

ITAFOS



**Condensed Consolidated Interim Financial Statements
for the three months ended March 31, 2020 and 2019
(Unaudited)**

TABLE OF CONTENTS

CONDENSED CONSOLIDATED INTERIM BALANCE SHEETS	3
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF OPERATIONS	4
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS.....	5
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY.....	6
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS	7
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS	8
1. GENERAL COMPANY INFORMATION	8
2. BASIS OF PREPARATION AND PRESENTATION.....	8
3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	10
4. INVENTORIES.....	11
5. PROPERTY, PLANT AND EQUIPMENT	12
6. MINERAL PROPERTIES	13
7. OTHER ASSETS	13
8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	13
9. PROVISIONS	14
10. DEBT.....	14
10. OTHER LIABILITIES	15
12. SHARE CAPITAL.....	17
13. REVENUES	18
14. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES.....	18
15. FOREIGN EXCHANGE GAIN (LOSS)	18
16. FINANCE EXPENSE (INCOME)	19
17. INCOME TAXES	19
18. COMMITMENTS AND CONTINGENCIES	20
19. SEGMENT REPORTING	20
20. NET CHANGE IN NON-CASH WORKING CAPITAL.....	22
21. RELATED PARTY TRANSACTIONS.....	22
22. FAIR VALUE MEASUREMENT AND RISK FACTORS	23
23. SUBSEQUENT EVENTS.....	26

**CONDENSED CONSOLIDATED INTERIM BALANCE SHEETS
AS AT MARCH 31, 2020 AND DECEMBER 31, 2019**

<i>(unaudited in thousands of US Dollars)</i>	March 31, 2020	December 31, 2019
Assets		
Cash and cash equivalents	\$ 16,686	\$ 29,109
Accounts receivable	21,231	23,446
Inventories, net (Note 4)	84,142	105,039
Other current assets (Note 7)	5,200	6,563
Total current assets	\$ 127,259	\$ 164,157
Long-term inventories, net (Note 4)	1,551	1,551
Property, plant and equipment, net (Note 5)	205,620	214,817
Mineral properties, net (Note 6)	116,130	117,790
Deferred tax assets (Note 17)	858	858
Other long-term assets (Note 7)	10,081	11,591
Total non-current assets	\$ 334,240	\$ 346,607
Total assets	\$ 461,499	\$ 510,764
Liabilities		
Accounts payable and accrued liabilities (Note 8)	\$ 42,035	\$ 72,062
Provisions (Note 9)	542	2,382
Current debt (Note 10)	2,396	2,459
Contract liabilities	96	702
Other current liabilities (Note 11)	2,249	2,446
Total current liabilities	\$ 47,318	\$ 80,051
Long-term debt (Note 10)	213,554	208,851
Deferred tax liabilities (Note 17)	4,231	6,980
Long-term provisions (Note 9)	55,059	54,952
Other long-term liabilities (Note 11)	14,899	17,671
Total long-term liabilities	\$ 287,743	\$ 288,454
Total liabilities	\$ 335,061	\$ 368,505
Equity		
Share capital (Note 12)	531,645	529,177
Contributed surplus	246,626	246,626
Cumulative translation adjustment reserve	4,660	4,660
Deficit	(665,555)	(647,266)
Equity attributable to shareholders of the parent	\$ 117,376	\$ 133,197
Non-controlling interest (Notes 2 and 12)	9,062	9,062
Total equity	\$ 126,438	\$ 142,259
Total liabilities and equity	\$ 461,499	\$ 510,764

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

Approved by the Board
Signed "Anthony Cina"
ANTHONY CINA
Director

Signed "Mhamed Ibnabdeljalil"
MHAMED IBNABDELJALIL
Director

**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF OPERATIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2019**

*(unaudited in thousands of US Dollars
except for per share amounts)*

For the three months ended March 31,

	2020		2019	
Revenues (Note 13)	\$	75,361	\$	73,178
Cost of goods sold		81,680		73,340
	\$	(6,319)	\$	(162)
Expenses				
Selling, general and administrative expenses		5,924		5,848
Operating loss	\$	(12,243)	\$	(6,010)
Foreign exchange loss (Notes 15 and 22)		(3,100)		(858)
Other income		1,267		700
Finance expense, net (Note 16)		(6,088)		(5,441)
Loss before income taxes	\$	(20,164)	\$	(11,609)
Current and deferred income tax expense (recovery)		(1,875)		1,722
Net loss attributable to shareholders of the parent	\$	(18,289)	\$	(13,331)
Net loss attributable to non-controlling interest		—		—
Net loss	\$	(18,289)	\$	(13,331)
Basic loss per share (Note 12)	\$	(0.10)	\$	(0.09)
Fully diluted loss per share (Note 12)	\$	(0.10)	\$	(0.09)

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

**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS
FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2019**

<i>(unaudited in thousands of US Dollars)</i>	<i>For the three months ended March 31,</i>	
	2020	2019
Net loss	\$ (18,289)	\$ (13,331)
Other comprehensive income (loss)		
Items that may be reclassified subsequently to profit or loss:		
Cumulative translation adjustment <i>(Notes 2 and 22)</i>	—	1,384
Total other comprehensive loss attributable to shareholders of the parent	\$ (18,289)	\$ (11,947)
Other comprehensive income (loss) attributable to non-controlling interest	—	—
Total other comprehensive loss	\$ (18,289)	\$ (11,947)

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

**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2019**

<i>(unaudited in thousands of US Dollars except for number of shares)</i>	Number of shares	Amount	Contributed surplus	Cumulative translation adjustment reserve	Deficit	Equity attributable to shareholders of the parent	Non-controlling interest	Total equity
Balance as at December 31, 2019	178,551,065	\$ 529,177	\$ 246,626	\$ 4,660	\$ (647,266)	\$ 133,197	\$ 9,062	\$ 142,259
Net loss	—	—	—	—	(18,289)	(18,289)	—	(18,289)
Accumulated other comprehensive income (loss)	—	—	—	—	—	—	—	—
Issuance of shares under RSU Plan (Note 12)	1,900,412	730	—	—	—	730	—	730
January 2020, Issuance of shares in connection with debt amendment (Note 12)	5,000,000	1,738	—	—	—	1,738	—	1,738
Balance as at March 31, 2020	185,451,477	\$ 531,645	\$ 246,626	\$ 4,660	\$ (665,555)	\$ 117,376	\$ 9,062	\$ 126,438
Balance as at December 31, 2018	142,070,301	\$ 515,029	\$ 246,626	\$ 3,655	\$ (502,593)	\$ 262,717	\$ 9,062	\$ 271,779
Adjustment on initial application of IFRS 16 (Note 3)	—	—	—	—	(502)	(502)	—	(502)
Adjusted balance as at January 1, 2019	142,070,301	515,029	246,626	3,655	(503,095)	262,215	9,062	271,277
Net loss	—	—	—	—	(13,331)	(13,331)	—	(13,331)
Accumulated other comprehensive income (loss)	—	—	—	—	—	—	—	—
Cumulative translation adjustment (Note 22)	—	—	—	1,384	—	1,384	—	1,384
Repurchase of shares through the NCIB (Note 12)	(1,478,500)	(874)	—	—	—	(874)	—	(874)
Balance as at March 31, 2019	140,591,801	\$ 514,155	\$ 246,626	\$ 5,039	\$ (516,426)	\$ 249,394	\$ 9,062	\$ 258,456

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

**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2019**

<i>(unaudited in thousands of US Dollars)</i>	<i>For the three months ended March 31,</i>	
	2020	2019
Operating activities		
Net loss	\$ (18,289)	\$ (13,331)
Adjustments for the following items:		
Depreciation and depletion	11,190	8,772
Cash settlement of share-based payments <i>(Note 11)</i>	(39)	(9)
Share-based payment (recovery) expense <i>(Note 11)</i>	255	(142)
Current and deferred income tax expense (recovery) <i>(Note 17)</i>	(1,875)	1,722
Income tax payments	(10,148)	—
Unrealized foreign exchange (loss) gain	3,110	499
Finance expense, net <i>(Note 16)</i>	6,088	5,441
Net change in non-cash working capital <i>(Note 20)</i>	3,110	4,479
Cash flows from (used by) operating activities	\$ (6,598)	\$ 7,431
Investing activities		
Addition of property, plant and equipment and mineral properties <i>(Notes 5 and 6)</i>	\$ (2,566)	\$ (5,176)
Maturity of short-term investments	—	2,106
Cash flows used by investing activities	\$ (2,566)	\$ (3,070)
Financing activities		
Proceeds from Revolving Facility <i>(Note 10)</i>	585	—
Repayment of principal portion of lease liabilities <i>(Note 11)</i>	(1,359)	(806)
Payment of interest expense <i>(Note 10)</i>	(2,241)	(2,042)
Repurchase of shares through the NCIB <i>(Note 12)</i>	—	(874)
Cash flows used by financing activities	\$ (3,015)	\$ (3,722)
Effect of foreign exchange of non-US Dollar denominated cash	\$ (244)	\$ (8)
Increase (decrease) in cash	(12,423)	631
Cash, beginning of period	29,109	9,919
Cash, end of period	\$ 16,686	\$ 10,550

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2019

(unaudited amounts in thousands of US Dollars)

1. GENERAL COMPANY INFORMATION

Itafos (the “Company”) is a pure play phosphate and specialty fertilizer platform with an attractive portfolio of strategic businesses and projects located in key fertilizer markets, including North America, South America and Africa.

The Company’s businesses and projects are as follows:

- Itafos Conda – a vertically integrated phosphate mine and fertilizer business with capacity to produce and sell monoammonium phosphate (“MAP”), MAP with micronutrients (“MAP+”), superphosphoric acid (“SPA”), merchant grade phosphoric acid (“MGA”) and ammonium polyphosphate (“APP”) located in Idaho, US;
- Itafos Arraias¹ – a vertically integrated phosphate mine and fertilizer business with capacity to produce and sell single superphosphate (“SSP”), SSP with micronutrients (“SSP+”) and excess sulfuric acid located in Tocantins, Brazil;
- Itafos Farim – a high-grade phosphate mine project located in Farim, Guinea-Bissau;
- Itafos Paris Hills – a high-grade phosphate mine project located in Idaho, US;
- Itafos Santana – a vertically integrated high-grade phosphate mine and fertilizer plant project located in Pará, Brazil;
- Itafos Mantaro – a phosphate mine project located in Junin, Peru; and
- Itafos Araxá – a vertically integrated rare earth elements and niobium mine and extraction plant project located in Minas Gerais, Brazil.

The Company’s principal shareholder is CL Fertilizers Holding LLC (“CLF”). CLF is an affiliate of Castlake L.P., a global private investment firm (see Note 21). CLF is a Delaware limited liability company with offices in Minnesota, US. As at March 31, 2020, CLF beneficially owned and controlled 124,961,722 shares of the Company, representing approximately 67.4% of the issued and outstanding shares on an undiluted basis. As at December 31, 2019, CLF beneficially owned and controlled 124,149,216 shares of the Company, representing approximately 69.5% of the issued and outstanding shares on an undiluted basis (see Note 12). CLF is a related party (see Note 21).

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

2. BASIS OF PREPARATION AND PRESENTATION

STATEMENT OF COMPLIANCE

These unaudited condensed consolidated interim financial statements (the “Interim Financial Statements”) are based on International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”) applicable to the preparation of interim financial statements. The Interim Financial Statements have been prepared in accordance with International Accounting Standards (“IAS”) 34 Interim Financial Reporting. These Interim Financial Statements should be read in conjunction with the Company’s audited consolidated financial statements as at and for the year ended December 31, 2019, which include information necessary or useful to understand the Company’s business and financial statement presentation.

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

These Interim Financial Statements were authorized for issuance by the Board of Directors of the Company on May 28, 2020.

GOING CONCERN BASIS

These Interim Financial Statements have been prepared and presented under the historical cost convention and on a going concern basis. In May 2020, the Company received a commitment from CLF to invest up to an incremental \$3,000, if required, for the Company to meet its liabilities as and when they become due to ensure business continuity and ongoing operations through March 31, 2021. The investment amount may be reduced by any amount of new capital raised by the Company from investors other than CLF (see **CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS** in this Note 2 below).

BASIS OF PRESENTATION

As at March 31, 2020, the Company has reclassified certain items to conform with current period presentation as follows:

- As at December 31, 2019, the Company had \$1,059 of current debentures presented as a separate line item on the condensed consolidated interim balance sheets, which are now presented within current debt (see Note 10); and
- As at December 31, 2019, the Company had \$1,702 of long-term debentures presented as a separate line item on the condensed consolidated interim balance sheets, which are now presented within long-term debt (see Note 10).

CONSOLIDATION

Subsidiaries are those entities which the Company controls by having the power to govern their financial and operating policies. 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. These Interim Financial Statements include the accounts of the Company and its subsidiaries. All intercompany balances and intercompany transactions are eliminated on consolidation.

As at March 31, 2020 and December 31, 2019, the Company had subsidiaries located in Barbados, Brazil, the British Virgin Islands, the Cayman Islands, Guinea-Bissau, the Netherlands, Peru, Portugal, Switzerland and the US.

As at March 31, 2020 and December 31, 2019, the Company had non-controlling interest (“NCI”) as follows:

	Company interests	NCI
Itafos Arraias Mineracao e Fertilizantes S.A.	97.0%	3.0%
Itafos Santana Mineracao e Fertilizantes S.A.	99.4%	0.6%

CURRENCIES

The Company’s presentation and functional currency is US Dollars (“\$”). In May 2019, Itafos Farim Holdings (formerly known as GB Minerals Ltd) changed its functional currency from Canadian Dollars to US Dollars and Itafos Farim, Sarl (formerly known as GB Minerais Sarl), a wholly-owned subsidiary of Itafos Farim Holdings, changed its functional currency from Central African Francs to US Dollars (see Note 22).

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Except as noted below, the critical accounting estimates and judgments included in the Company’s audited consolidated financial statements for the year ended December 31, 2019 remain applicable for these Interim Financial Statements.

Impact of the Novel Strain of Coronavirus (“COVID-19”)

On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic. The Company is closely monitoring potential risks to its operations as a result of COVID-19, including factors that could impact production or demand for its products. Despite near-term uncertainties, the Company is not currently projecting any material impact on its operations or financial outlook as a result of COVID-19 (see Note 22). In response to COVID-19, the Company has implemented working practices at its businesses and projects to address potential impacts to its employees, contractors and operations and will take further measures in the future, if required.

Ability to Continue as a Going Concern

In May 2020, the Company received a commitment from CLF to invest up to an incremental \$3,000, if required, for the Company to meet its liabilities as and when they become due to ensure business continuity and ongoing operations through March 31, 2021. The investment amount may be reduced by any amount of new capital raised by the Company from investors other than CLF.

The amount of the commitment from CLF was based on the Company’s business plan. The Company has made judgments and estimates in forming assumptions of future activities, future cash flows and timing of those cash flows. The Company made significant assumptions in preparing its business plan, including, but not limited to, commodity prices, production and sales volumes and operating costs. Changes to such assumptions could result in a cash shortfall and/or financial covenant default, unless otherwise remedied (see Note 22). While the Company has a demonstrated track record of raising capital and amending its financial covenants, there can be no assurance of the Company’s ability to do so going forward.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Except as noted below, the accounting policies adopted in the preparation of these Interim Financial Statements are consistent with those followed in the preparation of the Company’s audited consolidated financial statements for the year ended December 31, 2019, where applicable.

RESTRICTED SHARE UNITS

The Company grants restricted share units (“RSUs”) under the Company’s restricted share unit plan (the “RSU Plan”) to compensate selected directors, management, employees and contractors. There have been no changes to the Company’s RSU Plan except with respect to vesting. The RSUs granted through December 31, 2019 vest 1/4 on the second anniversary of the grant date and 3/4 on the third anniversary of the grant date. The RSUs granted after December 31, 2019 to directors, employees and contractors vest 1/3 on the anniversary of the grant date over a period of three years. The RSUs granted after December 31, 2019 to the Chief Executive Officer (“CEO”) vest based on a combination of time and performance with 50% of the RSUs vesting on January 1, 2021 and 50% of the RSUs vesting on January 1, 2022 subject to achievement of certain key performance indicators as established by the Company’s Board of Directors. The RSUs granted after December 31, 2019 to management other than the CEO vest based on a combination of time and performance with 50% of the RSUs vesting 1/3 on the anniversary of the grant date over a period of three years and 50% of the RSUs vesting on the third anniversary of the grant date subject to achievement of certain key performance indicators as established by the Company’s Board of Directors (see Note 11).

IFRS 3 BUSINESS COMBINATIONS (“IFRS 3”)

In October 2018, the IASB issued amendments to the guidance in IFRS 3, which revises the definition of a business. The revised guidance introduces an optional concentration test that, if met, eliminates the need for further assessment. To be considered a business, an acquisition would have to include an input and a substantive process that together significantly contribute to the ability to create outputs. The new guidance provides a framework to evaluate when an input and a substantive process are present. It is also no longer necessary to assess whether market participants are capable of replacing missing elements or integrating the acquired activities and assets. These amendments are effective and shall be

applied to business combinations for which the acquisition date is on or after the beginning of the first annual reporting periods beginning on or after January 1, 2020 and to asset acquisitions that occur on or after the beginning of that period.

NEW ACCOUNTING STANDARDS EFFECTIVE IN 2020

The IASB have issued certain new accounting standards and interpretations that are mandatory for accounting periods after December 31, 2019. Certain of the new accounting standards and interpretations are as follows:

- Conceptual Framework for Financial Reporting; and
- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies Changes in Accounting Estimates and Errors, Definition of Material.

The Company concluded that the effect of such new accounting standards and interpretations did not have a material impact. Accordingly, the Company has not recorded any adjustment to these Interim Financial Statements.

4. INVENTORIES

As at March 31, 2020 and December 31, 2019, the Company had inventories as follows:

<i>(unaudited in thousands of US Dollars)</i>	March 31, 2020	December 31, 2019
Finished goods	\$ 16,374	\$ 27,738
Work in process	2,375	5,998
Raw materials	48,268	56,085
Spare parts	18,676	19,417
Net realizable value adjustments	—	(2,648)
Inventories, net	\$ 85,693	\$ 106,590
Less: current portion	(84,142)	(105,039)
Long-term inventories, net	\$ 1,551	\$ 1,551

As at December 31, 2019, net realizable value adjustments of \$(2,648) were comprised of \$(2,008) and \$(640) related to finished goods at Itafos Conda and Itafos Arraias, respectively.

As at December 31, 2019, the Company reclassified \$1,551 to non-current inventories related to raw materials at Itafos Arraias following the decision to idle Itafos Arraias.

5. PROPERTY, PLANT AND EQUIPMENT

As at March 31, 2020 and December 31, 2019, the Company had property, plant and equipment as follows:

<i>(unaudited in thousands of US Dollars)</i>	Land		Buildings and plant		Machinery, equipment and other		Asset under construction		Total property, plant and equipment	
Cost										
Balance as at December 31, 2019	\$	24,699	\$	131,192	\$	139,200	\$	48,609	\$	343,700
Additions		—		415		1,119		—		1,534
Disposals/transfers		—		—		4,770		(4,770)		—
Balance as at March 31, 2020	\$	24,699	\$	131,607	\$	145,089	\$	43,839	\$	345,234
Accumulated depreciation										
Balance as at December 31, 2019	\$	—	\$	30,978	\$	97,905	\$	—	\$	128,883
Additions		—		1,737		8,994		—		10,731
Disposals/transfers		—		—		—		—		—
Balance as at March 31, 2020	\$	—	\$	32,715	\$	106,899	\$	—	\$	139,614
Property, plant and equipment, net										
As at December 31, 2019	\$	24,699	\$	100,214	\$	41,295	\$	48,609	\$	214,817
As at March 31, 2020	\$	24,699	\$	98,892	\$	38,190	\$	43,839	\$	205,620

As at March 31, 2020 and December 31, 2019, the balances of property, plant and equipment include capitalized interest of \$9,734 and \$8,947, respectively.

RIGHT-OF-USE ASSETS

As at March 31, 2020 and December 31, 2019, the Company had right-of-use assets, recorded as a component of property, plant and equipment, as follows:

<i>(unaudited in thousands of US Dollars)</i>	Right-of-use assets-buildings and plant		Right-of-use assets-machinery, equipment and other		Total right-of-use assets	
Balance as at December 31, 2019	\$	227	\$	13,774	\$	14,001
Additions		260		—		260
Balance as at March 31, 2020	\$	487	\$	13,774	\$	14,261
Accumulated depreciation						
Balance as at December 31, 2019	\$	71	\$	4,103	\$	4,174
Additions		23		855		878
Balance as at March 31, 2020	\$	94	\$	4,958	\$	5,052
Right-of-use assets, net						
Balance as at December 31, 2019	\$	156	\$	9,671	\$	9,827
Balance as at March 31, 2020	\$	393	\$	8,816	\$	9,209

The Company is unable to quantify the value of certain of its right-of-use assets because the lease payments are variable and not dependent upon an index or rate. In such cases, the Company did not recognize a right-of-use asset or corresponding lease liability. For the three months ended March 31, 2020, the Company had \$4,594 of costs related to variable lease payments that are not dependent on an index or rate.

The Company is exempt from quantifying the value of certain of its right-of-use assets for leases that are 12 months or less in duration or for leases of low-value assets. In such cases, the Company did not recognize a right-of-use asset or

corresponding lease liability. For the three months ended March 31, 2020, the Company's costs related to short-term leases of low-value assets were not material.

6. MINERAL PROPERTIES

As at March 31, 2020 and December 31, 2019, the Company had mineral properties as follows:

<i>(unaudited in thousands of US Dollars)</i>	Development costs	Exploration and evaluation costs	Accumulated depletion	Total mineral properties
Balance as at December 31, 2019	\$ 57,609	\$ 79,318	\$ (19,137)	\$ 117,790
Additions	2,309	(518)	—	1,791
Depletion	—	—	(3,451)	(3,451)
Balance as at March 31, 2020	\$ 59,918	\$ 78,800	\$ (22,588)	\$ 116,130

7. OTHER ASSETS

As at March 31, 2020 and December 31, 2019, the Company had other assets as follows:

<i>(unaudited in thousands of US Dollars)</i>	March 31, 2020	December 31, 2019
Brazilian tax credits	\$ 11,414	\$ 13,169
Advances to suppliers	758	905
Other	3,109	4,080
Other assets	\$ 15,281	\$ 18,154
Less: current portion	(5,200)	(6,563)
Other non-current assets	\$ 10,081	\$ 11,591

As at March 31, 2020 and December 31, 2019, the Company had other current assets as follows:

<i>(unaudited in thousands of US Dollars)</i>	March 31, 2020	December 31, 2019
Brazilian tax credits	\$ 2,002	\$ 2,371
Advances to suppliers	758	905
Other	2,440	3,287
Other current assets	\$ 5,200	\$ 6,563

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

As at March 31, 2020 and December 31, 2019, the Company had accounts payable and accrued liabilities as follows:

<i>(unaudited in thousands of US Dollars)</i>	March 31, 2020	December 31, 2019
Payroll and related taxes payable	\$ 4,598	\$ 6,539
Taxes payable	5,622	16,263
Trade payables	18,847	32,379
Accrued liabilities and other	9,463	12,428
Rebates	1,882	1,147
Other payables	1,623	3,306
Accounts payable and accrued liabilities	\$ 42,035	\$ 72,062

9. PROVISIONS

As at March 31, 2020 and December 31, 2019, the Company had provisions as follows:

<i>(unaudited in thousands of US Dollars)</i>	March 31, 2020	December 31, 2019
Legal contingencies	\$ 542	\$ 2,382
Environmental and asset retirement obligations	55,059	54,952
Provisions	\$ 55,601	\$ 57,334
Less: current portion	(542)	(2,382)
Long-term provisions	\$ 55,059	\$ 54,952

For the three months ended March 31, 2020, the Company had changes in environmental and asset retirement obligations as follows:

<i>(unaudited in thousands of US Dollars)</i>	Environmental and asset retirement obligations
Balance as at December 31, 2019	\$ 54,952
Additions	(220)
Accretion	327
Balance as at March 31, 2020	\$ 55,059

10. DEBT

As at March 31, 2020 and December 31, 2019, the Company had debt as follows:

<i>(unaudited in thousands of US Dollars)</i>	March 31, 2020	December 31, 2019
Facility	\$ 184,186	\$ 181,046
Deferred financing costs related to the Facility	(4,697)	(5,118)
CLF Promissory Note	21,620	20,689
Revolving Facility	10,000	9,415
Notes payable related to equipment purchases at Itafos Conda	2,407	2,517
Brazilian debentures	959	1,203
Canadian debentures issued to CLF	427	456
Canadian debentures issued to Banco Modal S.A.	1,048	1,102
Debt	\$ 215,950	211,310
Less: current portion	(2,396)	(2,459)
Long-term debt	\$ 213,554	\$ 208,851

The Company's secured term credit facility (the "Facility") bears interest at 12% per annum (5% payable in cash and 7% payable in-kind until December 6, 2020; 9% payable in cash and 3% payable in-kind thereafter) with a bullet repayment at maturity on June 6, 2022. The Facility includes restrictive financial covenants that require the Company not to exceed certain ratios as at the end of each fiscal quarter commencing September 30, 2020 (see Note 22).

The Company's unsecured and subordinated promissory note (the "CLF Promissory Note") bears interest at 15% per annum on drawn amounts and is payable on demand no earlier than six months after the date on which the Facility is paid in full. An additional \$16,000 is available under the CLF Promissory Note to be drawn by the Company at its sole discretion through December 31, 2020 (the "Availability Period"). An availability fee of 4% per annum is payable in-kind on undrawn amounts during the Availability Period.

Itafos Conda's secured working capital facility (the "Revolving Facility") bears interest at 8% per annum on drawn amounts and 4% per annum on undrawn committed amounts and matures on October 31, 2021. An additional tranche of \$10,000 remains available to be committed and drawn by Itafos Conda subject to agreement on certain terms and conditions.

Itafos Conda's notes payable related to equipment purchases bear interest at 8.3% per annum with maturities on February 28, 2021 and August 28, 2022, and 5.75% per annum with maturity on March 11, 2024. Such notes are payable in equal monthly installments of principal and interest through maturity.

The Company's Brazilian debentures bear interest at 10% per annum with 10 equal annual installments of principal and interest through maturity on August 29, 2026.

The Company's Canadian debentures issued to CLF bear interest at 10% per annum with 10 equal annual installments of principal and interest through maturity on October 27, 2026.

The Company's Canadian debentures issued to Banco Modal S.A. bear interest at 7.5% per annum with four equal annual installments of principal and interest through maturity on May 31, 2021 and July 28, 2021.

Changes in Debt

For the period December 31, 2019 through March 31, 2020, the Company had changes in debt as follows:

<i>(unaudited in thousands of US Dollars)</i>	Current debt	Long-term debt
Balance as at December 31, 2019	\$ 2,459	\$ 208,851
Interest accrual of CLF Promissory Note	—	772
Commitment fee of CLF Promissory Note	—	159
Capitalization of in-kind interest of the Facility	—	3,137
Payment of cash interest of the Facility	(2,241)	—
Interest accrual of the Facility	2,237	—
Change in accrued in-kind interest of the Facility	—	8
Amortization of financing costs of the Facility, including loss on debt modification	—	421
Proceeds from Revolving Facility	—	585
Change in notes payable related to equipment purchases at Itafos Conda	—	(111)
Change in Brazilian Debentures	(55)	(189)
Change in Canadian debentures issued to CLF	(4)	(25)
Change in Canadian debentures issued to Banco Modal S.A.	—	(54)
Balance as at March 31, 2020	\$ 2,396	\$ 213,554

10. OTHER LIABILITIES

As at March 31, 2020 and December 31, 2019, the Company had other long-term liabilities as follows:

<i>(unaudited in thousands of US Dollars)</i>	March 31, 2020	December 31, 2019
Taxes payable	\$ 6,124	\$ 7,808
Share-based payments	202	863
Lease liabilities	10,822	11,428
Other	—	18
Other liabilities	\$ 17,148	\$ 20,117
Less: current portion	(2,249)	(2,446)
Other long-term liabilities	\$ 14,899	\$ 17,671

TAXES PAYABLE

As at March 31, 2020, and December 31, 2019, taxes payable were primarily related to the taxes payable to the Brazilian tax authorities resulting from intercompany loans between the Company's subsidiaries.

SHARE-BASED PAYMENTS

As at March 31, 2020, and December 31, 2019, share-based payments were related to RSUs granted by the Company under its RSU Plan (see Note 3).

For the period December 31, 2019 through March 31, 2020, the Company had changes in RSUs as follows:

	RSUs
Balance as at December 31, 2019	4,339,605
Granted	5,009,348
Cash settled	(100,928)
Vested	(2,300,594)
Forfeited	(224,148)
Balance as at March 31, 2020	6,723,283

For the three months ended March 31, 2020, the Company granted 5,009,348 RSUs under its RSU Plan, including 621,279 RSUs granted to directors, 2,081,980 RSUs granted to management (including 1,035,468 granted to the CEO) and 2,306,089 RSUs granted to employees and contractors (see Note 3).

For the three months ended March 31, 2020, the Company issued 1,900,412 shares (net of 400,182 shares withheld to pay applicable taxes) due to vesting under its RSU Plan (see Notes 3 and 12).

For the three months ended March 31, 2020 and 2019, the Company cash settled 100,928 and 13,500 RSUs, respectively for \$39 and \$9, respectively due to vesting under its RSU Plan (see Note 3).

For the three months ended March 31, 2020 and 2019, the Company had share-based payment expense (income) of \$255 and \$(142), respectively.

LEASE LIABILITIES

Lease liabilities reflect the present value of future payments under the terms of the leases. Amounts expected to be paid within 12 months are presented as other current liabilities and any payments expected to be paid beyond 12 months are included in other long-term liabilities.

As at March 31, 2020, and December 31, 2019, the Company had other current liabilities as follows:

<i>(unaudited in thousands of US Dollars)</i>	March 31, 2020	December 31, 2019
Lease liabilities	\$ 2,249	\$ 2,446
Other current liabilities	\$ 2,249	\$ 2,446

As at March 31, 2020, the Company had total future contractual payments for leases recognized under IFRS 16 as follows:

<i>(unaudited in thousands of US Dollars)</i>		March 31, 2020
Within 1 year	\$	2,249
Between 2 and 3 years		6,229
Between 4 and 5 years		4,674
After 5 years		1,519
Total contractual payments	\$	14,671

For the period December 31, 2019 through March 31, 2020, the Company had changes in lease liabilities as follows:

<i>(unaudited in thousands of US Dollars)</i>		Current lease liabilities		Long-term lease liabilities
Balance as at December 31, 2019	\$	2,446	\$	8,982
New leases		105		152
Lease interest accruals		496		—
Lease payments		(798)		(561)
Balance as at March 31, 2020	\$	2,249	\$	8,573

12. SHARE CAPITAL

AUTHORIZED CAPITAL

The Company is authorized to issue up to 5,000,000,000 shares. The Company's shares have a par value of C\$0.001.

SHARES ISSUED AND OUTSTANDING

As at March 31, 2020 and December 31, 2019, the Company had 185,451,477 and 178,551,065 and shares issued and outstanding, respectively.

On January 31, 2020, the Company issued five million shares (the "Shares") to lenders of the Facility in exchange for eliminating additional interest of 1% per annum payable in cash for each quarter that the Company's consolidated secured leverage ratio is equal to or greater than 4.00:1.00 at the end of such quarter (see Notes 10 and 21).

For the three months ended March 31, 2020, the Company issued 1,900,412 shares (net of 400,182 shares withheld to pay applicable taxes) due to vesting under its RSU Plan (see Notes 3 and 11).

For the three months ended March 31, 2019, the Company repurchased 1,478,500 shares through the Normal Course Issuer Bid ("NCIB") for \$874.

For the three months ended March 31, 2020 and 2019, the Company had weighted-average number of shares and dilutive share equivalents as follows:

	<i>For the three months ended March 31,</i>	
	2020	2019
Weighted average number of shares	183,012,978	141,231,110
Weighted average number of potentially dilutive RSUs	753,331	1,459,368
Diluted weighted average number of shares	183,766,309	142,690,478

For the three months ended March 31, 2020 the Company had net losses. Accordingly, all dilutive RSUs were excluded from diluted weighted average number of shares as these instruments were anti-dilutive.

NCI

As at March 31, 2020 and December 31, 2019, the Company had NCI of \$9,062 and \$9,062, respectively (see Note 2).

13. REVENUES

For the three months ended March 31, 2020 and 2019, Itafos Conda had revenues as follows:

<i>(unaudited in thousands of US Dollars)</i>	<i>For the three months ended March 31,</i>	
	2020	2019
MAP	\$ 31,832	\$ 34,486
MAP+	966	—
SPA	36,906	33,633
MGA	485	29
APP	743	1,157
Revenues	\$ 70,932	\$ 69,305

For the three months ended March 31, 2020 and 2019, Itafos Conda recorded approximately 70% of its total revenues from three customers.

For the three months ended March 31, 2020 and 2019, Itafos Arraias had revenues as follows:

<i>(unaudited in thousands of US Dollars)</i>	<i>For the three months ended March 31,</i>	
	2020	2019
SSP	\$ 3,508	\$ 1,174
SSP+	453	1,351
PK compounds	—	—
Excess sulfuric acid, net	468	1,348
Revenues	\$ 4,429	\$ 3,873

For the three months ended March 31, 2020 and 2019, Itafos Arraias recorded approximately 73% of its SSP and SSP+ revenues from two customers.

14. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

For the three months ended March 31, 2020 and 2019, the Company had selling, general and administrative expenses as follows:

<i>(in thousands of US Dollars)</i>	<i>For the three months ended March 31,</i>	
	2020	2019
Payroll expenses	\$ 2,435	\$ 2,829
Professional fees	1,327	1,010
Share-based payment expense (recovery)	255	(142)
Insurance expenses	371	239
Office, travel and general administrative expenses	1,141	1,762
Director fees	395	150
Selling, general and administrative expenses	\$ 5,924	\$ 5,848

15. FOREIGN EXCHANGE GAIN (LOSS)

For the three months ended March 31, 2020 and 2019, the Company recognized a foreign exchange loss of \$3,100 and \$858, respectively. These amounts are primarily comprised of the gain or loss resulting from remeasuring monetary items denominated in Brazilian Reals and Canadian Dollars.

16. FINANCE EXPENSE (INCOME)

For the three months ended March 31, 2020 and 2019, the Company had finance expense (income) as follows:

<i>(unaudited in thousands of US Dollars)</i>	<i>For the three months ended March 31,</i>	
	2020	2019
Interest expense	\$ 6,388	\$ 5,659
Interest capitalized in property, plant and equipment	(787)	(390)
Interest on lease liabilities	496	250
Interest income	(9)	(78)
Finance expense, net	\$ 6,088	\$ 5,441

17. INCOME TAXES

For the three months ended March 31, 2020 and 2019, the Company had total current and deferred income tax expense (income) as follows:

<i>(unaudited in thousands of US Dollars)</i>	<i>For the three months ended March 31,</i>	
	2020	2019
Current income tax expense	\$ 663	\$ 2,765
Deferred income tax income	(2,538)	(1,043)
Total current and deferred income tax expense (income), net	\$ (1,875)	\$ 1,722

The Company calculates an estimated average annual effective tax rate for each of the jurisdictions in which it operates. For the three months ended March 31, 2020 and 2019, the Company had effective tax rates of 9.3% and (14.8)%, respectively.

DEFERRED TAX ASSETS

As at March 31, 2020 and December 31, 2019, the Company had changes in deferred tax assets as follows:

<i>(unaudited in thousands of US Dollars)</i>	Payroll and related taxes payable	Total deferred tax assets
Balance as at December 31, 2019	\$ 858	\$ 858
Charge (credit) to profit or loss	—	—
Balance as at March 31, 2020	\$ 858	\$ 858

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

As at March 31, 2020, the Company had Brazilian tax losses of approximately \$518,148 that may be carried forward indefinitely to offset taxable income in any given period. 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 subject to change. Accordingly, the Company's ability to realize deferred income tax assets could significantly affect net income or cash flows in future periods.

DEFERRED TAX LIABILITIES

As at March 31, 2020 and December 31, 2019, the Company had changes in deferred tax liabilities as follows:

<i>(unaudited in thousands of US Dollars)</i>		Property, plant and equipment		Inventories		Mineral properties		Total deferred tax liabilities
Balance as at December 31, 2019	\$	12,715	\$	1,126	\$	(6,861)	\$	6,980
Credit to profit or loss		(1,780)		(55)		(914)		(2,749)
Balance as at March 31, 2020	\$	10,935	\$	1,071	\$	(7,775)	\$	4,231

18. COMMITMENTS AND CONTINGENCIES

From time to time, the Company may be involved in legal proceedings 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 the Company's financial position, results of operations or cash flows. Based on the Company's knowledge and assessment of events as at March 31, 2020, the Company does not believe that the outcome of any of the matters, individually or in aggregate, not recorded in these Interim Financial Statements would have a material adverse effect. As at March 31, 2020, the Company has currently accrued \$542 in relation to labor and other claims that have been made (See Note 9). The ultimate outcome of these claims is uncertain at this time and the Company is defending its position in each case.

19. SEGMENT REPORTING

The Company reports across four segments including (i) Itafos Conda, (ii) Itafos Arraias, (iii) development and exploration and (iv) corporate. The development and exploration segment is comprised of activities related to (i) Itafos Farim (ii), Itafos Paris Hills, (iii) Itafos Santana, (iv) Itafos Mantaro and (v) Itafos Araxá. The corporate segment is comprised of support, administrative and financing activities.

The Company's segment reporting is consistent with its internal reporting to its chief operating decision maker ("CODM"). The Company's CODM role is comprised of its management team. The CODM considers the Company's segment reporting in its decision making, planning, cash flow management and other management activities.

For the three months ended March 31, 2020 and 2019

For the three months ended March 31, 2020, the Company had net income (loss) by segment as follows:

<i>(unaudited in thousands of US Dollars)</i>		Itafos Conda		Itafos Arraias		Development and exploration		Corporate		Total
Revenues	\$	70,932	\$	4,429	\$	—	\$	—	\$	75,361
Cost of goods sold		71,099		10,581		—		—		81,680
	\$	(167)	\$	(6,152)	\$	—	\$	—	\$	(6,319)
Operating expenses										
Selling, general and administrative expenses		1,069		1,013		773		3,069		5,924
Operating loss	\$	(1,236)	\$	(7,165)	\$	(773)	\$	(3,069)	\$	(12,243)
Foreign exchange gain (loss)		115		(2,256)		(531)		(428)		(3,100)
Other Income (expense), net		(1)		1,275		(10)		3		1,267
Finance expense		(25)		(9)		(1)		(6,053)		(6,088)
Loss before income taxes	\$	(1,147)	\$	(8,155)	\$	(1,315)	\$	(9,547)	\$	(20,164)
Current and deferred income tax expense (recovery)		(2,102)		—		—		227		(1,875)
Net income (loss)	\$	955	\$	(8,155)	\$	(1,315)	\$	(9,774)	\$	(18,289)

For the three months ended March 31, 2019, the Company had net income (loss) by segment as follows:

<i>(unaudited in thousands of US Dollars)</i>	Itafos Conda	Itafos Arraias	Development and exploration	Corporate	Total
Revenues	\$ 69,305	\$ 3,873	—	—	\$ 73,178
Cost of goods sold	61,681	11,659	—	—	73,340
	\$ 7,624	\$ (7,786)	—	—	\$ (162)
Operating expenses					
Selling, general and administrative expenses	1,417	1,699	406	2,326	5,848
Operating income (loss)	\$ 6,207	\$ (9,485)	\$ (406)	\$ (2,326)	\$ (6,010)
Foreign exchange loss	(21)	(667)	(110)	(60)	(858)
Other Income (expense), net	596	13	(3)	94	700
Finance income (expense), net	(104)	28	(65)	(5,300)	(5,441)
Income (loss) before income taxes	\$ 6,678	\$ (10,111)	\$ (584)	\$ (7,592)	\$ (11,609)
Current and deferred income tax expense	1,446	—	—	276	1,722
Net income (loss)	\$ 5,232	\$ (10,111)	\$ (584)	\$ (7,868)	\$ (13,331)

As at March 31, 2020, the Company had total assets and total liabilities by segment as follows:

<i>(unaudited in thousands of US Dollars)</i>	Itafos Conda	Itafos Arraias	Development and exploration	Corporate	Total
Total assets	\$ 227,682	\$ 144,970	\$ 82,821	\$ 6,026	\$ 461,499
Total liabilities	\$ 103,612	\$ 21,513	\$ 3,460	\$ 206,476	\$ 335,061

As at December 31, 2019, the Company had total assets and total liabilities by segment as follows:

<i>(unaudited in thousands of US Dollars)</i>	Itafos Conda	Itafos Arraias	Development and exploration	Corporate	Total
Total assets	\$ 240,353	\$ 162,846	\$ 83,487	\$ 24,078	\$ 510,764
Total liabilities	\$ 124,651	\$ 31,946	\$ 5,404	\$ 206,504	\$ 368,505

As at March 31, 2020 and December 31, 2019, the Company had property, plant and equipment and mineral properties by segment as follows:

<i>(unaudited in thousands of US Dollars)</i>	Itafos Conda	Itafos Arraias	Development and exploration	Corporate	Total
Balance as at March 31, 2020	\$ 115,007	\$ 124,844	\$ 81,650	\$ 249	\$ 321,750
Balance as at December 31, 2019	\$ 119,880	\$ 130,488	\$ 82,213	\$ 26	\$ 332,607

As at March 31, 2020 and December 31, 2019, the Company had property, plant and equipment and mineral properties by region as follows:

<i>(unaudited in thousands of US Dollars)</i>	March 31, 2020	December 31, 2019
Brazil (South America)	\$ 133,865	\$ 141,418
US (North America)	123,215	127,865
Guinea-Bissau (Africa)	64,670	63,324
Property, plant and equipment, net and mineral properties	\$ 321,750	\$ 332,607

20. NET CHANGE IN NON-CASH WORKING CAPITAL

For the three months ended March 31, 2020 and 2019, the Company had net change in non-cash working capital as follows:

<i>(unaudited in thousands of US Dollars)</i>	<i>For the three months ended March 31,</i>	
	2020	2019
Accounts receivable	\$ 2,334	\$ 11,582
Inventories, net	23,889	1,956
Other assets and prepaids	5,850	3,659
Accounts payable and accrued liabilities	(26,326)	(3,647)
Other liabilities payable through MAP offtake agreement	—	(8,621)
Other liabilities and provisions	(2,637)	(450)
Net change in non-cash working capital	\$ 3,110	\$ 4,479

21. RELATED PARTY TRANSACTIONS

The Company's related party transactions include key management compensation and debt from CLF, its principal shareholder (see Note 1).

KEY MANAGEMENT COMPENSATION

Key management compensation considers amounts the Company has paid or has payable to key management, including directors and officers of the Company, for employee services.

For the three months ended March 31, 2020 and 2019, the Company had key management compensation as follows:

<i>(unaudited in thousands of US Dollars)</i>	<i>For the three months ended March 31,</i>	
	2020	2019
Management compensation	\$ 851	\$ 143
Director fees	395	150
Share-based payments	376	—
Termination benefits	179	—
Other benefits	11	8
Key management compensation	\$ 1,812	\$ 301

CLF DEBT

As at March 31, 2020 and December 31, 2019, the Company had debt from CLF as follows:

<i>(unaudited in thousands of US Dollars)</i>	March 31,	December 31,
	2020	2019
CLF participation in the Facility	\$ 29,784	\$ 29,274
CLF Promissory Note	21,620	20,689
Canadian debentures issued to CLF	427	456
CLF debt	\$ 51,831	\$ 50,419

On January 31, 2020, the Company issued the Shares to lenders of the Facility, of which CLF received 812,506 based on its pro-rata debt holding of the Facility (see Notes 10 and 12).

22. FAIR VALUE MEASUREMENT AND RISK FACTORS

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 as follows:

- Level 1: inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs are quoted prices in active markets for similar assets or liabilities; and
- Level 3: inputs are not derived from observable market data, such as discounted cash flow methodologies based on internal cash flow forecasts.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

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. For the three months ended March 31, 2020 and 2019, there were no such transfers.

The fair values of cash and cash equivalents, accounts receivable, short-term investments, accounts payable and accrued liabilities to approximate their carrying values in the consolidated balance sheets given the interest receivable and or payable is either close to current market rates or the instruments are short-term in nature.

Long-term debt is recorded on the consolidated balance sheets at amortized cost. The fair value of long-term debt is determined by applying a discount rate, reflecting an appropriate credit spread considering the Company's credit rating, to future related cash flows. As such, long-term debt is classified within Level 2 of the fair value hierarchy. As at March 31, 2020 and December 31, 2019, the Company's long-term debt was stated at an amortized cost of \$215,950 and \$210,866, respectively and had a fair value of \$201,483 and \$194,140, respectively.

RISK FACTORS

The Company's activities are subject to various risk factors that could impact the Company's financial assets, liabilities or future cash flows including, but not limited to, market risk, credit risk and liquidity risk. Such risk factors, as well as the Company's capital management objectives, are described below.

Market Risk

Currency Risk

The Company's presentation and functional currency is US Dollars. Currency fluctuations may affect the Company's capital and/or operating costs. The Company is exposed to currency risks stemming from the fact that the Company and its subsidiaries carry on business in the international marketplace. The appreciation of foreign currencies against the US Dollar could adversely affect the Company's earnings and financial condition. In particular, the Company is exposed to increased currency risks because a significant portion of Itafos Arraias' sales and expenses are transacted in Brazilian Reals and a portion of Itafos Conda's sales and expenses are transacted in Canadian Dollars. These sales and expenses are subject to fluctuations in the exchange rates between the Brazilian Real and the Canadian Dollar against the US Dollar.

In May 2019, Itafos Farim Holdings (formerly known as GB Minerals Ltd) changed its functional currency from Canadian Dollars to US Dollars and Itafos Farim, Sarl (formerly known as GB Minerais Sarl), a wholly-owned subsidiary of Itafos Farim Holdings, changed its functional currency from Central African Francs to US Dollars (see Note 2).

For the three months ended March 31, 2020 and 2019, the Company had foreign exchange loss and cumulative translation adjustment as follows:

<i>(unaudited in thousands of US Dollars)</i>	<i>For the three months ended March 31,</i>	
	2020	2019
Brazilian Real depreciation against US Dollar (%)	23.0	1.0
Canadian Dollar depreciation (appreciation) against US Dollar (%)	8.0	(2.0)
Foreign exchange loss	\$ (3,100)	\$ (858)
Cumulative translation adjustment	\$ —	\$ 1,384

Commodity Price Risk

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

Interest Rate Risk

As at March 31, 2020 and December 31, 2019, the Company's long-term debt was primarily comprised of the Facility and CLF promissory Note, which consider fixed interest rates (see Note 10).

Credit Risk

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

As at March 31, 2020 and December 31, 2019, the Company had accounts receivable of \$21,231 and \$23,446, respectively. As at March 31, 2020 and December 31, 2019, Itafos Conda had approximately 70% and 77%, respectively, of total accounts receivable from four customers, respectively. As at March 31, 2020 and December 31, 2019, Itafos Arraias had approximately 79% and 94%, respectively, of total accounts receivable from five and three customers, respectively.

Management reviews the aging of accounts receivables and, where necessary, reduces the carrying value to provide for possible losses. As at March 31, 2020 and December 31, 2019, management did not anticipate material credit losses. Accordingly, the Company did not record any credit loss provisions.

Liquidity Risk

To execute its strategy, the Company will continue to require capital to support its strategic initiatives and development objectives. In addition to cash flows from Itafos Conda, the Company intends to raise additional capital in 2020 and beyond through a combination of equity and debt financings.

On October 31, 2019, Itafos Conda closed the Revolving Facility. As at March 31, 2020, Itafos Conda had drawn \$10,000 under the Revolving Facility. An additional tranche of \$10,000 remains available to be committed and drawn by Itafos Conda subject to agreement on certain terms and conditions (see Note 10).

On December 31, 2019, the Company completed a \$36,000 capital raise with CLF through a non-brokered private placement financing of \$15,000 and an amendment to increase the availability of a previously issued subordinated promissory note by \$21,000. As at March 31, 2020, the Company had borrowed \$5,000 of the available \$21,000, with the balance of \$16,000 remaining available to be drawn by the Company at its sole discretion through December 31, 2020 (see Note 10).

In May 2020, the Company received a commitment from CLF to invest up to an incremental \$3,000, if required, for the Company to meet its liabilities as and when they become due to ensure business continuity and ongoing operations through March 31, 2021. The investment amount may be reduced by any amount of new capital raised by the Company from investors other than CLF (see note 2).

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

The Company is not currently projecting any material impact on its operations or financial outlook as a result of COVID-19. However, the Company is closely monitoring potential risks to its operations, including factors that could impact production or demand for its products as such factors could have a material impact on the Company's cash flow from operations, which could result in a cash shortfall unless otherwise remedied (see Note 2).

Financial Covenant Risk

The Facility includes restrictive financial covenants that require the Company not to exceed certain ratios as at the end of each fiscal quarter commencing September 30, 2020. The financial covenants considered in the Facility include requirements for the Company to maintain a consolidated secured leverage ratio and achieve a minimum level of EBITDA at Itafos Conda. The Company is currently projecting compliance with its financial covenants through March 31, 2021; however, in certain cases with minimal headroom. Any further reductions to global fertilizer pricing trends, or other factors that could reduce cash flow from operations, including, but not limited to, potential operational disruptions resulting from COVID-19, could result in a financial covenant default, unless otherwise remedied. While the Company has a demonstrated track record of amending its financial covenants, there can be no assurance of the Company's ability to do so going forward (see Notes 2 and 10).

Capital Management

The Company's objectives when managing capital are to maintain a flexible capital structure and to invest capital at attractive rates of return. The Company actively manages its capital structure and makes adjustments as necessary in light of general economic conditions, the risk characteristics of its businesses and projects and working capital requirements.

23. SUBSEQUENT EVENTS

RSUs

Subsequent to March 31, 2020, the Company issued 11,347 shares (net of 3,653 shares withheld to pay applicable taxes) due to vesting under its RSU Plan.
