



**Consolidated Financial Statements**  
**for the three months ended March 31, 2021 and 2020**

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**CONDENSED CONSOLIDATED INTERIM BALANCE SHEETS  
AS AT MARCH 31, 2021 AND DECEMBER 31, 2020**

<i>(unaudited in thousands of US Dollars)</i>	March 31, 2021	December 31, 2020
<b>Assets</b>		
Cash and cash equivalents	\$ 17,675	\$ 9,539
Accounts receivable	28,986	21,949
Inventories, net (Note 4)	89,228	93,435
Other current assets (Note 7)	7,619	9,568
<b>Total current assets</b>	<b>\$ 143,508</b>	<b>\$ 134,491</b>
Long-term inventories, net (Note 4)	1,551	1,551
Property, plant and equipment, net (Note 5)	203,392	205,069
Mineral properties, net (Note 6)	126,564	127,930
Deferred tax assets, net (Note 17)	3,257	1,204
Other long-term assets (Note 7)	3,829	7,059
<b>Total non-current assets</b>	<b>\$ 338,593</b>	<b>\$ 342,813</b>
<b>Total assets</b>	<b>\$ 482,101</b>	<b>\$ 477,304</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities (Note 8)	\$ 48,949	\$ 50,986
Provisions (Note 9)	760	760
Current debt (Note 10)	2,616	2,437
Contract liabilities	1,855	21
Other current liabilities (Note 11)	2,743	2,812
<b>Total current liabilities</b>	<b>\$ 56,923</b>	<b>\$ 57,016</b>
Long-term debt (Note 10)	240,626	237,756
Long-term provisions (Note 9)	82,320	82,743
Other long-term liabilities (Note 11)	17,251	17,366
<b>Total long-term liabilities</b>	<b>\$ 340,197</b>	<b>\$ 337,865</b>
<b>Total liabilities</b>	<b>\$ 397,120</b>	<b>\$ 394,881</b>
<b>Equity</b>		
Share capital (Note 12)	532,304	531,647
Contributed surplus	246,626	246,626
Cumulative translation adjustment reserve	4,660	4,660
Deficit	(699,363)	(701,264)
<b>Shareholders' equity (Notes 2 and 12)</b>	<b>\$ 84,227</b>	<b>\$ 81,669</b>
Non-controlling interest (Notes 2 and 12)	754	754
<b>Total equity</b>	<b>\$ 84,981</b>	<b>\$ 82,423</b>
<b>Total liabilities and equity</b>	<b>\$ 482,101</b>	<b>\$ 477,304</b>

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

Approved by the Company's Board of Directors

Signed "Anthony Cina"  
ANTHONY CINA  
Chairman

Signed "G. David Delaney"  
G. DAVID DELANEY  
Director

**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF OPERATIONS  
FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND 2020**

*(unaudited in thousands of US Dollars  
except as otherwise noted)*

*For the three months ended March 31,*

	<b>2021</b>		<b>2020</b>	
<b>Revenues (Note 13)</b>	\$	<b>90,142</b>	\$	<b>75,361</b>
Cost of goods sold		71,613		81,680
<b>Gross margin</b>	\$	<b>18,529</b>	\$	<b>(6,319)</b>
Selling, general and administrative expenses (Note 14)		5,590		5,924
<b>Operating income (loss)</b>	\$	<b>12,939</b>	\$	<b>(12,243)</b>
Foreign exchange loss (Notes 15 and 22)		(71)		(3,100)
Other income		102		1,267
Finance expense, net (Note 16)		(8,392)		(6,088)
<b>Income (loss) before income taxes</b>	\$	<b>4,578</b>	\$	<b>(20,164)</b>
Current and deferred income tax expense (recovery) (Note 17)		2,677		(1,875)
<b>Net income (loss)</b>	\$	<b>1,901</b>	\$	<b>(18,289)</b>
Net income (loss) attributable to non-controlling interest (Notes 2 and 12)		—		—
<b>Net income (loss) attributable to shareholders of the Company</b>	\$	<b>1,901</b>	\$	<b>(18,289)</b>
<b>Basic earnings (loss) per share (Note 12)</b>	\$	<b>0.01</b>	\$	<b>(0.10)</b>
<b>Fully diluted earnings (loss) per share (Note 12)</b>	\$	<b>0.01</b>	\$	<b>(0.10)</b>

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

**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE INCOME (LOSS)  
FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND 2020**

<i>(unaudited in thousands of US Dollars)</i>	<i>For the three months ended March 31,</i>	
	<b>2021</b>	<b>2020</b>
<b>Net income (loss)</b>	<b>\$ 1,901</b>	<b>\$ (18,289)</b>
<b>Other comprehensive income (loss)</b>		
Items that may be reclassified subsequently to profit or loss:		
Cumulative translation adjustment <i>(Notes 2 and 22)</i>	—	—
<b>Total comprehensive income (loss)</b>	<b>\$ 1,901</b>	<b>\$ (18,289)</b>
Total comprehensive income (loss) attributable to non-controlling interest:	—	—
Total comprehensive income (loss) attributable to shareholders of the Company	<b>\$ 1,901</b>	<b>\$ (18,289)</b>

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, 2021 AND 2020**

<i>(unaudited in thousands of US Dollars except as otherwise noted)</i>	Number of shares	Amount	Contributed surplus	Cumulative translation adjustment reserve	Deficit	Shareholders' equity <sup>1</sup>	Non-controlling Interest <sup>1</sup>	Total equity
<b>Balance as at December 31, 2020</b>	<b>185,462,824</b>	<b>\$ 531,647</b>	<b>\$ 246,626</b>	<b>\$ 4,660</b>	<b>\$ (701,264)</b>	<b>\$ 81,669</b>	<b>\$ 754</b>	<b>\$ 82,423</b>
Net Income (loss)	—	—	—	—	1,901	1,901	—	1,901
Issuance of shares under RSU Plan (Note 12)	1,265,620	657	—	—	—	657	—	657
<b>Balance as at March 31, 2021</b>	<b>186,728,444</b>	<b>\$ 532,304</b>	<b>\$ 246,626</b>	<b>\$ 4,660</b>	<b>\$ (699,363)</b>	<b>\$ 84,227</b>	<b>\$ 754</b>	<b>\$ 84,981</b>
<b>Balance as at December 31, 2019</b>	<b>178,551,065</b>	<b>\$ 529,177</b>	<b>\$ 246,626</b>	<b>\$ 4,660</b>	<b>\$ (638,204)</b>	<b>\$ 142,259</b>	<b>\$ —</b>	<b>\$ 142,259</b>
Net income (loss)	—	—	—	—	(18,289)	(18,289)	—	(18,289)
Issuance of shares under RSU plan (Note 12)	1,900,412	730	—	—	—	730	—	730
Issuance of shares to lenders of the Credit Facility (Note 12)	5,000,000	1,738	—	—	—	1,738	—	1,738
<b>Balance as at March 31, 2020</b>	<b>185,451,477</b>	<b>\$ 531,645</b>	<b>\$ 246,626</b>	<b>\$ 4,660</b>	<b>\$ (656,493)</b>	<b>\$ 126,438</b>	<b>\$ —</b>	<b>\$ 126,438</b>

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

<sup>1</sup> See Note 2

**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS  
FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND 2020**

<i>(unaudited in thousands of US Dollars)</i>	<i>For the three months ended March 31,</i>	
	<b>2021</b>	<b>2020</b>
<b>Operating activities</b>		
Net income (loss)	\$ 1,901	\$ (18,289)
Adjustments for the following items:		
Depreciation and depletion	6,249	11,190
Cash settlement of share-based payments <i>(Note 11)</i>	(36)	(39)
Share-based payment expense <i>(Note 11)</i>	1,291	255
Current and deferred income tax expense (recovery) <i>(Note 17)</i>	2,677	(1,875)
Income tax payments	—	(10,148)
Unrealized foreign exchange loss	173	3,110
Finance expense, net <i>(Note 16)</i>	8,392	6,088
Net change in non-cash working capital <i>(Note 20)</i>	(4,636)	3,110
<b>Cash flows from operating activities</b>	<b>\$ 16,011</b>	<b>\$ (6,598)</b>
<b>Investing activities</b>		
Addition of property, plant and equipment and mineral properties <i>(Notes 5 and 6)</i>	\$ (2,395)	\$ (2,566)
<b>Cash flows from investing activities</b>	<b>\$ (2,395)</b>	<b>\$ (2,566)</b>
<b>Financing activities</b>		
Proceeds from debt <i>(Note 10)</i>	\$ —	\$ 585
Repayment of debt <i>(Note 10)</i>	(243)	—
Repayment of principal portion of lease liabilities <i>(Note 11)</i>	(995)	(1,359)
Payment of interest expense <i>(Note 10)</i>	(4,282)	(2,241)
<b>Cash flows from financing activities</b>	<b>\$ (5,520)</b>	<b>\$ (3,015)</b>
Effect of foreign exchange of non-US Dollar denominated cash	\$ 40	\$ (244)
Increase (decrease) in cash	8,136	(12,423)
Cash, beginning of period	9,539	29,109
<b>Cash, end of period</b>	<b>\$ 17,675</b>	<b>\$ 16,686</b>

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

## NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND 2020

The amounts contained in these Interim Financial Statements are in thousands of US Dollars except for number shares, per share amounts, number of restricted share units (“RSUs”) and as otherwise noted.

### 1. GENERAL COMPANY INFORMATION

The Company is a phosphate and specialty fertilizer platform with strategic businesses and projects located in key fertilizer markets.

The Company’s businesses and projects are as follows:

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

The Company’s principal shareholder is CL Fertilizers Holding LLC (“CLF”). CLF is an affiliate of Castlelake, L.P., a global private investment firm (see Note 25). CLF is a Delaware limited liability company with offices in Minnesota, US. As at March 31, 2021 and December 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 (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 Uglan 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 for the year ended December 31, 2020 (the “Audited Financial Statements”), which include information necessary or useful to understand the Company’s business and financial statement presentation.

These Interim Financial Statements were authorized for issuance by the Company’s Board of Directors on May 13, 2021.



## GOING CONCERN BASIS

These Interim Financial Statements have been prepared and presented under the historical cost convention and on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future (see **CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS** in this Note 2 below).

## BASIS OF PRESENTATION

As at December 31, 2020, the Company reclassified equity between shareholder's equity and non-controlling interest ("NCI") as at December 31, 2019 in the Company's condensed consolidated statements of changes in equity to conform with the basis used to calculate NCI in the current period (see NCI in this Note 2 below).

## 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, 2021 and December 31, 2020, the Company had subsidiaries located in Brazil, the British Virgin Islands, the Cayman Islands, Guinea-Bissau, the Netherlands, Peru, Switzerland and the US. During the three months ended March 31, 2021, the Company merged three of its wholly-owned subsidiaries located in the Netherlands.

## NCI

As at March 31, 2021 and December 31, 2020 the Company had NCI as follows:

	Company interests	NCI
Itafos Arraias Mineracao e Fertilizantes S.A.	98.3%	1.7%
Itafos Santana Mineracao e Fertilizantes S.A.	99.4%	0.6%

As at December 31, 2020, the Company reclassified equity between shareholders' equity and NCI as at December 31, 2019 in the Company's condensed consolidated statements of changes in equity to conform with the basis used to calculate NCI in the current period as follows:

<i>(in thousands of US Dollars)</i>	<i>As at December 31, 2019</i>		
	Original	Reclassification	Current
Shareholders' equity	\$ 133,197	\$ 9,062	\$ 142,259
Non-controlling interest	9,062	(9,062)	—

## CURRENCIES

The Company's presentation and functional currency is 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 Financial Statements remain applicable for these Interim Financial Statements.

## **Impact of the Coronavirus Disease 2019 (“COVID-19”) Pandemic**

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 the COVID-19 pandemic, 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 the COVID-19 pandemic (see Note 22). In response to the COVID-19 pandemic, 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**

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.

### **Carrying Values and Impairment Charges**

Whenever indications of impairment exist, the Company estimates the recoverable amount of the asset in order to compare such estimated recoverable amount to its carrying value. Calculating estimated recoverable amounts requires management to make estimates and assumptions relying on its judgment and taking into account information available at the end of each reporting period. Changes in any of the estimates or assumptions considered in estimating the recoverable amounts could have an impact on the results and conclusions of the impairment assessment.

## **KEY SOURCES OF ESTIMATION UNCERTAINTY IN THE APPLICATION OF ACCOUNTING POLICIES**

### **Environmental and Asset Retirement Obligations**

The Company recognizes the present value of its environmental and asset retirement obligations in the period in which they are incurred and when reasonable estimate of the fair value of such obligations can be made. The estimated future cash costs of such obligations are based primarily upon environmental and regulatory requirements of the various jurisdictions in which the Company operates as well as any other constructive obligations that exist. The liability represents management's best estimates of cash required to settle the liability, inflation, assumptions of risks associated with future cash flows and the applicable risk-free interest rates for discounting the future cash outflow. Changes in the above factors can result in a change to the liability recognized by the Company. The actual future expenditures may differ from the amounts currently provided if the estimates made are significantly different than actual results or if there are significant changes in environmental and/or regulatory requirements in the future.

### **Income Tax**

The Company is subject to income taxes in numerous jurisdictions. The Company’s income tax expense and deferred tax assets and liabilities represent management’s best estimates of current and future taxes to be paid. Significant judgments and estimates are required in the calculation of the Company’s income tax expense, including applying tax laws and regulations, calculating tax deductions such as tax depletion, 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. The actual future income tax expense and deferred tax assets and liabilities may differ from the amounts currently provided if the estimates made are significantly different than actual results or if there are significant changes in tax laws and/or rates in the future.

### 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 Financial Statements, where applicable.

#### NEW ACCOUNTING STANDARDS EFFECTIVE IN 2021

The IASB issued certain new accounting standards or amendments that are mandatory for accounting periods after December 31, 2020, including Interest Rate Benchmark Reform – Phase 2, Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16. The Company concluded that the effect of such new accounting standards or amendments did not have a material impact and therefore did not record any adjustments to these Interim Financial Statements.

### 4. INVENTORIES

As at March 31, 2021 and December 31, 2020, the Company had inventories as follows:

<i>(unaudited in thousands of US Dollars)</i>	<b>March 31, 2021</b>	<b>December 31, 2020</b>
Finished goods	\$ 15,606	\$ 13,341
Work in process	2,318	2,480
Raw materials	56,128	61,879
Spare parts	16,727	17,286
<b>Inventories, net</b>	<b>\$ 90,779</b>	<b>\$ 94,986</b>
Less: current portion	(89,228)	(93,435)
<b>Long-term inventories, net</b>	<b>\$ 1,551</b>	<b>\$ 1,551</b>

As at March 31, 2021 and December 31, 2020, the Company had non-current inventories related to raw materials at Arraias.

### 5. PROPERTY, PLANT AND EQUIPMENT

As at March 31, 2021 and December 31, 2020, the Company had property, plant and equipment as follows:

<i>(unaudited in thousands of US Dollars)</i>	<b>Land</b>	<b>Buildings and plant</b>	<b>Machinery, equipment and other</b>	<b>Asset under construction</b>	<b>Total property, plant and equipment</b>
<b>Cost</b>					
<b>Balance as at December 31, 2020</b>	\$ 24,699	\$ 133,698	\$ 160,781	\$ 45,319	\$ 364,497
Additions	—	—	353	1,848	2,201
Disposals/transfers	—	—	—	—	—
<b>Balance as at March 31, 2021</b>	<b>\$ 24,699</b>	<b>\$ 133,698</b>	<b>\$ 161,134</b>	<b>\$ 47,167</b>	<b>\$ 366,698</b>
<b>Accumulated depreciation</b>					
<b>Balance as at December 31, 2020</b>	\$ —	\$ 34,023	\$ 125,405	\$ —	\$ 159,428
Additions	—	538	3,340	—	3,878
Disposals/transfers	—	—	—	—	—
<b>Balance as at March 31, 2021</b>	<b>\$ —</b>	<b>\$ 34,561</b>	<b>\$ 128,745</b>	<b>\$ —</b>	<b>\$ 163,306</b>
<b>Property, plant and equipment, net</b>					
<b>As at December 31, 2020</b>	<b>\$ 24,699</b>	<b>\$ 99,675</b>	<b>\$ 35,376</b>	<b>\$ 45,319</b>	<b>\$ 205,069</b>
<b>As at March 31, 2021</b>	<b>\$ 24,699</b>	<b>\$ 99,137</b>	<b>\$ 32,389</b>	<b>\$ 47,167</b>	<b>\$ 203,392</b>

As at March 31, 2021 and December 31, 2020, the balances of property, plant and equipment include capitalized interest of \$12,292.

## IFRS 16 – RIGHT-OF-USE ASSETS

As at March 31, 2021 and December 31, 2020, 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
<b>Cost</b>			
<b>Balance as at December 31, 2020</b>	\$ 511	\$ 21,644	\$ 22,155
Additions	—	—	—
Disposals/expirations	—	—	—
<b>Balance as at March 31, 2021</b>	<b>\$ 511</b>	<b>\$ 21,644</b>	<b>\$ 22,155</b>
<b>Accumulated depreciation</b>			
<b>Balance as at December 31, 2020</b>	167	7,433	7,600
Additions	35	900	935
Disposals/expirations	—	—	—
<b>Balance as at March 31, 2021</b>	<b>\$ 202</b>	<b>\$ 8,333</b>	<b>\$ 8,535</b>
<b>Right-of-use assets, net</b>			
<b>Balance as at December 31, 2020</b>	\$ 344	\$ 14,211	\$ 14,555
<b>Balance as at March 31, 2021</b>	<b>\$ 309</b>	<b>\$ 13,311</b>	<b>\$ 13,620</b>

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, 2021 and 2020, the Company had \$4,057 and \$4,594 of costs related to variable lease payments that are not dependent on an index or rate, respectively.

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, 2021 and 2020, the Company's costs related to short-term leases of low-value assets were not material.

## 6. MINERAL PROPERTIES

As at March 31, 2021 and December 31, 2020, 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
<b>Balance as at December 31, 2020</b>	\$ 88,237	\$ 71,442	\$ (31,749)	\$ 127,930
Additions	931	83	—	1,014
Depletion	—	—	(2,380)	(2,380)
<b>Balance as at March 31, 2021</b>	<b>\$ 89,168</b>	<b>\$ 71,525</b>	<b>\$ (34,129)</b>	<b>\$ 126,564</b>

## 7. OTHER ASSETS

As at March 31, 2021 and December 31, 2020, the Company had other assets as follows:

<i>(unaudited in thousands of US Dollars)</i>	<b>March 31, 2021</b>	<b>December 31, 2020</b>
Tax credits	\$ 7,073	\$ 10,525
Prepaid expenses	3,308	4,846
Advances to suppliers	268	295
Other	799	961
<b>Other assets</b>	<b>\$ 11,448</b>	<b>\$ 16,627</b>
Less: current portion	(7,619)	(9,568)
<b>Other non-current assets</b>	<b>\$ 3,829</b>	<b>\$ 7,059</b>

As at March 31, 2021 and December 31, 2020, the Company had other current assets as follows:

<i>(unaudited in thousands of US Dollars)</i>	<b>March 31, 2021</b>	<b>December 31, 2020</b>
Tax credits	\$ 4,031	\$ 4,295
Prepaid expenses	3,308	4,846
Advances to suppliers	268	295
Other	12	132
<b>Other current assets</b>	<b>\$ 7,619</b>	<b>\$ 9,568</b>

## 8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

As at March 31, 2021 and December 31, 2020, the Company had accounts payable and accrued liabilities as follows:

<i>(unaudited in thousands of US Dollars)</i>	<b>March 31, 2021</b>	<b>December 31, 2020</b>
Trade payables	\$ 17,821	\$ 23,071
Taxes payable	10,651	8,492
Accrued liabilities and other	8,535	8,020
Payroll and related taxes payable	6,075	6,226
Rebates	3,086	2,565
Other payables	2,781	2,612
<b>Accounts payable and accrued liabilities</b>	<b>\$ 48,949</b>	<b>\$ 50,986</b>

## 9. PROVISIONS

As at March 31, 2021 and December 31, 2020, the Company had provisions as follows:

<i>(unaudited in thousands of US Dollars)</i>	<b>March 31, 2021</b>	<b>December 31, 2020</b>
Environmental and asset retirement obligations	\$ 82,771	\$ 83,194
Legal contingencies	309	309
<b>Provisions</b>	<b>\$ 83,080</b>	<b>\$ 83,503</b>
Less: current portion	(760)	(760)
<b>Long-term provisions</b>	<b>\$ 82,320</b>	<b>\$ 82,743</b>

For the three months ended March 31, 2021, the Company had changes in environmental and asset retirement obligations as follows:

	<b>Environmental and asset retirement obligations</b>
<i>(unaudited in thousands of US Dollars)</i>	
<b>Balance as at December 31, 2020</b>	<b>\$ 83,194</b>
Additions	(683)
Accretion	260
<b>Balance as at March 31, 2021</b>	<b>\$ 82,771</b>

## 10. DEBT

As at March 31, 2021 and December 31, 2020, the Company had debt as follows:

	<b>March 31, 2021</b>	<b>December 31, 2020</b>
<i>(unaudited in thousands of US Dollars)</i>		
Credit Facility	195,508	194,070
Deferred financing costs related to the Credit Facility	(2,752)	(3,272)
Promissory Note	37,198	35,820
Conda ABL	10,000	10,000
Conda equipment financings	1,308	1,549
Brazilian debentures	945	1,024
Canadian debentures issued to CLF	414	399
Canadian debentures issued to Banco Modal S.A.	621	603
<b>Debt</b>	<b>\$ 243,242</b>	<b>\$ 240,193</b>
less: current portion	(2,616)	(2,437)
<b>Long-term debt</b>	<b>\$ 240,626</b>	<b>\$ 237,756</b>

The Company's secured term credit facility (the "Credit Facility") bears interest at 12% per annum (9% payable in cash and 3% payable in-kind) with a bullet repayment at maturity on June 6, 2022. The Credit Facility includes restrictive financial covenants that require the Company not to exceed certain ratios as at the end of each fiscal quarter. As at March 31, 2021, the Company was in compliance with all restrictive financial covenants related to the Credit Facility (see Note 22). In addition, the Credit Facility considers certain compliance requirements including, but not limited to, a requirement to maintain minimum cash of \$1,000 throughout the term of the Credit Facility.

The Company's unsecured and subordinated promissory note (the "Promissory Note") bears interest at 15% per annum on drawn amounts and 4% per annum on undrawn amounts and is payable on demand no earlier than six months after the date on which the Credit Facility is paid in full. As at March 31, 2021, an additional \$5,400 remained available under the Promissory Note to be drawn by the Company at its sole discretion (see Notes 21 and 22).

Conda's secured working capital facility (the "Conda ABL") bears interest at a variable rate tied to the London Interbank Offered Rate ("LIBOR"), with an effective rate ranging from approximately 3-4% per annum on drawn amounts and 0.375% per annum on undrawn committed amounts with maturity on August 10, 2023. As at March 31, 2021, Conda has drawn cash of \$10,000 and posted a letter of credit of \$7,951 under the Conda ABL. As at March 31, 2021, an additional \$2,049 remained available under the Conda ABL to be drawn by Conda subject to certain terms and conditions.

Conda's equipment financings bear interest at 8.3% per annum with maturity on August 28, 2022 and 5.75% per annum with maturity on March 11, 2024. Such equipment financings are payable in equal monthly installments of principal and interest through maturity. During the three months ended March 31, 2021, Conda also repaid in full an equipment financing that bore interest at 8.3% per annum with maturity on February 28, 2021.

Arraias' 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 (see Note 21).

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.

For the period December 31, 2020 through March 31, 2021, the Company had changes in debt as follows:

<i>(unaudited in thousands of US Dollars)</i>	<b>Current debt</b>	<b>Long-term debt</b>
<b>Balance as at December 31, 2020</b>	<b>\$ 2,437</b>	<b>\$ 237,756</b>
Capitalization of in-kind interest of the Credit Facility	—	1,427
Payment of cash interest of the Credit Facility	(4,282)	—
Accrual of cash interest of the Credit Facility	4,290	—
Change in accrued in-kind interest of the Credit Facility	—	3
Amortization of financing costs of the Credit Facility	—	520
Accrual of in kind interest of the Promissory Note	—	1,378
Change in Conda equipment financings	170	(410)
Change in Brazilian debentures	(28)	(52)
Change in Canadian debentures issued to CLF	29	(14)
Change in Canadian debentures issued to Banco Modal S.A.	—	18
<b>Balance as at March 31, 2021</b>	<b>\$ 2,616</b>	<b>\$ 240,626</b>

## 11. OTHER LIABILITIES

As at March 31, 2021 and December 31, 2020, the Company had other long-term liabilities as follows:

<i>(unaudited in thousands of US Dollars)</i>	<b>March 31, 2021</b>	<b>December 31, 2020</b>
Lease liabilities	\$ 16,058	\$ 16,742
Taxes payable	2,544	2,450
Share-based payments	789	384
Other	603	602
<b>Other liabilities</b>	<b>\$ 19,994</b>	<b>\$ 20,178</b>
Less: current portion	(2,743)	(2,812)
<b>Other long-term liabilities</b>	<b>\$ 17,251</b>	<b>\$ 17,366</b>

## 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, 2021, and December 31, 2020, the Company had other current liabilities as follows:

<i>(unaudited in thousands of US Dollars)</i>	<b>March 31, 2021</b>	<b>December 31, 2020</b>
Lease liabilities	\$ 2,743	\$ 2,812
<b>Other current liabilities</b>	<b>\$ 2,743</b>	<b>\$ 2,812</b>

As at March 31, 2021, the Company had total future contractual payments for leases recognized under IFRS 16 as follows:

<i>(unaudited in thousands of US Dollars)</i>	<b>March 31, 2021</b>
Within 1 year	\$ 2,743
Between 2 and 3 years	7,204
Between 4 and 5 years	5,035
After 5 years	4,794
<b>Total contractual payments</b>	<b>\$ 19,776</b>

For the period December 31, 2020 through March 31, 2021 the Company had changes in lease liabilities as follows:

<i>(unaudited in thousands of US Dollars)</i>	<b>Current Lease Liabilities</b>	<b>Long-term Lease Liabilities</b>
<b>Balance as at December 31, 2020</b>	<b>2,812</b>	<b>13,930</b>
Interest accrual on the leases	311	—
Lease payments	(380)	(615)
<b>Balance as at March 31, 2021</b>	<b>\$ 2,743</b>	<b>\$ 13,315</b>

## TAXES PAYABLE

As at March 31, 2021 and December 31, 2020, 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, 2021 and December 31, 2020, share-based payments were related to RSUs granted by the Company under its restricted share unit plan (the "RSU Plan").

As at March 31, 2021, the Company had 7,460,756 RSUs outstanding and 6,626,927 RSUs available for issuance under its RSU Plan. As at December 31, 2020, the Company had 5,444,829 RSUs outstanding and 10,354,983 RSUs available for issuance under its RSU Plan.

For the period December 31, 2020 through March 31, 2021, the Company had changes in RSUs as follows:

<i>(in number of RSUs)</i>	<b>RSUs</b>
<b>Balance as at December 31, 2020</b>	<b>5,444,829</b>
Granted	3,761,637
Cash settled	(74,597)
Vested	(1,637,532)
Forfeited	(33,581)
<b>Balance as at March 31, 2021</b>	<b>7,460,756</b>

For the three months ended March 31, 2021, the Company granted 3,761,637 RSUs under its RSU Plan, including 305,326 RSUs granted to directors, 1,559,777 RSUs granted to management and 1,896,534 RSUs granted to employees and contractors.

For the three months ended March 31, 2021, the Company cash settled 74,597 for \$36 due to vesting under its RSUs Plan. For the three months ended March 31, 2020, the Company cash settled 128,082 RSUs for \$45 due to vesting under its RSUs Plan (see Note 12).

For the three months ended March 31, 2021, the Company issued 1,265,620 shares (net of 371,912 shares withheld to pay applicable taxes) due to vesting under its RSU Plan. 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.



For the three months ended March 31, 2021 and 2020, the Company had share-based payment expense of \$1,291 and \$395, respectively (see Note 14).

## 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 0.001 Canadian Dollars per share.

### SHARES ISSUED AND OUTSTANDING

As at March 31, 2021 and December 31, 2020, the Company had 186,728,444 and 185,462,284 shares issued and outstanding, respectively.

On January 31, 2020, the Company issued 5,000,000 shares to lenders of the Credit 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, 2021, the Company issued 1,265,620 shares (net of 371,912 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, 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.

### WEIGHTED-AVERAGE NUMBER OF SHARES

For the three months ended March 31, 2021 and 2020, the Company had weighted-average number of shares and potentially dilutive RSUs as follows:

<i>(in number of shares)</i>	<i>For the three months ended March 31,</i>	
	<b>2021</b>	<b>2020</b>
Weighted average number of shares	185,658,004	183,012,978
Weighted average number of potentially dilutive RSUs	5,208,480	753,331
<b>Diluted weighted average number of shares</b>	<b>190,866,484</b>	<b>183,766,309</b>

For the three months ended March 31, 2021, the Company recorded net income. Accordingly, all potentially dilutive RSUs were included in the diluted weighted average number of shares.

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

### NCI

As at March 31, 2021 and December 31, 2020, the Company had NCI of \$754 (see Note 2).

### 13. REVENUES

For the three months ended March 31, 2021 and 2020, Conda had revenues as follows:

<i>(unaudited in thousands of US Dollars)</i>	<i>For the three months ended March 31,</i>	
	<b>2021</b>	<b>2020</b>
MAP	\$ 35,585	\$ 31,832
MAP+	10,377	966
SPA	42,494	36,906
MGA	271	485
APP	1,415	743
<b>Revenues</b>	<b>\$ 90,142</b>	<b>\$ 70,932</b>

For the three months ended March 31, 2021 and 2020, Conda had two customers that individually accounted for more than 10% of Conda's total revenues. For the three months ended March 31, 2021, these two customers represented approximately 38% and 15%, respectively of Conda's total revenues. For the three months ended March 31, 2020 these two customers represented approximately 45% and 13%, respectively of Conda's total revenues.

For the three months ended March 31, 2021 and 2020, Arraias had revenues as follows:

<i>(unaudited in thousands of US Dollars)</i>	<i>For the three months ended March 31,</i>	
	<b>2021</b>	<b>2020</b>
SSP	\$ —	\$ 3,508
SSP+	—	453
Excess sulfuric acid	—	468
<b>Revenues</b>	<b>\$ —</b>	<b>\$ 4,429</b>

For the three months ended March 31, 2020, Arraias had one customer that individually accounted for more than 10% of Arraias' total revenues. For the three months ended March 31, 2020, this one customer represented approximately 16% of Arraias' total revenues.

### 14. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

For the three months ended March 31, 2021 and 2020, the Company had selling, general and administrative expenses as follows:

<i>(unaudited in thousands of US Dollars)</i>	<i>For the three months ended March 31,</i>	
	<b>2021</b>	<b>2020</b>
Payroll expenses	\$ 2,541	\$ 2,435
Professional fees	519	1,327
Share-based payments expense	1,291	255
Insurance expenses	252	371
Office, travel and general administrative expense	841	1,141
Director fees	146	395
<b>Selling, general and administrative expenses</b>	<b>\$ 5,590</b>	<b>\$ 5,924</b>

### 15. FOREIGN EXCHANGE GAIN (LOSS)

For the three months ended March 31, 2021 and 2020, the Company recognized a foreign exchange loss of \$71 and \$3,100, respectively. These amounts are primarily comprised of the gain or loss resulting from remeasuring monetary items denominated in Brazilian Reals and Canadian Dollars (see Note 26).

## 16. FINANCE EXPENSE (INCOME)

For the three months ended March 31, 2021 and 2020, 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>	
	<b>2021</b>	<b>2020</b>
Interest expense	\$ 7,302	\$ 5,640
Interest capitalized in property, plant and equipment	—	(787)
Amortization of deferred financing costs related to the Credit Facility	520	421
Environmental and asset retirement obligation accretion expense	260	327
Interest on lease liabilities	311	496
Interest income	(1)	(9)
<b>Finance expense, net</b>	<b>\$ 8,392</b>	<b>\$ 6,088</b>

## 17. INCOME TAXES

For the three months ended March 31, 2021 and 2020, the Company had total current and deferred income tax expense (recovery) as follows:

<i>(unaudited in thousands of US Dollars)</i>	<i>For the three months ended March 31,</i>	
	<b>2021</b>	<b>2020</b>
Current income tax expense	\$ 4,700	\$ 663
Deferred income tax recovery	(2,023)	(2,538)
<b>Total current and deferred income tax expense (recovery)</b>	<b>\$ 2,677</b>	<b>\$ (1,875)</b>

The Company calculates an estimated average annual effective tax rate for each of the jurisdictions in which it operates. For the three months March 31, 2021 and 2020, the Company had effective tax rates of 58.5% and 9.3%, respectively.

## DEFERRED TAX ASSETS

As at March 31, 2021 and December 31, 2020, the Company had deferred tax assets as follows:

<i>(unaudited in thousands of US Dollars)</i>	<b>March 31,</b>	<b>December 31,</b>
	<b>2021</b>	<b>2020</b>
Payroll and related taxes payable	\$ 932	\$ 932
Mineral properties	13,273	12,339
<b>Deferred tax assets</b>	<b>\$ 14,205</b>	<b>\$ 13,271</b>
Offset of deferred tax liabilities	(10,948)	(12,067)
<b>Deferred tax assets, net</b>	<b>\$ 3,257</b>	<b>\$ 1,204</b>

As at March 31, 2021 and December 31, 2020, the Company had related deferred tax assets and liabilities at Conda, which have been presented on a net basis.

As at March 31, 2021 and December 31, 2020, the Company had changes in deferred tax assets as follows:

<i>(unaudited in thousands of US Dollars)</i>	<b>Payroll and related taxes payable</b>		<b>Mineral properties</b>		<b>Total deferred tax assets</b>	
<b>Balance as at December 31, 2020</b>	\$	<b>932</b>	\$	<b>12,339</b>	\$	<b>13,271</b>
Credit to profit or loss		—		934		934
<b>Balance as at March 31, 2021</b>	<b>\$</b>	<b>932</b>	<b>\$</b>	<b>13,273</b>	<b>\$</b>	<b>14,205</b>

The Company has not recognized a deferred tax asset for its tax losses. As at March 31, 2021, the Company had tax losses as follows:

- Brazilian tax losses of approximately \$430,467 that may be carried forward indefinitely; and
- US tax losses of approximately \$49,034, of which \$8,935 may be carried forward indefinitely and \$40,099 may be carried forward for 20 years from the year generated.

## DEFERRED TAX LIABILITIES

As at March 31, 2021 and December 31, 2020, the Company had deferred tax liabilities as follows:

<i>(unaudited in thousands of US Dollars)</i>	<b>March 31, 2021</b>	<b>December 31, 2020</b>
Property, plant and equipment	\$ 8,768	\$ 9,829
Inventories	2,180	2,238
<b>Deferred tax liabilities</b>	<b>\$ 10,948</b>	<b>\$ 12,067</b>
Offset of deferred tax liabilities	(10,948)	(12,067)
<b>Deferred tax liabilities, net</b>	<b>\$ —</b>	<b>\$ —</b>

As at March 31, 2021 and December 31, 2020, the Company had related deferred tax assets and liabilities at Conda, which have been presented on a net basis.

As at March 31, 2021 and December 31, 2020, the Company had changes in deferred tax liabilities as follows:

<i>(unaudited in thousands of US Dollars)</i>	<b>Property, plant and equipment</b>	<b>Inventories</b>	<b>Total deferred tax liabilities</b>
<b>Balance as at December 31, 2020</b>	<b>\$ 9,829</b>	<b>\$ 2,238</b>	<b>\$ 12,067</b>
Charge (credit) to profit or loss	(1,061)	(58)	(1,119)
<b>Balance as at March 31, 2021</b>	<b>\$ 8,768</b>	<b>\$ 2,180</b>	<b>\$ 10,948</b>

## 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 liability (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, 2021, 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, 2021, the Company has currently accrued \$309 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 management is defending its position in each case.

As at March 31, 2021, Conda has posted a letter of credit of \$7,951 under the Conda ABL as collateral for surety bonds that guarantee Conda's obligations under its existing operating and environmental permits (see Note 10).

## 19. SEGMENT REPORTING

The Company reports across four segments including (i) Conda, (ii) Arraias, (iii) development and exploration and (iv) corporate. The development and exploration segment is comprised of activities related to (i) Farim (ii), Santana, (iii) Araxá, (iv) Paris Hills and (v) Mantaro. 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, 2021 and 2020

For the three months ended March 31, 2021, the Company had net income (loss) by segment as follows:

<i>(unaudited in thousands of US Dollars)</i>	Conda		Arraias		Development and exploration		Corporate		Total
<b>Revenues</b>	\$	90,142	\$	—	\$	—	\$	—	\$ 90,142
Cost of goods sold		71,013		600		—		—	71,613
<b>Gross Margin</b>	\$	19,129	\$	(600)	\$	—	\$	—	\$ 18,529
Selling, general and administrative expenses		1,075		349		497		3,669	5,590
<b>Operating income (loss)</b>	\$	18,054	\$	(949)	\$	(497)	\$	(3,669)	\$ 12,939
Foreign exchange gain (loss)		62		(309)		97		79	(71)
Other income		—		11		91		—	102
Finance expense, net		(726)		(5)		(1)		(7,660)	(8,392)
<b>Income (loss) before income taxes</b>	\$	17,390	\$	(1,252)	\$	(310)	\$	(11,250)	\$ 4,578
Current and deferred income tax expense		2,626		—		—		51	2,677
<b>Net income (loss)</b>	\$	14,764	\$	(1,252)	\$	(310)	\$	(11,301)	\$ 1,901

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>	Conda		Arraias		Development and exploration		Corporate		Total
<b>Revenues</b>	\$	70,932	\$	4,429	\$	—	\$	—	\$ 75,361
Cost of goods sold		71,099		10,581		—		—	81,680
<b>Gross margin</b>	\$	(167)	\$	(6,152)	\$	—	\$	—	\$ (6,319)
Selling, general and administrative expenses		1,069		975		811		3,069	5,924
<b>Operating income (loss)</b>	\$	(1,236)	\$	(7,127)	\$	(811)	\$	(3,069)	\$ (12,243)
Foreign exchange gain (loss)		115		(3,691)		451		25	(3,100)
Other Income (expense), net		(1)		1,275		(10)		3	1,267
Finance expense		(25)		(9)		(1)		(6,053)	(6,088)
<b>Loss before income taxes</b>	\$	(1,147)	\$	(9,552)	\$	(371)	\$	(9,094)	\$ (20,164)
Current and deferred income tax expense (recovery)		(2,102)		—		—		227	(1,875)
<b>Net income (loss)</b>	\$	955	\$	(9,552)	\$	(371)	\$	(9,321)	\$ (18,289)

As at March 31, 2021, the Company had total assets and total liabilities by segment as follows:

<i>(unaudited in thousands of US Dollars)</i>	Conda		Arraias		Development and exploration		Corporate		Total
<b>Total assets</b>	\$	272,361	\$	132,214	\$	75,261	\$	2,265	\$ 482,101
<b>Total liabilities</b>	\$	146,240	\$	11,706	\$	3,183	\$	235,991	\$ 397,120

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

<i>(unaudited in thousands of US Dollars)</i>	Conda		Arraias		Development and exploration		Corporate		Total
<b>Total assets</b>	\$	263,092	\$	136,300	\$	75,246	\$	2,666	\$ 477,304
<b>Total liabilities</b>	\$	142,801	\$	15,556	\$	3,236	\$	233,288	\$ 394,881

As at March 31, 2021 and December 31, 2020, the Company had property, plant and equipment and mineral properties by segment as follows:

<i>(unaudited in thousands of US Dollars)</i>	Conda		Arraias		Development and exploration		Corporate		Total
<b>Balance as at March 31, 2021</b>	\$	137,215	\$	118,357	\$	74,218	\$	166	\$ 329,956
<b>Balance as at December 31, 2020</b>	\$	139,805	\$	118,826	\$	74,159	\$	209	\$ 332,999

As at March 31, 2021 and December 31, 2020, the Company had property, plant and equipment and mineral properties by region as follows:

<i>(unaudited in thousands of US Dollars)</i>	March 31, 2021		December 31, 2020	
Brazil (South America)	\$	127,311	\$	127,781
US (North America)		137,382		140,015
Guinea-Bissau (Africa)		65,263		65,203
<b>Property, plant and equipment, and mineral properties, net</b>	\$	<b>329,956</b>	\$	<b>332,999</b>

## 20. NET CHANGE IN NON-CASH WORKING CAPITAL

For the three months ended March 31, 2021 and 2020, the Company had net change in non-cash working capital as follows:

<i>(unaudited in thousands of US Dollars)</i>	For the three months ended March 31,	
	2021	2020
Accounts receivable	\$ (6,702)	\$ 2,334
Inventories, net	5,498	23,889
Other assets and prepaids	8,335	5,850
Accounts payable and accrued liabilities	(12,870)	(26,326)
Other liabilities and provisions	1,103	(2,637)
<b>Net change in non-cash working capital</b>	\$ <b>(4,636)</b>	\$ <b>3,110</b>

## 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 accrued as payable to key management, including directors and officers of the Company.

For the three months ended March 31, 2021 and 2020, 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>	
	<b>2021</b>	<b>2020</b>
Management compensation	\$ 290	\$ 851
Director fees	146	395
Share-based payments	256	376
Non-recurring compensation payments	—	179
Other benefits	17	11
<b>Key management compensation</b>	<b>\$ 709</b>	<b>\$ 1,812</b>

### RELATED PARTY DEBT

As at March 31, 2021 and December 31, 2020, the Company had related party debt as follows:

<i>(unaudited in thousands of US Dollars)</i>	<b>March 31, 2021</b>	<b>December 31, 2020</b>
CLF participation in the Credit Facility	\$ 41,189	\$ 31,372
Promissory Note	37,198	35,820
Canadian debentures issued to CLF	414	399
<b>Related party debt</b>	<b>\$ 78,801</b>	<b>\$ 67,591</b>

On January 31, 2020, the Company issued 5,000,000 shares to lenders of the Credit Facility, of which CLF received 812,506 based on its pro-rata debt holding of the Credit 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, 2021 and 2020, 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, 2021 and December 31, 2020, the Company's long-term debt was stated at an amortized cost of \$240,626 and \$237,756, respectively and had a fair value of \$246,794 and \$205,261, 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. While the majority of the Company's activities are conducted in US Dollars, including the majority of Conda's sales and expenses, 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 portion of Conda's sales and expenses are transacted in Canadian Dollars and a significant portion of Arraias' sales, when operational, and expenses are transacted in Brazilian Reals. These sales and expenses are subject to fluctuations in the exchange rates between the Canadian Dollar and the Brazilian Real, respectively against the US Dollar.

For the three months ended March 31, 2021 and 2020, 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>	
	<b>2021</b>	<b>2020</b>
Brazilian Real weakening against US Dollar (%)	8.0	23.0
Canadian Dollar weakening (strengthening) against US Dollar (%)	(1.0)	8.0
<b>Foreign exchange loss</b>	<b>\$ (71)</b>	<b>\$ (3,100)</b>
<b>Cumulative translation adjustment</b>	<b>\$ —</b>	<b>\$ —</b>

#### 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 Reserves and Mineral Resources, including those stipulated in technical reports.



### Interest Rate Risk

As at March 31, 2021 and December 31, 2020, the Company's long-term debt was primarily comprised of 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 could adversely affect demand for the Company's products.

To calculate expected credit loss on accounts receivable, the Company considers its historical credit loss and adjusts as applicable for specific customer circumstances or economic conditions. As at March 31, 2021 and December 31, 2020, the Company had accounts receivable of \$28,986 and \$21,949, respectively. As at March 31, 2021 and December 31, 2020, Conda had approximately 72% and 80%, respectively, of total accounts receivable from four customers, respectively. As at December 31, 2020, Arraias had approximately 66% of total accounts receivable from three customers. As at March 31, 2021 and December 31, 2020, the Company did not record any expected credit loss.

### **Liquidity Risk**

The Company is not currently projecting any material impact on its operations or financial outlook as a result of the COVID-19 pandemic. 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).

As at March 31, 2021 and December 31, 2020, the Company had cash and cash equivalents of \$17,675 and \$9,539, respectively. As at March 31, 2021, an additional \$5,400 remaining available under the Promissory Note to be drawn by the Company at its sole discretion and an additional \$2,049 remained available under the Conda ABL to be drawn by Conda subject to certain terms and conditions (see Notes 10 and 21). In addition to cash flows generated by Conda, the Company is advancing capital raising initiatives.

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. 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.

### **Financial Covenant Risk**

The Credit Facility includes restrictive financial covenants that require the Company not to exceed certain ratios as at the end of each fiscal quarter. The financial covenants considered in the Credit Facility include requirements for the Company to maintain a consolidated secured leverage ratio and achieve a minimum level of EBITDA at Conda. The Company is currently projecting compliance with its financial covenants. Any reductions to global fertilizer pricing trends, or other factors that could reduce cash flow from operations, including, but not limited to, potential operational disruptions due to sulfuric acid supply or resulting from the COVID-19 pandemic, 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, 2021, the Company issued 34,042 shares (net of 10,958 shares withheld to pay applicable taxes) due to vesting under its RSU Plan.

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