performance and their cash flows for the years then ended in accordance with International Financial Reporting Standards.

Signed: "PricewaterhouseCoopers LLP"
Chartered Professional Accountants, Licensed Public Accountants
Toronto, Ontario

March 29, 2017

ITAFOS (formerly MBAC Fertilizer Corp.)
Consolidated Balance Sheets
As at December 31, 2016 and December 31, 2015 *(In thousands of United States dollars)*

	December 31, 2016	December 31, 2015
ASSETS		
Current		
Cash	$ 2,875	$ 25
Restricted cash	–	146
Accounts receivable	169	3
Inventories *(Note 6)*	481	1,320
Other current assets *(Note 7)*	3,212	1,742
	6,737	3,236
Non-Current		
Investments in associates *(Note 8)*	17,813	–
Other long-term assets *(Note 7)*	17,320	15,558
Property, plant and equipment *(Note 9)*	222,564	246,714
Mineral properties *(Note 10)*	40,324	42,921
Total Assets	$ 304,758	$ 308,429
LIABILITIES		
Current		
Accounts payable and accrued liabilities *(Note 11)*	$ 19,345	$ 29,428
Provisions *(Note 12)*	975	2,969
Current Debentures and Debt *(Note 13)*	340	232,995
Other current liabilities *(Note 13)*	2,387	–
	23,047	265,392
Non-Current		
Other long-term tax liabilities *(Note 14)*	7,261	4,903
Provisions *(Note 12)*	586	658
Long-term portion of Debentures *(Note 13)*	2,479	–
Other liabilities *(Note 13)*	1,775	–
Total Liabilities	35,148	270,953
SHAREHOLDERS' EQUITY		
Share capital *(Note 15)*	374,508	262,235
Contributed surplus *(Note 15)*	246,626	15,315
Warrant reserve *(Note 15)*	–	8,621
Cumulative translation adjustment reserve	7,171	9,332
Deficit	(358,695)	(258,027)
	269,610	37,476
Total Liabilities and Shareholders' Equity	$ 304,758	$ 308,429

Commitments and Contingencies *(Note 21)* and Subsequent events *(Note 25)*

ON BEHALF OF THE BOARD:

Signed: "Anthony Cina"	*Signed: "Brent de Jong"*
Anthony Cina	Brent de Jong
Director	Director

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

ITAFOS (formerly MBAC Fertilizer Corp.)
Consolidated Statements of Operations
For the years ended *(In thousands of United States dollars except for per share amounts)*

	December 31, 2016	December 31, 2015
Operating expenses		
Selling, general and administrative expenses *(Note 16)*	$ 10,176	$ 5,612
Operations care and maintenance expenses *(Note 9,16)*	20,602	21,878
Loss on disposal of property, plant and equipment and mineral properties *(Notes 9,10)*	11,159	–
Impairment of property, plant and equipment and mineral properties *(Notes 9,10)*	59,781	–
Operating loss	(101,718)	(27,490)
Unrealized foreign exchange gain (loss) *(Note 17)*	23,343	(43,696)
Realized foreign exchange loss	–	(120)
Other income (expense) *(Note 16)*	(3,568)	(7,828)
Gain on restructuring *(Note 11)*	25,380	–
Finance expense *(Note 18)*	(42,766)	(37,226)
Loss from investment in associates *(Note 8)*	(201)	–
Loss before income taxes	(99,530)	(116,360)
Current and deferred income tax expense *(Note 19)*	1,138	1,257
Net loss	$(100,668)	$(117,617)
Basic and diluted net loss per share *(Note 15)*	$ (8.87)	$ (64.73)

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

ITAFOS (formerly MBAC Fertilizer Corp.)
Consolidated Statements of Comprehensive Loss
For the years ended (*Unaudited and in thousands of United States dollars*)

	December 31, 2016	December 31, 2015
Net loss	$(100,668)	$ (117,617)
Other comprehensive income		
Items that may be reclassified subsequently to profit and loss:		
Cumulative translation adjustment	5,587	(28,851)
Proportionate share of other comprehensive loss from investment in associates	230	–
Comprehensive loss	$ (94,851)	$ (146,468)

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

ITAFOS (formerly MBAC Fertilizer Corp.)
Consolidated Statements of Changes in Equity
For the years ended (*In thousands of United States dollars except for number of shares*)

	Share capital						
	Number of shares	Amount	Contributed surplus	Warrant reserve	Cumulative translation adjustment reserve	Deficit	Total equity
Balance, January 1, 2015	181,607,492	$312,868	$17,879	$ 10,286	$ (17,032)	$(140,410)	$ 183,591
Net loss for the period	–	–	–	–	–	(117,617)	(117,617)
Other comprehensive loss (net of tax):							
Cumulative translation adjustment	–	–	–	–	(28,851)	–	(28,851)
Comprehensive loss for the period	–	–	–	–	(28,851)	(117,617)	(146,468)
Share-based payment expense	–	–	353	–	–	–	353
Exchange differences	–	(50,633)	(2,917)	(1,665)	55,215	–	–
Balance, December 31, 2015	181,607,492	$262,235	$15,315	$ 8,621	$ 9,332	$(258,027)	$ 37,476
Net loss for the period	–	–	–	–	–	(100,668)	(100,668)
Other comprehensive income (net of tax):							
Cumulative translation adjustment	–	–	–	–	5,817	–	5,817
Comprehensive loss for the period	–	–	–	–	5,817	(100,668)	(94,851)
1/100 reverse stock split	(179,791,426)	–	–	–	–	–	–
Cancellation of warrants	–	–	8,880	(8,880)	–	–	–
Shares issued on acquisition of debt and acquisition of investment *(Notes 8, 13)*	50,337,972	94,381	222,861	–	–	–	317,242
Issuance of shares from private placement *(Note 15)*	5,374,800	10,000	–	–	–	–	10,000
Share-based payment recovery	–	–	(257)	–	–	–	(257)
Exchange differences	–	7,892	(173)	259	(7,978)	–	–
Balance, December 31, 2016	57,528,838	$374,508	$246,626	$ -	$ 7,171	$(358,695)	$ 269,610

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

ITAFOS (formerly MBAC Fertilizer Corp.)
Consolidated Statements of Cash Flows
For the years ended (*In thousands of United States dollars*)

	December 31, 2016	December 31, 2015
Cash provided by (used in):		
Operating activities		
Net loss	$ (100,668)	$ (117,617)
Adjusting items:		
Depreciation and depletion	18,272	18,696
Share-based payment (recovery) expense	(257)	353
Deferred income tax expense	1,138	1,257
Loss from investment in associates	201	–
Loss on disposition of property, plant and equipment	–	62
Unrealized foreign exchange (gain) loss *(Note 17)*	(23,343)	43,696
Gain on restructuring	(25,380)	–
Impairment and write-off on property, plant and equipment and mineral properties	70,939	–
Other financial expense *(Note 18)*	42,766	37,226
Net change in non-cash working capital *(Note 24)*	2,518	9,203
	(13,814)	(7,124)
Investing activities		
Acquisition of mineral properties	(1,033)	(258)
	(1,033)	(258)
Financing activities		
Proceeds from debt financing	7,604	17,291
Repayment of debt	–	(5,446)
Interest and fees paid on debt	–	(3,821)
Proceeds from issuance of shares	10,000	–
Change in restricted cash	146	1,002
	17,750	9,026
Foreign currency effect on cash	(53)	–
Increase in cash	2,850	1,644
Cash (bank indebtedness), beginning of year	25	(1,619)
Cash, end of year	$ 2,875	$ 25

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

1. GENERAL INFORMATION AND RESTRUCTURING TRANSACTION

Itafos (the "Company") is a company engaged in the mining, production and exploration of phosphate fertilizers. The Company is focused on becoming a significant integrated producer of phosphate based fertilizers and related products. The Company owns and operates the Itafós Arraias Single Super Phosphate ("SSP") Operations. The Itafós Arraias SSP Operations consists of an integrated fertilizer producing facility located in central Brazil. The facility is comprised of a phosphate mine, a mill, a beneficiation plant, a sulphuric acid plant, an SSP plant and a granulation plant and related infrastructure.

The Company's exploration portfolio includes additional projects in Brazil. The Itafós Santana Project, a phosphate deposit located in close proximity to the fertilizer market of Mato Grosso State and animal feed market of Pará State. The exploration portfolio also includes the Itafós Araxá Project, a rare earth elements, niobium and phosphate deposit located in close proximity to two operating mines near existing local infrastructure. In addition, the Company owns an approximate 31.3% interest in GB Minerals Ltd. ("GBL") and an approximate 36.5% interest in Stonegate Agricom Ltd ("STG"). GBL owns the Farim Project, a high-grade phosphate deposit located in Guinea Bissau. STG owns the Paris Hills Project, a high-grade phosphate deposit located in Idaho, United States and the Mantaro Project, a high-grade phosphate deposit located in Peru.

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. As of December 31, 2016, the Company had court approval on the Brazilian Restructuring (as defined below), had finalized the Canadian Restructuring (as defined below), and had successfully completed the Zaff Private Placement (as defined below). These transactions have significantly improved the Company's cash position at December 31, 2016 vis-à-vis December 31, 2015.

During 2016, the following events took place:

- The Company continued to satisfy its working capital needs with funds provided under a bridge loan arrangement that was granted by Zaff LLC (Zaff), a related party, to the Company in July 2015.
- The Company received court approval and initiated the issuance of debentures and warrants, a restructuring transaction under an Extrajudicial Restructuring Proceeding in Brazil (the "Brazilian Restructuring").
- The Company initiated and implemented a recapitalization and restructuring process in accordance with the provisions of the Companies' Creditors Arrangement Act in Canada (the "Canadian Restructuring").
- The Company redomiciled from Canada to the Cayman Islands by way of continuation and ceased to be incorporated in Canada.
- Zaff became the holder of approximately 96.25% of the issued and outstanding shares of, and a related party to, the Company upon implementation of the Canadian Restructuring on October 27, 2016. Zaff's interest in the Company later increased to approximately 96.60% upon closing of the Zaff Private Placement on December 8, 2016.
- The Company's securities were delisted from the Toronto Stock Exchange (the "TSX") and listed on the TSX Venture Exchange ("TSXV") under the symbol "MBC". Trading in the Company's securities was suspended on April 5, 2016 and resumed on November 7, 2016.
- Upon implementation of the Canadian Restructuring on October 27, 2016, the Company acquired non-controlling interests that had previously been held by Zaff in GBL and STG. The Company became the holder of approximately 31.3% of the issued and outstanding shares of GBL and approximately 36.5% of the issued and outstanding shares of STG. Subsequent to year end, the Company's interest in STG decreased to approximately 29.6% due to a non-brokered private placement (in which the Company did not participate) by STG on January 5, 2017.

- The Company completed a non-brokered private placement to Zaff for aggregate proceeds of CAD$13,437,000 (the "Zaff Private Placement") and initiated the recommissioning of the Itafós Arraias SSP Operations.

- The Company's Annual General Meeting of Shareholders approved on December 16, 2016 that the name of the Company be changed from "MBAC Fertilizer Corp." to "Itafos". Consistent with the name change, the Company applied to the TSXV to change its trading name from "MBAC Fertilizer Corp." to "Itafos" and its symbol from "MBC" to "IFOS". The Company commenced trading under its new name "Itafos" and new symbol "IFOS" on January 6, 2017.

The Company's registered office is at Ugland House, Grand Cayman, Grand Cayman KY1-1104.

2. BASIS OF CONSOLIDATION AND PRESENTATION

Statement of compliance

These consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards as issued by the Internal Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

These financial statements were authorized for issuance by the Board of Directors of the Company on March 29, 2017.

Basis of preparation and presentation

These consolidated financial statements have been prepared on a going concern basis under the historical cost convention.

The 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.

Consolidation

These consolidated financial statements include the accounts of the Company and its subsidiaries. All intercompany balances and transactions are eliminated on consolidation.

Subsidiaries are those entities which the Company controls by having the power to govern their financial and operating policies. The Company has wholly owned subsidiaries located in the Cayman Islands, United States of America, Barbados, the Netherlands and Brazil. The Company also has non-controlling interests in GBL and STG. Please refer to Note 8 for further discussion. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. Subsidiaries are fully consolidated from the date on which the Company obtained control and are deconsolidated from the date on which the Company ceases to have control. GBL and STG are accounted for by the equity method.

The Company is a subsidiary of Zaff LLC ("Zaff"), a Delaware limited liability company with offices in Houston, Texas, USA. As at December 31, 2016, Zaff beneficially owned, or controlled or directed, 55,573,669 shares of the Company, representing approximately 96.60% of the issued and outstanding shares of the Company (on an undiluted basis).

Pursuant to the Company's Plan of Compromise and Arrangement under the *Companies' Creditors Arrangement Act* (Canada) (the "CCAA") and Plan of Arrangement under the *Canada Business Corporations Act* (collectively, the "Canadian Restructuring Plan"), implemented on October 27, 2016, Zaff contributed to the Company Zaff's wholly owned equity interest in: (i) Alpha Brazil Holdings B.V, Brazilian Fertilizers B.V. and DJC Brazil Holdings B.V. and, indirectly, Alpha Fundo de Investimento Em Participações and Alpha Brazil Finco B.V.; and (ii) Zaff Ltd. and, indirectly, Zaff LP and Zaff 2 LP. Each of these entities is now a direct or indirect wholly owned subsidiary of the Company. Also, the Company created a subsidiary named Itafos Services LLC in Delaware, USA in November 2016 with the purpose of capturing corporate general and administrative expenses.

Investment in associates

An associate is an entity over which the Company has significant influence, but does not control, and is neither a subsidiary, nor an interest in a joint venture. Investments in which the Company has the ability to exercise significant influence are accounted for by the equity method. Under this method, the investment is initially recorded at cost and adjusted thereafter to record the Company's share of post-acquisition earnings or loss of the investee. The carrying value of the investment is also increased or decreased to reflect the Company's share of capital transactions, including amounts recognized in other comprehensive income ("OCI"). Where there is objective evidence that the investment in associates is impaired, the amount of impairment, calculated as the difference between the recoverable amount of the associate and its carrying value, is deducted from the carrying value and recognized as a loss in the statements of operations.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

Cash and cash equivalents consist of cash on deposit with banks and highly liquid short-term investments with terms of less than 90 days.

Inventories

Inventories, consisting of raw materials, work in process and finished goods are valued at the lower of cost and net realizable value. Mine operating spare parts and supplies are recorded at the lower of cost and net realizable value. During the pre-commercial production period, any adjustment from book value to net realizable value is capitalized to property, plant and equipment (see "Commencement of commercial production" policy below). Reversal of previous write-downs is made when there is a subsequent increase in the value of inventories.

Cost includes materials, direct labor, other direct costs and production overhead and amortization of plant, equipment and mineral properties directly involved in the mining and production processes. These costs are allocated to raw materials, work in process and finished goods based on the costs incurred in the applicable stage of processing. Overhead costs are allocated based on normal levels of production. In periods where the Company produces at less than normal capacity, unallocated overhead costs are recognized as an expense in cost of sales in the period in which they are incurred. Prior to the commencement of commercial production, such costs are capitalized to property, plant and equipment. See "Commencement of Commercial Production" policy below. As phosphate is processed and sold, costs are removed on a weighted-average basis.

Property, plant and equipment

Buildings, plant and equipment are recorded at cost less depreciation and impairment losses. Cost includes all expenditures incurred to prepare the asset for its intended use. Costs are also capitalized to the extent they improve the productive capacity or extend the useful economic life of an asset. Depreciation commences when an asset is available for use; property, plant and equipment specific to the Itafós Arraias SSP Operations were available for use at the start of 2015.

The following table summarizes the bases of depreciation and useful economic lives of major categories of property, plant and equipment.

	Depreciation Method	Useful Life
Land	Not depreciated	–
Buildings	Straight-line	3 to 25 years
Machinery and equipment	Straight-line	2 to 10 years
Other	Straight-line	2 to 6 years

The Company allocates the amount initially recognized in respect of an item of property, plant and equipment to its significant parts and depreciates separately each such part. Residual values, method of amortization and useful lives of the assets are reviewed annually and adjusted if appropriate.

The Company derecognizes property, plant and equipment upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising from the disposal or retirement of an item of property, plant and equipment is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognized within other income (loss) in the statement of operations.

The Company reviews and tests the carrying amount of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units or "CGU"s). The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use (being the present value of the expected future cash flows of the relevant asset or CGU). An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The Company evaluates impairment losses for potential reversals when events or circumstances warrant such consideration.

Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets periodically over the term of the respective facility to which the borrowing costs relate, until such time as the assets are substantially ready for their intended use or sale, or until development of the qualifying asset is suspended.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is offset against the borrowing costs eligible for capitalization. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

Commencement of commercial production

The Company assesses each mine construction project to determine when a mine moves into the production stage. The Company defines the commencement of commercial production as the period during which the plant has reached a level that is consistent with the use intended by management; achieving a sustainable level of production that provides a basis for a reasonable expectation of profitability.

Costs specific to operations prior to this point, including depreciation of related plant and equipment, are capitalized and proceeds from sales during this period are offset against costs capitalized. Upon the achievement of commercial production, the capitalization of costs incurred ceases and revenues and costs are reflected in the statement of operations. The capitalized costs are expected to be depreciated over the useful life of the related asset. As at December 31, 2016, none of the Company's properties were in commercial production.

Mineral properties and exploration and evaluation expenditures

The costs of acquiring land and mineral rights are capitalized based on the estimated fair value of reserves and resources at the date of acquisition. When production begins, capitalized acquisition costs and capitalized exploration and evaluation costs are amortized using the unit-of-production method based on estimated economically recoverable reserves. On acquisition of exploration properties, an estimate of the fair value of the exploration potential of the property is recorded, which is not subject to amortization. At the time, mineralized material is converted into reserves, the associated cost is reclassified to an asset subject to amortization.

Costs incurred in exploration and evaluation of reserves and resources are expensed up until a time where the expenditures are deemed to have probable future economic benefit based on factors such as the receipt of an independent preliminary economic assessment or other study suggesting positive project economics. Such expenditures include geological and geophysical expenses, costs of drilling and general and administrative costs related to exploration and evaluation activities. Once a project is deemed to have probable future economic benefit, related costs incurred subsequent to this date are capitalized until either commercial production commences or it is determined that the capitalized amounts will not be recovered. Capitalized costs are not amortized until transferred to mineral properties.

The mining operations are sometimes put on care and maintenance because a change in circumstances which is primarily related to a liquidity event, which makes production or further development uneconomical. Instead of shutting down and abandoning the property, operations and development are curtailed and the mine is placed on a "care-and-maintenance" basis. During this period, depreciable assets continue to be depreciated over their useful economic lives.

Deferred stripping costs

Stripping costs comprise the removal of overburden from a mine. Stripping costs that represent a betterment of a mineral property are capitalized to mineral properties. Such capitalized stripping costs are amortized on a unit-of-production method over the proven and probable reserves to which these costs relate. Other stripping costs are included in the cost of inventory produced during the period when the stripping benefits the production within the coming year.

Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently recorded at amortized cost using the effective interest method.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan, are capitalized as a pre-payment for liquidity services and amortized using the effective interest rate method over the period of the facility to which it relates.

Provision for environmental restoration ("PER")

The Company recognizes the present value of an environmental restoration obligation in the period in which it is incurred and when a reasonable estimate of the fair value of such obligation can be made. The present value of the estimated PER is recorded as a long-term liability, with a corresponding increase in the carrying amount of the related asset. The capitalized amount is amortized to expense through depletion over the life of the asset. The liability amount is increased each reporting period due to the passage of time and the amount of this accretion is charged to earnings in the period. Revisions, if any, to the estimated timing of cash flows, to the original estimated undiscounted cost, or to update the discount rate to a current rate, if any, also result in an increase or decrease to the PER and the related asset. Actual costs incurred upon settlement of the PER are charged against the PER to the extent of the liability recorded. Any difference between the actual costs incurred upon settlement of the PER and the recorded liability is recognized as a gain or loss in the Company's earnings in the period in which the settlement occurs. Costs arising from unforeseen remediation activity are recognized as an expense and liability when the event occurs that gives rise to an obligation and reliable estimates of the required rehabilitation costs can be made.

Share issuance costs

Costs incurred in connection with the issuance of capital stock are netted against the proceeds received.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods supplied, net of discounts, returns, sales allowances and sales taxes. Revenue is recognized when the product is shipped to the customer and title has been transferred, the significant risks and rewards of ownership have been transferred to the buyer, the price can be reliably measured and it is probable that the economic benefits associated with the sale will flow to the Company. Prior to the commencement of commercial production, the Company capitalizes all revenues related to the Itafós Arraias SSP Operations to property, plant and equipment; see "Commencement of commercial production" policy.

Share-based payments

In connection with the Canadian Restructuring, all stock options and warrants previously outstanding were cancelled on October 27, 2016. Following implementation of the Canadian Restructuring, the Company approved a stock option plan ("Stock Option Plan") for certain employees, directors and consultants. The Company accounts for share-based payments under the Stock Option Plan that settle through the issuance of equity using a fair value based method, whereby the fair value of the share-based award is determined at the date of grant using a market-based option valuation model. The fair value of the award is accrued on a graded vesting basis and recorded as compensation expense with a corresponding increase to contributed surplus. No adjustment for subsequent changes in the price of the Company's shares will be recorded. On exercise of the award, the proceeds together with the amount recorded in contributed surplus are recorded as share capital. Equity-settled share-based payment transactions not under the Stock Option Plan are measured at the fair value of the good or service received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

Income taxes

Income tax comprises current and deferred tax. Income tax is recognized in the statement of operations except to the extent that it relates to items recognized directly in equity, in which case the income tax is recognized directly in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted in the countries where the Company and its subsidiaries operate and generate taxable income, at the end of the reporting period, and any adjustment to tax payable in respect of previous years. Tax on income in interim periods is accrued using the estimated tax rate that would be applicable to expected total annual earnings.

In general, deferred tax is recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except, in the case of subsidiaries, where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are presented as non-current.

Income (loss) per share

Basic net income (loss) per share is based on the weighted average number of common shares of the Company outstanding during the period. The diluted net income (loss) per share is calculated using the treasury stock method and reflects the potential dilution of common share equivalents, such as outstanding share options and warrants, in the weighted average number of common shares outstanding during the period, if dilutive. The diluted net income (loss) per share calculation excludes any potential conversion of options and warrants that would increase earnings per share or decrease loss per share. The calculation of basic and diluted EPS for all periods presented is adjusted retrospectively when the number of ordinary or potential ordinary shares outstanding increases as a result of a capitalization, bonus issue, or share split, or decreases as a result of a reverse share split.

Foreign currency translation

The following are the Company's foreign currency translation methodologies:

i) Functional currency

Items included in the financial statements of each entity consolidated within the Itafos group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currency of the Brazilian subsidiaries of the Company is the Brazilian Real, the functional currency of the Zaff Cayman Companies and the USA subsidiary is the US Dollar. The functional currency of all other entities is the Canadian dollar.

ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Generally, foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in currencies other than an entity's functional currency are recognized in the statement of operations under foreign exchange gain/(loss).

iii) Presentation currency and translation of foreign operations

To align the Company with its peers, the presentation currency of the Company is USD.

In accordance with IAS 21 – *The Effects of Changes in Foreign Exchange Rates*, Company entities and operations whose functional currencies differ from the presentation currency ("foreign operations") are translated into USD as follows:

- assets, liabilities, share capital and contributed surplus are translated at the closing rate as at the date of statement of financial position;
- income and expenses are translated at the average rate of exchange for the reporting period (as this is considered a reasonable approximation to actual rates);
- translation gains and losses are recognized in consolidated other comprehensive income ("OCI") as cumulative translation adjustments, and are reported as such in accumulated other comprehensive income;
- retained earnings and deficit is translated at the historical rate of exchange of the underlying income and expense items; and
- when an entity disposes of its entire interest in a foreign operation, or loses control, joint control, or significant influence over a foreign operation, the foreign currency gains or losses accumulated in OCI related to the foreign operation are recognized in profit or loss. If an entity disposes of part of an interest in a foreign operation which remains a subsidiary, a proportionate amount of foreign currency gains or losses accumulated in other comprehensive income related to the subsidiary is reallocated between controlling and non-controlling interests.

Financial instruments

All financial instruments have been classified into one of the following four categories: fair value through profit or loss, loans and receivables, available-for-sale financial assets and financial liabilities at amortized cost. Financial assets and financial liabilities are recognized when the Company becomes party to the contractual provisions of the financial instruments.

Fair value through profit or loss financial instruments are measured at fair value and all gains and losses resulting from changes in those fair values are included in the statement of operations in the period in which they arise. Available-for-sale financial instruments are measured at fair value with revaluation gains and losses included in accumulated other comprehensive income (loss) until the instruments are derecognized or impaired. Available-for-sale securities are reviewed periodically for possible impairment and more frequently when economic or market concerns warrant such evaluation. An impairment is assessed if there is a significant or prolonged decline below the investment's carrying value. Loans and receivables and financial liabilities at amortized cost are measured at amortized cost and are amortized using the effective interest method. At the end of each reporting period, the Company determines if there is objective evidence that an impairment loss on financial assets measured at amortized costs has been incurred. If objective evidence exists that impairment loss for such assets has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate. The amount of the loss is recognized in the statement of operations in the period in which it arises.

The Company's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities, and debt. The Company has elected the following classifications:

Cash	*Loans and receivables*
Accounts receivables	*Loans and receivables*
Accounts payable and accrued liabilities	*Financial liabilities at amortized cost*
Debt	*Financial liabilities at amortized cost*

A financial asset is derecognized when its contractual rights to the cash flows that compose the financial asset expire or substantially all the risks and rewards of the asset are transferred. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired. Gains and losses on derecognition are included in the statement of operations in the period in which they arise.

Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Company's chief operating decision-maker, comprised of the senior management team, performs its planning, decision making, cash flow management and other management activities on such segment structure and relies on a management team with its members positioned in USA and Brazil. The Company is organized on the basis of three segments:

Itafós Arraias	*Itafós Arraias plant activities*
Development and Exploration	*All other projects and activities in the exploration and development stage and investments*
Corporate	*Activities related to administrative offices in United States of America, Cayman Islands, Canada (prior to emigration), Brazil, Barbados and the Netherlands*

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with IFRS requires the Company's management 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. Estimates and judgments are evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Estimates are deemed critical 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. By their nature, these estimates are subject to measurement uncertainty, and changes in these estimates may affect the consolidated financial statements of future periods.

Critical judgments in the application of accounting policies

Information about critical judgments and estimates in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are as follows:

i) Ability to continue as a going concern

Significant judgments are used in the Company's assessment of its ability to continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities in the normal course of operations. Following the restructuring event described in Note 1 and the financing described in Note 25 subsequent events, there is no longer deemed to be a material uncertainty that may cast significant doubt on the ability of the Company to continue as a going concern as at December 31, 2016.

ii) Investments in associates

The Company reviews the carrying value of the investments whenever events or changes in circumstances indicate that impairment may be present. Estimates are made and assumptions are used in this review, and these are subject to various risks and uncertainties which may ultimately have an effect on the expected recoverability of the carrying value of these investments.

iii) Assets' carrying values and impairment charges

In the determination of carrying values and impairment charges, management looks at the higher of the value in use amount or the fair value less costs of disposal in the case of property, plant and equipment and mineral property. These determinations and their individual assumptions require that management make decisions based on the best available information at each reporting period.

iv) Determination of economic viability of mineral property

Management has determined that costs associated with projects which have been capitalized have future economic benefits and are economically recoverable. In making this judgment, management assessed various sources of information including but not limited to the geologic and metallurgic information, the existence of economically recoverable reserves and resources, the ability of the Company to obtain the funding necessary to complete exploration and development activities and the future profitability, all of which are subject to significant risks and uncertainties.

v) Contingencies

Contingencies can be either possible assets or possible liabilities arising from past events which, by their nature, will only be resolved when one or more future events not wholly within our control occur or fail to occur. The assessment of such contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events. In assessing loss contingencies related to legal proceedings that are pending against us or unasserted claims, that may result in such proceedings or regulatory or government actions that may negatively impact our business or operations, the Company with assistance from its legal counsel evaluates the perceived merits of any legal proceedings or unasserted claims or actions as well as the perceived merits of the nature and amount of relief sought or expected to be sought, when determining the amount, if any, to recognize as a contingent liability or assessing the impact on the carrying value of assets. Contingent assets are not recognized in the consolidated financial statements. Refer to Note 21 for more information.

Key sources of estimation uncertainty in the application of accounting policies

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustment are included in the following notes:

i) Mineral reserves estimates

The figures for mineral reserves and mineral resources are determined in accordance with National Instrument 43-101, "Standards of Disclosure for Mineral Projects", issued by the Canadian Securities Administrators. There are numerous uncertainties inherent in estimating mineral reserves and mineral resources, including many factors beyond the Company's control. Such estimation is a subjective process, based on certain prescribed standards, and the accuracy of any mineral reserve or mineral resource estimate is a function of the quantity and quality of available data and certain assumptions including economic assumptions such as commodity prices and market conditions which could have a material effect in the future of the Company's financial position and results of operation.

A number of accounting estimates, as described in the relevant accounting policy notes above, are impacted by the reserve and resource estimate:

Mineral properties and exploration and evaluation expenditures and associated depreciation expense
Impairment of non-current assets
Provision for environmental restoration and related accounts

ii) Impairment of mineral properties

While assessing whether any indicators of impairment exist for mineral properties, consideration is given to both external and internal sources of information. Information the Company considers include changes in the market, economic and legal environment in which the Company operates that are not within its control and affect the recoverable amount of mineral properties. Internal sources of information include the manner in which property, plant and equipment are being used or are expected to be used and indications of economic performance of the assets. Estimates include but are not limited to estimates of the discounted future cash flows expected to be derived from the Company's mineral properties, costs to sell the mineral properties and the appropriate discount rate. Reductions in price forecasts, increases in estimated future costs of production, increases in estimated future capital costs, reduction in the amount of recoverable mineral reserves and resources and/or adverse current economics can result in a write-down of the carrying amounts to the Company's mineral properties.

At year end, an impairment test was conducted on the Company's Itafós property due to the Company's market capitalization being below the carrying value of net assets and a decline in the long-term estimate of SSP prices. The recoverable amount of the Itafós Arraias cash generating unit (CGU) has been determined using a fair value less costs of disposal (FVLCD) model. This is a discounted cash flow model, representing management's estimate of the expected return that a market participant would obtain from the property based on operating the Itafós Arraias property in accordance with its best and intended use. In forming the model, data with respect to the mine's operating capability in accordance with the technical report issued on March 27, 2013 has been taken into consideration.

As a result of the test, it was determined that Itafós Arraias' FVLCD was less than its carrying value of $302.3 million by $53.9 million as at December 31, 2016. An impairment charge of $53.9 million was recorded to the property's carrying amount as at December 31, 2016. Some of the key assumptions incorporated into management's estimate are noted as follows:

SSP sales price (2017 – 2018):	***$185/ton***
SSP sales price (2019 onward):	***$200/ton***
Long-term Brazilian Real: US dollar exchange rate:	***R$3.40: $1***
Weighted average cost of capital	***9.32% p.a.***
Conversion factor of Measured & Indicated resources to mineable property	***60%***

A summary of the impact on the impairment charge for a change in the key assumptions, holding all other factors in the model constant, are noted as follows:

10% reduction in long-term SSP sales price:	***Additional impairment of approximately $73 million***
10% strengthening in long-term Brazilian Real against the US dollar:	***Additional impairment of approximately $48 million***
1% increase in weighted average cost of capital	***Additional impairment of approximately $22 million***
10% reduction in conversion of Measured & Indicated resources	***Additional impairment of approximately $2 million***

iii) Income taxes

The Company is subject to income taxes in numerous jurisdictions. The calculation of income taxes requires judgment in applying tax laws and regulations, estimating the timing of the reversals of temporary differences, and estimating the realizability of deferred tax assets. These estimates impact current and deferred income tax assets and liabilities, and current and deferred income tax expense (recovery). These estimates also take into account the change in the Company's domicile in 2016.

5. CHANGES IN ACCOUNTING POLICY AND DISCLOSURE

New standards and interpretations not yet adopted

The IASB has issued the following applicable standards, which have not yet been adopted by the Company. The Company has not yet begun the process of assessing the impact that the new and amended standards will have on its consolidated financial statements or whether to early adopt any of the new requirements.

The following is a description of the new standards:

(i) IFRS 7, *Financial Instruments – Disclosure*, has been amended to require additional disclosures on transition from IAS 39 to IFRS 9. The amendment to IFRS 7 is effective on adoption of IFRS 9.

(ii) IFRS 9, *Financial Instruments*, was issued in November 2009 and addresses classification and measurement of financial assets. It replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments. Such instruments are recognized either at fair value through profit or loss or at fair value through other comprehensive income. Where equity instruments are measured at fair value through other comprehensive income, dividends are recognized in profit or loss to the extent that they do not clearly represent a return of investment; however, other gains and losses (including impairments) associated with such instruments remain in accumulated comprehensive income indefinitely.
Requirements for financial liabilities were added to IFRS 9 in October 2010 and they largely carried forward existing requirements in IAS 39, *Financial Instruments – Recognition and Measurement*, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss are generally recorded in other comprehensive income. The final version of IFRS 9 was published in July 2014 and includes (i) a third measurement category for financial assets – fair value through OCI; (ii) a single, forward-looking "expected loss" impairment model; and (iii) a mandatory effective date for annual reporting periods beginning on or after January 1, 2018, with early adoption permitted.

(iii) IFRS 15, *Revenue from Contracts with Customers*, establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18, *Revenue*, IAS 11, *Construction Contracts* and IFRIC 13, *Customer Loyalty Programs*. Effective for annual reporting periods beginning on or after January 1, 2018.

(iv) IFRS 16, *Leases*, was issued in January 2016. The standard requires lessees to recognize assets and liabilities for most leases. Application of the standard is mandatory for annual reporting periods beginning on or after January 1, 2019, with earlier application permitted, provided the new revenue standard, IFRS 15 Revenue from Contracts with Customers, has been applied or is applied at the same date as IFRS 16.

(v) Amendments to IFRS 2, *Share–based payments*, to clarify (i) certain issues related to the accounting for cash settled awards, and (ii) the accounting for equity settled awards that include a "net settlement" feature in respect of employee withholding taxes. The amendments apply for annual periods beginning on or after January 1, 2018 with earlier application permitted.

(vi) Amendments to IAS 7, *Statement of Cash Flows* – Disclosures related to financing activities, to require an entity to provide disclosures about changes in liabilities arising from financing activities, including both changes arising from cash flows and non–cash changes. The amendments apply for annual periods beginning on or after January 1, 2017 with earlier application permitted.

(vii) Amendments to IAS 12, *Income Taxes* – Recognition of Deferred Tax Assets for Unrealized Losses, to clarify (i) the requirements for recognizing deferred tax assets on unrealized losses; (ii) deferred tax where an asset is measured at a fair value below the asset's tax base, and (iii) certain other aspects of accounting for deferred tax assets. The amendments apply for annual periods beginning on or after January 1, 2017 with earlier application permitted.

6. INVENTORIES

	December 31, 2016	December 31, 2015
Raw materials	$ 661	$ 648
Work in process	9	49
Spare parts and supplies	1,151	863
Write-off	(1,340)	(240)
	$ 481	$ 1,320

During the year, as the Company progressed towards a potential recommissioning in 2017, certain physical inventory assets were examined to assess their usability in the forthcoming production plan. As a result of the physical examination, the Company expensed $1,100 in 2016 and $240 in 2015 for a total of $1,340.

7. OTHER LONG-TERM ASSETS

	December 31, 2016	December 31, 2015
Tax credits	$ 17,656	$ 15,556
Finance lease receivable	–	506
Other	2,876	1,238
	20,532	17,300
Less: Current portion	3,212	1,742
	$ 17,320	$ 15,558

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 December 31, 2016, the Company had tax credits of $17,656 (December 31, 2015 – $15,556) of which $377 (December 31, 2015 – $326) were included in "Other current assets".

8. INVESTMENTS IN ASSOCIATES

The following investments are considered associates and are accounted for using the equity method in these consolidated financial statements.

Investment in Stonegate Agricom Ltd. ("STG")

On October 27, 2016, through the issuance of 1,033,003 common shares to Zaff, the Company acquired ownership of and control over 154,950,462 common shares of STG, representing approximately 36.5% interest in STG, a mining company. STG is currently undertaking to develop the Paris Hills Phosphate Project, a development stage asset, located in Bear Lake County, Idaho, USA. STG is incorporated in Canada and its shares are traded on the TSX. During 2016, the Company's CEO, Mr. Brian Zatarain, was appointed as a Director on the Board of Directors of STG.

Balance as at December 31, 2015	$ –
Acquisition of 154,950,462 shares	1,920
Proportionate share of net income	25
Proportionate share of other comprehensive income	268
Balance as at December 31, 2016	$ 2,213

As at December 31, 2016, the fair market value of Itafos' interest in the common shares of STG was $1,731.

The summarized financial information below represents amounts shown in STG's financial statements prepared in accordance with IFRSs adjusted by the Company for equity accounting purposes.

	December 31, 2016
Cash	$ 404
Total current assets	430
Total non-current assets	8,305
Total current liabilities	1,332
Total non-current liabilities	–

	Three Months Ended December 31, 2016
Net income before and after tax	$ 105
Proportionate share of net income adjusted for ownership period (1)	25
Other comprehensive income	1,104
Proportionate share of other comprehensive net income adjusted for ownership period (1)	268
Total comprehensive income	1,209
Proportionate share of total comprehensive income	294

(1) October 27, 2016 to December 31, 2016

Reconciliation to carrying amounts:

	December 31, 2016
Net assets	$ 7,403
Acquisition adjustments	(1,340) ¤
	6,063
Company's share in %	36.5%
Balance as at December 31, 2016	$ 2,213

The Company is not exposed to any additional losses beyond its initial investment amount. No dividends or cash distributions were received by the Company from Stonegate during the period. There are no contingent liabilities relating to Itafos' interest in Stonegate.

Investment in GB Minerals Ltd. ("GBL")

On October 27, 2016, through the issuance of 8,536,757 common shares to Zaff, the Company acquired ownership of and control over 341,470,265 common shares of GBL, representing approximately 31.3% interest in GBL, a mining company. GBL's principal business activities include the acquisition, exploration, and development of the Farim Phosphate Project located in Guinea-Bissau. GBL is incorporated in Canada and its shares are traded on the TSX Venture Exchange. The financial year end date of GBL is June 30. For the purposes of applying the equity method of accounting, the condensed interim financial statements of GBL for the six months ended December 31, 2016.

Balance as at December 31, 2015	$	–
Acquisition of 341,470,265 shares		15,864
Proportionate share of net loss		(226)
Proportionate share of other comprehensive loss		(38)
Balance as at December 31, 2016	$	15,600

As at December 31, 2016, the fair market value of Itafos' interest in the common shares of GBL was $21,618.

The summarized financial information below represents amounts shown in GBL's financial statements prepared in accordance with IFRSs adjusted by the Company for equity accounting purposes.

		December 31, 2016
Cash	$	10,123
Total current assets		10,497
Total non-current assets		59,853
Total current liabilities		2,430
Total non-current liabilities		5,160

		Three Months Ended December 31, 2016
Net loss before and after tax	$	1,161
Proportionate share of net loss adjusted for ownership period (1)		226
Other comprehensive loss		122
Proportionate share of other comprehensive loss adjusted for ownership period (1)		38
Total comprehensive loss		1,283
Proportionate share of total comprehensive loss		264

(1) October 27, 2016 to December 31, 2016

Reconciliation to carrying amounts:

		December 31, 2016
Net assets	$	62,760
Acquisition adjustments		(12,920)
		49,840
Company's share in %		31.3%
Balance as at December 31, 2016	$	15,600

The Company is not exposed to any additional losses beyond its initial investment amount. No dividends or cash distributions were received by the Company from GBL during the period. There are no contingent liabilities relating to Itafos' interest in GBL.

9. 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	–	25	233	258
Disposals	–	(228)	(6)	(234)
Exchange differences	(1,320)	(51,740)	(84,137)	(137,197)
Balance as at December 31, 2015	$ 2,689	$ 105,218	$ 174,313	$ 282,220
Exchange differences	584	22,930	35,893	59,407
Balance as at December 31, 2016	$ 3,273	$ 128,148	$ 210,206	$341,627
Accumulated Depreciation and Impairment				
Balance as at December 31, 2014	$ –	$ 11,728	$ 17,222	$28,950
Depreciation for the period	–	7,642	11,054	18,696
Write-off	–	(94)	(6)	(100)
Exchange differences	–	(5,155)	(6,885)	(12,040)
Balance as at December 31, 2015	$ –	$ 14,121	$ 21,385	$35,506
Depreciation for the period	–	7,321	10,951	18,272
Write-off	–	70	9,276	9,346
Impairment	–	–	48,710	48,710
Exchange differences	–	3,283	3,946	7,229
Balance as at December 31, 2016	$ –	$24,795	$ 94,268	$119,063
Net Book Value				
As at December 31, 2015	$ 2,689	$ 91,097	$ 152,928	$ 246,714
As at December 31, 2016	$ 3,273	$ 103,353	$ 115,938	$ 222,564

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 Arraias SSP Operations were placed under care and maintenance. These expenditures are now recorded as "Idle production costs" included in Operations care and maintenance expenses in the consolidated statement of operations. The Operations care and maintenance expenses of $20,602 for 2016 (2015 – $21,878) were primarily comprised of depreciation expense and salaries/wages.

As part of the Restructuring process, the Company is restarting the Itafós Arraias operations. During 2016, a review of Itafós Arraias' physical condition was performed and, during the physical analysis of the plant, damaged assets at the plant site were noted. The carrying value of the assets in question were adjusted downward by $9.5 million. Based on an internal review, the Company estimated that, at December 31, 2016, the carrying value of the Itafós Arraias cash generating unit (CGU) exceeded its recoverable value by approximately $53.9 million. The $53.9 million adjustment was recognized with $48.5 million being recorded as an impairment of property, plant and equipment and $5.4 million being recorded as an impairment of mineral properties (see Note 10) in the consolidated statement of operations.

10. 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	2,320	3	–	2,323
Write-off	(233)	–	–	(233)
Exchange differences	(14,772)	(5,766)	700	(19,838)
Balance as at December 31, 2015	$ 32,590	$ 11,759	$ (1,428)	$ 42,921
Write-off of assets	(32)	(1,861)	–	(1,893)
Impairment	(10,990)	–	–	(10,990)
Additions	734	–	–	734
Exchange differences	7,755	2,107	(310)	9,552
Balance as at December 31, 2016	$ 30,057	$ 12,005	$ (1,738)	$ 40,324

The Company estimates that, as of December 31, 2016, the carrying value of its Itafós Arrais and Itafós Santana cash generating units (CGUs) exceeded its recoverable amount by approximately $59.7 million. The carrying values of those two CGUs were adjusted by that $59.7 million with $10.9 million being recorded as an impairment of mineral properties and $48.8 million being recorded as an impairment of property, plant and equipment.

The $59.7 million reduction in carrying value was recorded as a reduction of $53.9 million in the Itafós Arrais CGU and the remainder to the Itafós Santana CGU. The Itafós Arrais CGU was reduced by $53.9 million from its 2016 beginning carrying value of $302.3 million to a December 31, 2106 ending balance of $248.4 million. The Itafós Santana CGU was reduced by $5 million from its 2016 beginning carrying value of $16 million to a December 31, 2016 ending balance of $11 million.

If the average enterprise value multiples per tonne of comparable companies were lower by 10%, which is considered a reasonably possible change in assumption, this would have resulted in an increased impairment of $1 million.

The Itafós Araxá project write-down of $1.9 million is related to capitalized costs for feasibility studies which are not currently expected to have economic benefits in the future. The Company maintained a carrying amount of approximately $0.1 million on the financial statements related to the mineral rights of Itafós Araxá.

11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31, 2016	December 31, 2015
Trade payables	$ 375	$ 20,124
Payroll and related taxes payable	7,365	6,751
Taxes payable	6,768	2,157
Accrued liabilities and other	4,837	396
	$ 19,345	$ 29,428

Payroll and related taxes payable of $7,365 as at December 31, 2016 (December 31, 2015 – $6,751) and taxes payable of $6,768 as at December 31, 2016 (December 31, 2015 - $2,157) are primarily comprised of overdue taxes related to ex-employees and payroll tax amounts, for which payment terms are being negotiated with the Brazilian tax authorities.

During the year, outstanding trade payables were settled in accordance with the terms agreed in the Canadian

Restructuring (including settlement of the Modal debt), and the Brazilian Restructuring. This resulted in a gain on restructuring of $25.3 million which was recognized in the statement of operations. See note 13 for more details.

12. PROVISIONS

	December 31, 2016	December 31, 2015
Legal contingencies	$ 975	$ 2,914
Environmental restoration	586	658
Restructuring	–	55
	1,561	3,627
Less: Current portion	975	2,969
	$ 586	$ 658

13. DEBT

	December 31, 2016	December 31, 2015
Loans:		
FINAME Loans	$ –	$ 2,299
Itaú Loans	–	62,037
Mizuho Loan	–	15,578
Votorantim Loans	–	12,913
Itaú Mezzanine Loans	–	36,660
IFC Loan (Zaff LLC)	–	44,606
Working Capital Loans	–	58,902
Debentures (short and long term)	4,881	–
	$ 4,881	$ 232,995[1]

[1] Balances include interest accruals and are net of unamortized borrowing costs, which are included as deferred transaction costs in the carrying value of the debt, and amortized using the effective interest method.

Issuance of debt during the year

During the year, the Company obtained further working capital loans from Zaff in the amount of $7.6 million.

Acquisition of debt through issuance of equity as part of the Canadian Restructuring and the Brazilian Restructuring

Prior to the commencement of the Company's Canadian Restructuring and Brazilian Restructuring, all of the above described debt (except Modal) was acquired directly or indirectly by Zaff or its affiliates. During 2016, with the exception of the IFC Loan, the debt was exchanged for debentures issued by subsidiaries of the Company for a total of $237 million (together the "Convertible Debentures"). These Convertible Debentures carried substantially the same interest rates as the legacy loans that the Brazilian companies had with the previous lenders.

As part of Brazilian Restructuring, the Company has debentures with a maturity of 10 years which are convertible, at the option of the creditor, at any point starting 2 years after issuance into shares at a price of R$1.00 per share. The conversion features of the Convertible Debentures allow for conversion into equity instruments based on the principal loan value. The Convertible Debentures are callable on demand.

With one exception, the Convertible Debentures were held by Alpha Fundo de Investimento Em Participações, which was an indirect subsidiary of Zaff prior to the implementation of the Company's CCAA Plan. The remaining Convertible Debenture (the "Zaff Convertible Debenture"), which was issued in exchange for the IFC debt described above, was held by Zaff.

Pursuant to the CCAA Plan, Zaff contributed to the Company Zaff LLC's wholly owned equity interest in Alpha Brazil Holdings B.V, Brazilian Fertilizers B.V. and DJC Brazil Holdings B.V. and, indirectly, Alpha Fundo de Investimento Em Participações and Alpha Brazil Finco B.V. (the "BV Contribution"), and the Zaff Convertible Debenture, being held in trust by Zaff on behalf of the Company (the "Zaff Trust"). As a result of the BV Contribution and the Zaff Trust, all Convertible Debentures and the Zaff Convertible Debenture are now beneficially owned by the Company. In return for the BV Contribution and the Zaff Trust, together with the contribution of Zaff's interests in Stonegate Agricom Ltd. and GB Minerals Ltd. (see note 8), Zaff received approximately 50.3 million shares of the Company. Upon issuance of these shares to Zaff, a gain on extinguishment of the debt of $222.9 million was recognized within contributed surplus.

Debentures and Warrants

	December 31, 2016	December 31, 2015
Canadian debentures ($340 included in current debentures and debt)	$ 2,819	$ –
Brazilian debentures ($287 included in other current liabilities)	2,062	–
Other liabilities (Brazilian entity warrants included in other current liabilities)	2,100	–
	$ 6,981	$ –

Following completion of the Canadian Restructuring Plan and the restructuring of debt described in Note 13, the remaining outstanding long-term debt obligations of the Company are debentures. Those debentures consist of issuances to Zaff (principal amount of C$2.6 million) and to Banco Modal S.A. (principal amount of C$1.1 million) for an aggregate principal amount of C$3.7 million. The CCAA Debentures mature in 10 years (October 27, 2026) after the Canadian Restructuring Plan implementation date. The principal amount of the debentures are convertible into common shares of the Company at a price per share equal to the greater of (i) Cdn$25.00 and (ii) if applicable, the closing market price of common shares of the Company on the TSXV for the most recent trading day preceding the eleventh business day following the date on which common shares commenced trading on the TSXV after implementation of the CCAA Plan. The value of this conversion feature (both at inception and as of December 31, 2016) is considered to be nominal. Ten percent of the principal amount, along with accrued interest that is payable, will be paid on each annual anniversary of the issuance date. Such payments will continue for a period of ten (10) years until paid in full. These debentures were initially recorded at their fair value less applicable transactions costs. As of December 31, 2016, the debentures balances were $2.8 million.

As outlined in the provisions of the Extrajudicial Restructuring Proceeding in Brazil, the Company initiated the issuance of debentures and warrants for the settlement of unsecured creditors. The debentures mature in 10 years following the implementation of the plan. The instruments have a 10% interest rate with interest and principal paid in 10 annual payments. At December 31, 2016, the debentures are recorded at its net amortized cost of $2.1 million.

Warrants are convertible into preferred shares of Itafós' Brazilian subsidiaries at a conversion rate of one BRL per share. At December 31, 2016, the warrants (convertible to 60 million units, equivalent to approximately 15% of the subsidiaries share capital which would be accounted for as a non-controlling interest, if exercised in consideration of 1% of the face value) are recorded at its fair value of $2.1 million using the same conversion ratio as the equivalent type of creditors that elected cash. These warrants are expected to be issued by the end of Q1 2017. The fair value has been recognized in other current liabilities.

14. OTHER LONG-TERM TAX LIABILITIES

	December 31, 2016	December 31, 2015
Withholding taxes payable	$ 6,295	$ 4,242
Long-term taxes payable	966	661
	$ 7,261	$ 4,903

Withholding taxes payable

Withholding taxes payable of $6,295 as at December 31, 2016 (December 31, 2015 – $4,242) are mainly related to the taxes payable to the Brazilian tax authorities with respect to the intercompany loans between the Company's subsidiaries. These taxes are due upon maturity of the intercompany loans, which according to the intercompany loan agreements would be after 2020.

Long-term taxes payable

Long-term taxes payable of $966 as at December 31, 2016 (December 31, 2015 – $661) is primarily comprised of tax amounts for which deferred payment is being negotiated with the Brazilian tax authorities.

15. SHAREHOLDERS EQUITY

(a) Authorized capital

Share capital as at December 31, 2016 was $374,508 (December 31, 2015 – $262,235). The Company is authorized to issue an unlimited number of common shares. Following continuance into the Cayman Islands, the Company is authorized to issue up to 5,000,000,000 shares. There are no preference shares issued or outstanding. As at December 31, 2016, the Company had 57,528,838 issued and outstanding common shares (December 31, 2015 – 181,607,492).

During the year, the Company had a 1/100 share consolidation whereby as the first step of the Company's CCAA restructuring process, the number of shares outstanding were reduced from 181,607,492 to 1,816,066. In addition, as part of the debt consolidation and forgiveness, the Company issued an additional 50,337,972 shares. Finally, the Company executed a private placement to raise $10 million in return for issuance of 5,374,800 shares. See subsequent events note for additional relevant information about private placements after year end.

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

	December 31 2016	December 31, 2015
Weighted average number of common shares - see Note 15 (a)	11,343,287	1,816,066
Weighted average number of dilutive share purchase options and convertible debentures	–	–
Diluted weighted average number of common shares	11,343,287	1,816,066

For majority of the year, the Company had its opening balance of 1,816,066 shares outstanding. As such, the weighted average number of shares for the year is significantly higher than the shares outstanding as at December 31, 2016.

(c) Shares issued as part of restructuring

As part of the restructuring process, on October 27, 2016, the Company had a 1/100 reverse share consolidation reducing the outstanding common shares from 181,607,492 to 1,816,066. On the same day, an additional 50,337,972 common shares were issued as a result of conversion of outstanding payables and debt to equity. In connection with the Canadian Restructuring, all stock options and warrants previously outstanding were cancelled on October 27, 2016 (see note 16 and 20).

16. EXPENSES BY NATURE

The following table breaks down the Company's selling, general and administrative expenses by nature:

	December 31, 2016	December 31, 2015
Payroll expenses	$ 3,083	$ 2,264
Professional fees	6,461	1,535
Share-based payment expense (recovery)	(257)	353
Office and general	779	1,217
Directors fees	110	243
Idle production costs, net	20,602	21,878
	$ 30,778	$ 27,490

During 2016 and 2015, the idle production costs were expensed through the statement of operations.

The following table breaks down the Company's other expense (income) by nature:

	December 31, 2016	December 31, 2015
Non-operational expenses	$ 4,255	$ 4,717
Changes in provision for legal claims	(687)	3,049
Loss (gain) on disposal of assets	–	62
Other expense	$ 3,568	$ 7,828

17. UNREALIZED FOREIGN EXCHANGE GAIN (LOSS)

The functional currency of the Brazilian subsidiaries of the Company is BRL. The functional currency of the American and Zaff Cayman entities is USD. The functional currency of all other entities as of December 31, 2016, is CAD and the Company's presentation currency is USD. For the year ended December 31, 2016, unrealized foreign exchange gain was $23,343 (Year ended December 31, 2015 – loss of $43,696) was primarily comprised of the unrealized gain resulting from revaluation of long-term debt denominated in foreign currency and inter-company loans between the Company's subsidiaries.

18. FINANCE EXPENSE

	December 31, 2016	December 31, 2015
Interest expense	$(41,465)	$ (32,766)
Amortization of deferred transaction costs	(335)	(4,180)
Other financial expense	(1,030)	(297)
Interest income	64	17
Finance expense	$ (42,766)	$ (37,226)

Interest expense for the year ended December 31, 2016 of $41,465 (year ended December 31, 2015 – $32,766) was primarily related to interest incurred on debt, trade payables and bank indebtedness.

Other financial expense for the year ended December 31, 2016 of $1,030 (year ended December 31, 2015 – $297) was primarily related to fees paid on amendments to loan agreements.

19. INCOME TAXES

The following table provides a reconciliation of the statutory rate and the effective income tax rate:

	December 31, 2016	December 31, 2015
Loss before income taxes	$ (99,530)	$ (116,360)
Combined Canadian federal and provincial statutory tax rate	N/A	26.5 %
Grand Cayman statutory tax rate	0 %	N/A
Income tax recovery based on Grand Cayman income tax rates	–	–
Income tax recovery based on Canadian federal and provincial income tax rates	–	(30,835)
Difference in foreign tax rates	(35,863)	(5,336)
Non-deductible/taxable items	(15,996)	5,926
Tax benefit not recognized	51,900	30,770
Withholding taxes	1,146	1,183
Other	(49)	(451)
Income tax expense	$ 1,138	$ 1,257
Actual effective tax rate	(1.1) %	(1.1) %

	December 31, 2016	December 31, 2015
Current income tax expense		
Grand Cayman	$ –	$ –
Foreign	–	86
	–	86
Deferred income tax expense (recovery)		
Relating to origination and reversal of temporary differences		
Grand Cayman	–	–
Foreign	1,138	1,171
	1,138	1,171
Net income tax expense (recovery)	$ 1,138	$ 1,257

During the year, as part of the Canadian Restructuring, the Company emigrated from Canada to Grand Cayman. The Canadian statutory income tax rate was 26.5% for the period prior to emigration and the year ended December 31, 2016 and the year ended December 31, 2015. The Grand Cayman statutory rate was 0% for the period that the Company was domiciled in Grand Cayman for 2016.

Deferred tax assets are recognized for the carry-forward of unused tax losses and unused tax credits to the extent that it is probable that taxable profits will be available against which the unused tax losses/credits can be utilized.

As a result of the emigration from Canada, the Company's non-capital losses of $39,831 (December 31, 2015 – $32,080) in Canada expired. As at December 31, 2016 the Company has Brazilian losses of approximately $194,953 that may be carried forward indefinitely to offset up to 30% of taxable income in any given period. Also, the Company has Dutch losses of $370 (December 31, 2015 – $336) which will expire between 2021 and 2024. The Company has not recognized any deferred tax assets for its temporary differences. The interpretation of tax regulations and legislation and their application to the Company's business is and subject to change. Accordingly, the Company's ability to realize deferred income tax assets could significantly affect net income or cash flow in future periods.

20. RELATED PARTY TRANSACTIONS

The following transactions were carried out with related parties:

Key management compensation

Key management includes directors and officers of the Company. The compensation paid or payable to key management for employee services is shown below:

	December 31, 2016	December 31, 2015
Management compensation and director fees	$ 2,066	$ 1,505
Termination benefits related to restructuring	612	100
Other benefits	124	353
	$ 2,802	$ 1,958

Zaff Working Capital

Upon implementation of the Canadian Restructuring, Zaff became a related party to the Company. During 2015, the Company received senior secured loans amounting to $3.25 million (including interest) from Zaff. As of December 31, 2016, the total amount lent by Zaff as part of the restructuring was $11.4 million, which was converted to shares and debentures issued to the Company. Please refer to Note 13 Debt for details on Zaff's acquisition of the Company's debt through issuance of equity. Note 13 also provides details on the Company's working capital loan movement with Zaff. Also, refer to Note 25, Subsequent Events, for transactions with Zaff after year-end.

In connection with the Canadian Restructuring, all stock options and warrants previously outstanding were cancelled on October 27, 2016. This resulted in a stock based compensation recovery of $257 related to options previously granted to key management. This amount has been included within the disclosure of key management compensation as noted above.

21. COMMITMENTS AND CONTINGENCIES

The Company may be involved in legal proceedings from time to time that arise in the ordinary course of its business. The amount of any ultimate liabilities, including interest and penalties, with respect to these actions is not expected to, in the opinion of management, materially affect Itafos' financial position, results of operations or cash flows. Based on the Company's knowledge and assessment of events as at December 31, 2016, 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 currently accrued $1 million in relation to labor and other claims that have been made. The ultimate outcome of these claims is uncertain at the current time and management is defending its position in each case.

22. FINANCIAL RISK MANAGEMENT

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. The Company's risk exposures and the impact on the Company's financial performance are summarized below:

Credit risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to certain other long-term assets. Management reviews the aging of receivables and reduces the carrying value to provide for possible losses. At December 31, 2016, the Company had minimal accounts receivable of $169 (December 31, 2015, $3). Cash consists of funds that have been deposited with reputable financial institutions and management believes the risk of loss to be remote.

Liquidity risk

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 requirement to finance the working capital and debt service needs.

Interest rate risk

Prior to CCAA restructuring, the Company was exposed to interest rate risk on its variable rate debt. Subsequent to the restructuring, all of the Company's debt was converted to equity, which thereby significantly reduced the Company's interest rate risk. The Company's debentures are carried at a fixed interest rate of 10% payable annually. See note 13 for more details.

Foreign currency risk

The following table summarizes the foreign exchange movement and financial impact during the respective periods:

	December 31, 2016	December 31, 2015
BRL weakening (strengthening) against USD	17.8%	(49.0) %
CAD weakening (strengthening) against USD	3%	(19.3) %
Unrealized and realized foreign exchange gain (loss)	$ 23,343	$ (43,816)
Cumulative translation gain (loss)	$ 8,920	$ (28,851)

The functional currency of the Brazilian subsidiaries of the Company is BRL. The functional currency of the American and Zaff Cayman entities is USD. The functional currency of all other entities is CAD and the Company's presentation currency is USD. As at December 31, 2016, management estimates that a 1% change in the BRL to USD exchange rate would have resulted in a change in unrealized foreign exchange gain or loss of approximately $223 (year ended December 31, 2015 – $452).

Commodity price risk

The Company is exposed to commodity price risk with respect to phosphate and SSP fertilizer. Phosphate and SSP fertilizer prices are affected by various forces including global supply and demand, interest rates, exchange rates, inflation or deflation and the political and economic conditions of major fertilizer producing countries. The profitability of the Company is directly related to the market price of its products. Future price declines could negatively impact the Company's future operations. The Company has not hedged any of its future fertilizer sales.

Capital management

The Company manages its capital to ensure that the Company and its subsidiaries will be able to continue as a going concern while attempting to maximize the return to shareholders through the optimization of equity and debt financing. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the Company. Itafos monitors its capital through its net cash position. The Company maintains this structure by managing working capital and capital spending programs and reviews its capital management approach on an ongoing basis.

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, accounts receivables, accounts payable and accrued liabilities. The carrying values of cash, accounts receivables, and accounts payable and accrued liabilities approximates their fair values. Property, Plant & Equipment, and Mineral Properties fair values have been determined based primarily on an income approach for the cash generating unit of Itafós Arraias and on a market basis approach for Itafós Santana.

	As at December 31, 2016				
	Carrying Value	Level 1	Level 2	Level 3	Total
Assets on a non-recurring basis:					
Property, Plant & Equipment	222,564			222,564	222,564
Mineral Properties	40,324			40,324	40,324

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 the year ended December 31, 2016.

23. 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, United States, Barbados, Grand Cayman, and the Netherlands. The Itafós segment is comprised of activities at the Itafós Arraias SSP Operations. The Development and Exploration segment is comprised of activities related to the Itafós Santana Phosphate Project and the Itafós Araxá Project and equity investees. The accounting policies of the reportable segments are the same as the Company's accounting policies. Substantially all of the Company's non-current assets are in Brazil.

For the year ended December 31, 2016:

	Itafós	Development Exploration	Corporate	Total
Operating earnings				
Operating expenses				
Selling, general and administrative expenses	$ 4,639	$ 112	$ 5,425	$ 10,176
Operations care and maintenance expenses	20,602	–	–	20,602
Write-off of property, plant and equipment and mineral properties	7,497	–	3,662	11,159
Impairment on property, plant and equipment and mineral properties	53,900	5,881	–	59,781
Operating loss	(86,638)	(5,993)	(9,087)	(101,718)
Unrealized and realized foreign exchange gain	12,858	15	10,470	23,343
Other income (expense)	(3,582)	14	–	(3,568)
Gain on restructuring	18,684	–	6,696	25,380
Finance (expense) income	(42,101)	(5,937)	5,272	(42,766)
Equity earnings from unconsolidated subsidiaries	–	(201)	–	(201)
Income (loss) before income taxes	(100,779)	(12,102)	13,351	(99,530)
Income tax expense	–	–	1,138	1,138
Net income (loss)	$ (100,779)	$ (12,102)	$ 12,213	$ (100,668)

For the year ended December 31, 2015:

	Itafós	Development Exploration	Corporate	Total
Operating earnings				
Operating expenses				
Selling, general and administrative expenses	$ 25,153	$ (57)	$ 2,394	$27,490
Operating loss	(25,153)	57	(2,394)	(27,490)
Unrealized foreign exchange	(26,966)	(67)	(16,663)	(43,696)
Realized foreign exchange	(120)	–	–	(120)
Other expense	(7,288)	(519)	(21)	(7,828)
Finance expense	(33,480)	(1,650)	(2,096)	(37,226)
Loss before income taxes	(93,007)	(2,179)	(21,174)	(116,360)
Income tax expense	–	–	1,257	1,257
Net loss	$ (93,007)	$ (2,179)	$ (22,431)	$(117,617)

24. SUPPLEMENTARY CASH FLOW INFORMATION

(a) Net change in non-cash working capital items

	December 31, 2016	December 31, 2015
Accounts receivable	$ (162)	$ 46
Inventories	13	2,086
Other assets	815	708
Accounts payable and accrued liabilities	2,070	10,101
Deferred revenue	–	(1,259)
Other liabilities	(218)	(2,479)
	$ 2,518	$ 9,203

(b) Interest and income taxes paid

	December 31, 2016	December 31, 2015
Interest paid during the period	$ –	$ 3,821
Income taxes paid during the period	$ –	$ –

25. SUBSEQUENT EVENTS

- The Company's shares commenced trading on the TSXV on January 6, 2017 under the trading symbol "IFOS" due to the change in the Company's name to "Itafos" in Q4 2016.
- During the first quarter of 2017, the Company granted 1,465,830 restricted share units under the restricted share unit plan that had been previously adopted by the Company pursuant to the Canadian Restructuring.
- On February 23, 2017, the Company received funding from Zaff in the amount of US$3 million and documented such transaction by means of a promissory note to Zaff (the "Zaff Note"). On March 9, 2017, Zaff settled the Note via the issuance of 1,906,541 shares in the Company.
- On March 9, 2017, the Company completed a private placement of shares at a price of C$2.10 for gross proceeds of US$34 million (the "Private Placement").

- In Q1 2017, the Brazilian subsidiaries changed their functional currency to USD based on the Itafos project re-commencing development to start production and based on the financing of the entity. The parent entity and other subsidiaries have changed from C$ to USD based on the location of the head office operations and financing of the entity.