Management's Discussion and Analysis of Operations and Financial Condition
For the three months ended March 31, 2022 and 2021
May 12, 2022

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1. INTRODUCTORY NOTES

GENERAL INFORMATION

This management's discussion and analysis of operations and financial condition ("MD&A") is as of May 12, 2022 and should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements for the three months ended March 31, 2022 (the "Interim Financial Statements"), the Company's audited consolidated financial statements for the year ended December 31, 2021 (the "Audited Financial Statements") and accompanying management's discussion and analysis of operations and financial condition for the year ended December 31, 2021 (the "Annual MD&A").The amounts contained herein are in thousands of US Dollars except for number of shares, per share amounts, number of restricted share units ("RSUs") and as otherwise noted.

Except as otherwise noted, all figures herein are presented in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and Interpretations issued by the International Financial Reporting Interpretations Committee. This MD&A considers both IFRS and certain non-IFRS measures that management considers to evaluate the Company's operational and financial performance. Non-IFRS measures are a numerical measure of a company's performance, that either include or exclude amounts that are not normally included or excluded from the most directly comparable IFRS measures. Management believes that the non-IFRS measures provide useful supplemental information to investors, analysts, lenders and others. In evaluating non-IFRS measures, investors, analysts, lenders and others should consider that non-IFRS measures do not have any standardized meaning under IFRS and that the methodology applied by the Company in calculating such non-IFRS measures may differ among companies and analysts. Non-IFRS measures should not be considered as a substitute for, nor superior to, measures of financial performance prepared in accordance with IFRS. Definitions and reconciliations of non-IFRS measures to the most directly comparable IFRS measures are included in Section 8 of this MD&A.

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

FORWARD-LOOKING INFORMATION

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

2. GENERAL COMPANY INFORMATION

OVERVIEW

Itafos Inc. (the "Company") is a phosphate and specialty fertilizer company. The Company's businesses and projects are as follows:

- Conda – a vertically integrated phosphate fertilizer business with production capacity of approximately 550kt per year of 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 production capacity of approximately 500kt per year of single superphosphate ("SSP"), SSP with micronutrients ("SSP+") and approximately 40kt per year of excess sulfuric acid (220kt per year gross sulfuric acid production capacity) 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; and
- Araxá – a vertically integrated rare earth elements and niobium mine and extraction plant project located in Minas Gerais, Brazil.

In addition to the businesses and projects described above, the Company also owns Paris Hills (Idaho, US) and Mantaro (Junin, Peru), which are phosphate mine projects that are in process of being wound down.

The Company is a Delaware corporation that is headquartered in Houston, TX. The Company's shares trade on the TSX Venture Exchange under the ticker symbol "IFOS". 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 Notes 1, 13 and 22 in the Interim Financial Statements).

As at March 31, 2022 and December 31, 2021, the Company had 188,771,051 and 186,814,842 basic shares outstanding, respectively (see Note 13 in the Interim Financial Statements).

BUSINESSES AND PROJECTS

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

Item	Conda[i]	Arraias[ii]	Farim	Santana	Araxá
Ownership[iii]	100%	98.4%	100%	99.4%	100%
Location	Idaho, US	Tocantins, Brazil	Farim, Guinea-Bissau	Pará, Brazil	Minas Gerais, Brazil
Status	Operating	Sulfuric acid operating; remainder of operations idled	Construction-ready	Maintaining option	Maintaining option
Mineral Reserves[iv]	13.1Mt at avg. 26.6% P_2O_5	Under review	44.0Mt at avg. 30.0% P_2O_5	Under review	Under review
Measured and Indicated Mineral Resources[iv,v]	50.3Mt at avg. 25.5% P_2O_5	79.0Mt at avg. 4.9% P_2O_5	105.6Mt at avg. 28.4% P_2O_5	60.4Mt at avg. 12.0% P_2O_5	6.3Mt at avg. 5.0% Total Rare Earth Oxides ("TREO") and at avg. 1.0% Nb_2O_5
Inferred Mineral Resources[iv,v]	0.7Mt at avg. 25% P_2O_5	12.7Mt at avg. 3.9% P_2O_5	37.6Mt at avg. 27.7% P_2O_5	26.6Mt at avg. 5.6% P_2O_5	21.9Mt at avg. 4.0% TREO and 0.6% Nb_2O_5
Mine life[iv]	Through mid-2026	Under review	25 years	Under review	Under review
Products	MAP, MAP+, SPA, MGA and APP	SSP, SSP+ and excess sulfuric acid	Phosphate rock	SSP and excess sulfuric acid	Rare earth oxides and niobium oxide
Annual production capacity	550kt	500kt SSP and SSP+ and 40kt excess sulfuric acid (220kt gross sulfuric acid)	1.3Mt	500kt SSP and 30kt excess sulfuric acid	8.7kt rare earth oxides and 0.7kt niobium oxide

i. Conda's operations consist of its mines, beneficiation plant, sulfuric acid plant, phosphoric acid plant and granulation plant. Conda's Mineral Reserves and mine life consider existing mines Rasmussen Valley and Lanes Creek only whereas Measured and Indicated Mineral Resources (including Mineral Reserves) and Inferred Mineral Resources include both existing mines and Husky 1 and North Dry Ridge deposits. Conda's Measured and Indicated Resources (including Mineral Reserves) include 1.3Mt of stockpile ore.

ii. Arraias' operations consist of its mines, beneficiation plant, sulfuric acid plant, acidulation plant and granulation plant. On February 8, 2022, the Company announced the resumption of sulfuric acid production and sales at Arraias. The remainder of Arraias' operations, including its mine, beneficiation plant, acidulation plant and granulation plant remain idled following best practices.

iii. Arraias and Santana's non-controlling interests represented by preferred non-voting shares issued by the Company in 2018 upon exercise of warrants held by creditors under the 2016 Brazilian restructuring proceedings. Under the 2014 Guinea-Bissau Mining Code, the Government of Guinea-Bissau has the right to obtain, free of charge, up to a 10% interest in Farim. The Company expects to grant the free carried interest in Farim to the Government of Guinea-Bissau as part of ongoing revisions to the executed Farim mining agreement.

iv. The Company's technical information, including Mineral Reserves, Measured and Indicated Mineral Resources (including Mineral Reserves), Inferred Mineral Resources and mine life, is presented as of the date of the Company's latest respective technical reports. No recovery, dilution or other similar mining parameters have been applied to the Mineral Resources summarized above.

v. Although the Mineral Resources summarized above are believed to have a reasonable expectation of being extracted economically, they are not Mineral Reserves and there is no certainty that all or any part of the Mineral Resources summarized above will be converted into Mineral Reserves. Mineral Reserves require the application of modifying factors such as recovery, dilution or other similar mining parameters and must be supported with a minimum of a pre-feasibility study. The Inferred Mineral Resources summarized above are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as Mineral Reserves. Where applicable, Mineral Resources and Mineral Reserves presented in dry short tons in the Company's latest respective technical reports have been presented and summarized above in dry tonnes considering a conversion factor of 0.907185.

The Company's latest respective technical reports are as follows:

- Conda – the technical report titled "NI 43-101 Technical Report on Itafos Conda and Paris Hills Mineral Projects, Idaho, USA" with an effective date of July 1, 2019 (the "Conda Technical Report") as announced in the Company's news releases dated October 30, 2019 and December 16, 2019;
- Arraias – the technical report titled "Updated Technical Report Itafós Arraias SSP Project, Tocantins State, Brazil" with an effective date of March 27, 2013;
- Farim – the technical report titled "NI 43-101 Technical Report on the Farim Phosphate Project, Guinea-Bissau" with an effective date of September 14, 2015;
- Santana – the technical report titled "Feasibility Study (FS) Santana Phosphate Project, Pará State, Brazil" with an effective date of October 28, 2013; and
- Araxá – the technical report titled "A Preliminary Economic Assessment in the form of an Independent Technical Report on MBAC Fertilizer Corp. (MBAC) – Araxá Project, Minas Gerais State, Brazil" with an effective date as of October 1, 2012 as amended and restated as of January 25, 2013.

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

In addition to the businesses and projects described above, the Company also owns Paris Hills (Idaho, US) and Mantaro (Junin, Peru), which are phosphate mine projects that are in process of being wound down. The Company decided to wind down Paris Hills following completion of the Conda Technical Report, which defined H1/NDR as the Company's path forward for mine life extension at Conda and decided to wind down Mantaro as part of its cost savings initiatives.

The Company's businesses and projects are described in greater detail in the Company's 2021 Annual Information Form ("AIF").

3. HIGHLIGHTS

OVERALL HIGHLIGHTS

Market Highlights

For the three months ended March 31, 2022, diammonium phosphate ("DAP") New Orleans ("NOLA") prices averaged \$876/tonne ("t") (\$794/short tonne ("st")) in Q1 2022 compared to \$549/t (\$498/st) in Q1 2021, up 60% year-over-year driven by strong agriculture and phosphate fertilizer market supply and demand dynamics.

Financial Highlights

For the three months ended March 31, 2022, the Company's financial highlights were as follows:

- generated revenues of \$149,853 in Q1 2022 compared to \$90,142 in Q1 2021 primarily due to higher realized prices and slightly higher sales volumes at Conda and the restart of the sulfuric acid plant at Arraias;
- generated adjusted EBITDA of \$60,381 in Q1 2022 compared to \$20,616 in Q1 2021 primarily due to the same factors that resulted in higher revenues, which were partially offset by higher input costs at Conda and higher costs at Arraias related to the restart of the sulfuric acid plant and higher selling, general and administrative expenses at corporate (see Section 8);
- recorded net income of \$33,009 in Q1 2022 compared to \$1,901 in Q1 2021 primarily due to the same factors that resulted in higher adjusted EBITDA and higher other income due to a settlement with insurers on a business interruption claim related to the 2020 disruption in sulfuric acid supply to Conda, which were partially offset by higher income tax expenses;
- recorded basic earnings of C\$0.22/share in Q1 2022 compared to C\$0.01/share in Q1 2021 primarily due to the same factors that resulted in higher net income; and
- repaid \$39,753 of debt, including \$34,625 of principal under the Company's secured term loan (the "Term Loan") and \$5,000 cash drawn under Conda's secured working capital facility (the "Conda ABL") (see Note 11 in the Interim Financial Statements).

Business Highlights

For the three months ended March 31, 2022, the Company's business highlights were as follows:

Environmental, health and safety ("EHS")

- continued corporate-wide risk mitigation measures to address potential impacts to employees, contractors and operations as a result of the coronavirus disease 2019 ("COVID-19") pandemic, which resulted in no material impact to operations;
- sustained EHS excellence, including no reportable environmental releases and one recordable incident, which resulted in a consolidated Total Recordable Incident Frequency Rate[1] ("TRIFR") of 0.39, representing a new Company record; and
- received national recognition during the 87th North American Wildlife and Natural Resources Conference as the Bureau of Land Management ("BLM") awarded the Conservation Leadership Partner Award to the Southeast Idaho Habitat Mitigation Fund, which was developed and funded by Conda.

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[1] TRIFR is a ratio measured on a 12-month rolling average calculated as number of recordable incidents x 200,000 hours divided by the total number of hours worked considering both employees and contractors.

Conda

- produced 89,096 tonnes P_2O_5 at Conda in Q1 2022 compared to 89,355 tonnes P_2O_5 in Q1 2021, which remained largely consistent;
- generated revenues of $147,530 at Conda in Q1 2022 compared to $90,142 in Q1 2021 primarily due to higher realized prices and slightly higher sales volumes;
- generated adjusted EBITDA at Conda of $64,388 in Q1 2022 compared to $24,122 in Q1 2021 primarily due to the same factors that resulted in higher revenues, which were partially offset by higher input costs (see Section 8);
- recorded net income at Conda of $49,735 in Q1 2022 compared to $14,764 in Q1 2021 primarily due to the same factors that resulted in higher adjusted EBITDA and higher other income due to a settlement with insurers on a business interruption claim related to the 2020 disruption in sulfuric acid supply, which were partially offset by higher income tax expenses;
- reached a settlement with insurers on a business interruption claim related to the 2020 disruption in sulfuric acid supply to Conda, which resulted in receipt of net insurance proceeds of $8,675;
- posted incremental letters of credit of $3,663 under the Conda ABL as collateral for Conda's surety bonds that guarantee Conda's obligations under existing operating and environmental permits (see Notes 11 and 20 in the Interim Financial Statements);
- advanced activities related to the extension of Conda's mine life through permitting and development of Husky 1/North Dry Ridge ("H1/NDR"), including progression of the National Environmental Policy Act ("NEPA") Environmental Impact Statement ("EIS") preparation and public engagement process; and
- advanced activities related to the optimization of Conda's EBITDA generation.

Other

- announced the resumption of sulfuric acid production and sales at Arraias during February 2022. Subsequent to the restart, the Company decided in March 2022 to conduct further maintenance activities at the sulfuric acid plant, which are expected to be completed in May 2022; and
- continued evaluation of strategic alternatives for non-North American assets.

Subsequent to March 31, 2022

Subsequent to March 31, 2022, the Company's overall highlights were as follows:

- announced the appointment of Stephen Shapiro and Isaiah Toback to the Company's Board of Directors. Mr. Toback replaces Rory O'Neill as a nominee to the Company's Board of Directors by its principal shareholder, CLF;
- purchased mining equipment at Conda in exchange for a note payable of $3,930 (see Note 25 in the Interim Financial Statements);
- reached a settlement agreement related to shared environmental and asset retirement obligations at Conda's Lanes Creek mine (see Note 25 in the Interim Financial Statements); and
- received an assessment from the Dutch tax authorities of EUR 1,730 (approximately $1,834) for 2016 income taxes related to its Dutch holding structure for the Company's Brazilian subsidiaries. The Company intends to defend and vigorously appeal the tax assessment (see Note 25 in the Interim Financial Statements).

FINANCIAL HIGHLIGHTS

For the three months ended March 31, 2022 and 2021, the Company's financial highlights were as follows:

(unaudited in thousands of US Dollars except as otherwise noted)	*For the three months ended March 31,* 2022	2021	% change
Revenues	$ 149,853	$ 90,142	66%
Gross margin	58,483	18,529	216%
Adjusted EBITDA[i]	60,381	20,616	193%
Net income	33,009	1,901	1,636%
Basic earnings ($/share)	$ 0.18	$ 0.01	1,700%
Basic earnings (C$/share)	$ 0.22	$ 0.01	2,100%
Diluted earnings ($/share)	$ 0.17	$ 0.01	1,600%
Diluted earnings (C$/share)	$ 0.22	$ 0.01	2,100%
Maintenance capex[i]	$ 912	$ 1,523	(40)%
Growth capex[i]	4,387	1,300	237%
Total Capex[i]	**$ 5,299**	**$ 2,823**	**88%**
Free cash flow[i]	$ 54,400	$ 14,732	269%

i. Non-IFRS measure (see Section 8).

For the three months ended March 31, 2022 and 2021, the Company's financial highlights were explained as follows:

Item	Q1 2022 vs Q1 2021
Revenues	Increased primarily due to higher realized prices and slightly higher sales volumes at Conda and the restart of the sulfuric acid plant at Arraias
Adjusted EBITDA	Increased primarily due to the same factors that resulted in higher revenues, which were partially offset by higher input costs at Conda and higher costs at Arraias related to the restart of the sulfuric acid plant and higher selling, general and administrative expenses at corporate (see Section 8)
Net income	Increased primarily due to the same factors that resulted in higher adjusted EBITDA and higher other income due to a settlement with insurers on a business interruption claim related to the 2020 disruption in sulfuric acid supply to Conda, which were partially offset by higher income tax expenses
Basic earnings (C$/share)	Increased primarily due to the same factors that resulted in higher net income
Maintenance capex	Decreased primarily due to timing of maintenance activities at Conda, which was partially offset by activities related to the sulfuric acid restart at Arraias (see Section 8)
Growth capex	Increased primarily due to activities related to the initiative to produce and sell HFSA (see Section 8)
Free cash flow	Increased primarily due to higher cash flows from operating activities due to same factors that resulted in higher EBITDA and higher other income due to a settlement with insurers on a business interruption claim related to the 2020 disruption in sulfuric acid supply to Conda, which were partially offset by higher working capital requirements (see Section 8)

As at March 31, 2022 and December 31, 2021, the Company's financial highlights were as follows:

(unaudited in thousands of US Dollars)	March 31, 2022	December 31, 2021	% change
Total assets	$ 653,250	$ 633,853	3%
Total liabilities	481,952	499,248	(3)%
Net debt[i]	174,243	217,706	(20)%
Adjusted net debt[i]	129,012	174,092	(26)%
Total equity	171,298	134,605	27%

i. Non-IFRS measure (see Section 8).

As at March 31, 2022 and December 31, 2021, the Company's financial highlights were explained as follows:

Item	March 31, 2022 vs December 31, 2021
Total assets	Increased primarily due to higher cash and cash equivalents, accounts receivable, inventories, and property, plant and equipment, which were partially offset by lower other current assets
Total liabilities	Decreased primarily due to principal payments under the Term Loan and Conda ABL, which were partially offset by higher in-kind interest related to the Promissory Note and higher accounts payable and accrued liabilities
Net debt	Decreased primarily due to principal payments under the Term Loan and Conda ABL and higher cash and cash equivalents (see Section 8)
Adjusted net debt	Decreased primarily due to principal payments under the Term Loan and Conda ABL and higher cash and cash equivalents (see Section 8)
Total equity	Increased primarily due to net income recorded during the period

BUSINESS HIGHLIGHTS

Conda

COVID-19 Risk Mitigation Measures

The Company continues to monitor potential risks to Conda's employees, contractors and operations as a result of the COVID-19 pandemic. Conda has been deemed an essential business as part of the agriculture and phosphate fertilizer sector and therefore has not been forced to shut down operations on account of the COVID-19 pandemic. In response to the COVID-19 pandemic, the Company has implemented and continued risk mitigation measures at Conda to address potential impacts to its employees, contractors and operations. The Company is not currently projecting any material impact on Conda's operations as a result of the COVID-19 pandemic.

Conda's risk mitigation measures in response to the COVID-19 pandemic are described in greater detail in management's discussion and analysis of operations and financial condition for the year ended December 31, 2020 (the "2020 Annual MD&A").

EHS Highlights

For the three months ended March 31, 2022, Conda sustained EHS excellence with no reportable environmental releases or recordable incidents, which resulted in a TRIFR of 0.33.

BLM Award

On March 10, 2022, Conda received national recognition from the BLM during the 87th North American Wildlife and Natural Resources Conference. The BLM awarded the Conservation Leadership Partner Award to the Southeast Idaho Habitat Mitigation Fund, which was developed and funded by Conda. This award recognizes external organizations, or individuals representing a conservation organization, for outstanding partnership in the development and implementation of conservation programs and activities that have directly benefited fish, wildlife and/or native plants on public lands. In 2017, Conda funded $1.2 million to the Southeast Idaho Habitat Mitigation Fund to mitigate impacts of its Rasmussen Valley mine. Conda's contribution led to additional investment of $3.5 million in federal, state and private funds for a total of $4.7 million to further enhance wildlife habitat projects.

Business Highlights

For the three months ended March 31, 2022 and 2021, Conda's business highlights were as follows:

(unaudited in thousands of US Dollars except as otherwise noted)	*For the three months ended March 31,* 2022	2021	% change
Production volumes (tonnes)			
MAP	92,274	74,948	23%
MAP+	7,846	28,065	(72)%
SPA[ii]	37,346	37,830	(1)%
MGA[ii]	—	195	(100)%
APP	2,082	4,153	(50)%
Production volumes (tonnes)	**139,548**	**145,191**	**(4)%**
Production volumes (tonnes P_2O_5)[i]	**89,096**	**89,355**	**0%**
Sales volumes (tonnes)			
MAP	91,230	77,439	18%
MAP+	10,407	20,220	(49)%
SPA[ii]	35,926	36,697	(2)%
MGA[ii]	—	196	n/m
APP	2,412	2,845	(15)%
Sales volumes (tonnes)	**139,975**	**137,397**	**2%**
Sales volumes (tonnes P_2O_5)[i]	**88,244**	**86,015**	**3%**
Realized price ($/tonne)[iii]			
MAP	$ 811	$ 460	76%
MAP+	$ 858	$ 513	67%
SPA[ii]	$ 1,749	$ 1,158	51%
MGA[ii]	$ —	$ 1,383	n/m
APP	$ 744	$ 497	50%
Revenues ($)			
MAP	$ 73,955	$ 35,585	108%
MAP+	8,933	10,377	(14)%
SPA	62,848	42,494	48%
MGA	—	271	n/m
APP	1,794	1,415	27%
Revenues	**$ 147,530**	**$ 90,142**	**64%**
Revenues per tonne P_2O_5[i, iii]	**$ 1,672**	**$ 1,048**	**60%**
Cash costs[iii]	**$ 82,153**	**$ 64,945**	**26%**
Cash costs per tonne P_2O_5[i, iii]	**$ 931**	**$ 755**	**23%**
Cash margin[iii]	**$ 65,377**	**$ 25,197**	**159%**
Cash margin per tonne P_2O_5[i, iii]	**$ 741**	**$ 293**	**153%**
Adjusted EBITDA[iii]	$ 64,388	$ 24,122	167%
Maintenance capex[iii]	$ 459	$ 1,523	(70)%
Growth capex[iii]	4,160	910	357%
Total capex[iii]	**$ 4,619**	**$ 2,433**	**90%**

i. P_2O_5 basis considers MAP as 52% P_2O_5, MAP+ as 39% P_2O_5 and APP as 34% P_2O_5.
ii. Presented on a 100% P_2O_5 basis.
iii. Non-IFRS measure (see Section 8).

For the three months ended March 31, 2022 and 2021, Conda's business highlights were explained as follows:

Item	Q1 2022 vs Q1 2021
Production volumes (tonnes P_2O_5)	Remained largely consistent
Sales volumes (tonnes P_2O_5)	Increased slightly primarily due to timing of MAP lifting
Revenues	Increased primarily due to higher realized prices and slightly higher sales volumes
Cash margin per tonne P_2O_5	Increased primarily due to the same factors that resulted in higher revenues, which were partially offset by higher input costs (see Section 8)
Adjusted EBITDA	Increased primarily due to the same factors that resulted in higher revenues, which were partially offset by higher input costs (see Section 8)
Maintenance capex	Decreased primarily due to timing of maintenance activities (see Section 8)
Growth capex	Increased primarily due to activities related to the initiative to produce and sell HFSA (see Section 8)

<u>Insurance Settlement</u>

For the three months ended March 31, 2022, Conda reached a settlement with insurers on a business interruption claim related to the 2020 disruption in sulfuric acid supply. As a result of the settlement, Conda received net insurance proceeds of $8,675 (see Note 17 in the Interim Financial Statements).

<u>Conda Guarantees</u>

Conda's operating and environmental permits require certain obligations related to environmental and reclamation activities to be guaranteed. As at March 31, 2022, Conda's guarantee requirements were $77,739. As at March 31, 2022, Conda had surety bonds in place for the full amount of its $77,739 guarantee requirements (see Notes 11 and 20 in the Interim Financial Statements).

<u>Conda ABL</u>

For the three months ended March 31, 2022, Conda repaid $5,000 cash drawn under the Conda ABL and posted letters of credit of $3,663 under the Conda ABL as collateral for Conda's surety bonds that guarantee Conda's obligations under existing operating and environmental permits (see Notes 11 and 20 in the Interim Financial Statements). As at March 31, 2022, Conda had no cash drawn and posted letters of credit of $32,793 under the Conda ABL as collateral for its surety bonds (see Notes 11 and 20 in the Interim Financial Statements).

<u>Conda equipment financing</u>

Subsequent to March 31, 2022, Conda purchased mining equipment in exchange for a note payable of $3,930 that matures in 60 months. The note payable bears interest at 4.75% per annum with equal monthly installments of principal and interest through maturity (see Note 25 in the Interim Financial Statements).

<u>Mine Life Extension</u>

For the three months ended March 31, 2022, the Company advanced activities related to the extension of Conda's mine life through permitting and development of H1/NDR as follows:

- advanced permitting, including progression of the NEPA process (next key milestone is final Environmental Impact Statement);
- advanced drilling and Mineral Reserve definition, including development of 2022 drilling strategy; and
- advanced development, including engineering of key infrastructure.

The Company's activities related to the extension of Conda's mine life through permitting and development of H1/NDR, including timeline and key permitting milestones, are described in greater detail in the Annual MD&A.

Lanes Creek Mine Settlement

Subsequent to March 31, 2022, Conda reached a settlement agreement with wholly-owned subsidiaries of Nutrien Ltd. ("Nutrien") related to shared environmental and asset retirement obligations at Lanes Creek mine. The settlement agreement provides for an upfront cash payment of $11,000 by Nutrien to Conda in exchange for assuming responsibility for 100% of the remaining environmental and asset retirement obligations associated with Lanes Creek mine. The settlement agreement does not otherwise amend or restate Nutrien's liability for all environmental and asset retirement obligations related to the pre-closing operations of Conda, including with respect to Environmental Protection Agency matters (see Note 25 in the Interim Financial Statements).

EBITDA Optimization

For the three months ended March 31, 2022, the Company advanced activities related to optimizing Conda's EBITDA generation as follows:

- advanced initiative to produce and sell hydrofluorosilicic acid ("HFSA"), including advancement of procurement and implementation; and
- advanced magnesium oxide ("MgO") reduction initiative to enhance SPA production and sales volumes, including advancement of test work.

The Company's activities related to optimizing Conda's EBITDA generation are described in greater detail in the Annual MD&A.

Arraias

COVID-19 Risk Mitigation Measures

The Company continues to monitor potential risks to Arraias' employees, contractors and operations as a result of the COVID-19 pandemic. Arraias has been deemed an essential business as part of the agriculture and phosphate fertilizer sector and therefore has not been forced to shut down operations or care and maintenance activities on account of the COVID-19 pandemic. In response to the COVID-19 pandemic, the Company has implemented and continued risk mitigation measures at Arraias to address potential impacts to its employees, contractors and operations. The Company is not currently projecting any material impact on Arraias' operations or care and maintenance activities as a result of the COVID-19 pandemic.

Arraias' risk mitigation measures in response to the COVID-19 pandemic are described in greater detail in the 2020 Annual MD&A.

EHS Highlights

For the three months ended March 31, 2022, Arraias sustained EHS excellence with no reportable environmental releases and one recordable incident, which resulted in a TRIFR of 1.01.

Idling and Sulfuric Acid Plant Restart

On November 21, 2019, the Company announced its decision to idle Arraias. On October 20, 2021, the Company announced its decision to restart the sulfuric acid plant at Arraias. On February 8, 2022, the Company announced the resumption of sulfuric acid production and sales at Arraias. Subsequent to the restart, the Company decided in March 2022 to conduct further maintenance activities at the sulfuric acid plant, which are expected to be completed in May 2022. The remainder of Arraias' operations, including its mine, beneficiation plant, acidulation plant and granulation plant remain idled following best practices.

Arraias' sulfuric acid plant has production capacity of 220kt per year. The Company expects to operate the sulfuric acid plant at Arraias with a base load capacity of approximately 10.5kt per month. Arraias has secured short-term sulfuric acid offtake agreements for its base load capacity with pricing linked to sulfur benchmarks. Based on market demand, the Company expects to opportunistically produce additional volumes of sulfuric acid to be sold on the spot market.

The restart of the sulfuric acid plant at Arraias is independent of the previously announced stage-gate restart program launched during Q2 2020.

Stage-Gate Restart Program

During Q2 2020, the Company launched a stage-gate restart program at Arraias. Each stage-gate must be cleared before progressing to the next stage of the program, thereby limiting exposure and managing risk. The first stage-gate is the development of a revised geological model and long-term mine plan of the Domingos pit. The revised long-term mine plan will be developed to verify the ability to deliver constant ore grade to the beneficiation process, while the beneficiation plant process design will be revised to match the geometallurgical characterization of the ore.

The Company engaged Golder Associates USA Inc. ("Golder") to prepare the revised geological model and long-term mine plan. The revised geological model was completed during Q1 2022 and the long-term mine plan is expected to be completed during Q2 2022.

The Company's activities related to the stage-gate restart program at Arraias are described in greater detail in the 2020 Annual MD&A.

Business Highlights

For the three months ended March 31, 2022 and 2021, Arraias' business highlights were as follows:

(unaudited in thousands of US Dollars except as otherwise noted)	*For the three months ended March 31,* 2022	2021	% change
Production volumes (tonnes)			
SSP	—	—	n/m
SSP+	—	—	n/m
Production volumes (tonnes)	—	—	n/m
Production volumes (tonnes P_2O_5)[i]	—	—	n/m
Excess sulfuric acid production volumes (tonnes)[ii]	9,651	—	n/m
Sales volumes (tonnes)			
SSP	—	—	n/m
SSP+	—	—	n/m
Sales volumes (tonnes)	—	—	n/m
Sales volumes (tonnes P_2O_5)[i]	—	—	n/m
Excess sulfuric acid sales volumes (tonnes)	8,680	—	n/m
Realized price ($/tonne)[iii]			
SSP	$ —	$ —	n/m
SSP+	$ —	$ —	n/m
Excess sulfuric acid	$ 268	$ —	n/m
Revenues ($)			
SSP, net	$ —	$ —	n/m
SSP+, net	—	—	n/m
Excess sulfuric acid	2,323	—	n/m
Revenues	**$ 2,323**	**$ —**	**n/m**
Revenues per tonne P_2O_5[i, iv]	**$ —**	**$ —**	**n/m**
Cash costs[iv]	**$ 2,391**	**$ 485**	**393%**
Cash costs per tonne P_2O_5[i, iv]	**$ —**	**$ —**	**n/m**
Cash margin[iv]	**$ (68)**	**$ (485)**	**n/m**
Cash margin per tonne P_2O_5[i, iv]	**$ —**	**$ —**	**n/m**
Adjusted EBITDA[iii]	$ (653)	$ (834)	n/m
Maintenance capex[iii]	$ 448	$ —	n/m
Growth capex[iii]	191	307	(38)%
Total capex[iii]	**$ 639**	**$ 307**	**108%**

i. P_2O_5 basis considers SSP and SSP+ as 17% P_2O_5 and excess sulfuric acid as 0% P_2O_5.
ii. Excess sulfuric acid production volumes (t) are presented net of production for internal consumption.
iii. Non-IFRS measure (see Section 8).
iv. Non-IFRS measure and excludes sulfuric acid (see Section 8).

For the three months ended March 31, 2022 and 2021, Arraias' business highlights were explained as follows:

Item	Q1 2022 vs Q1 2021
Excess sulfuric acid sales volumes	Increased primarily due to the restart of the sulfuric acid plant
Adjusted EBITDA	Increased primarily due to the restart of the sulfuric acid plant, which were partially offset by higher input costs related to the restart of the sulfuric acid plant (see Section 8)
Maintenance capex	Increased primarily due to capital costs related to the restart of the sulfuric acid plant (see Section 8)
Growth capex	Decreased primarily due to activities related to stage-gate mining restart program (see Section 8)

Dutch Tax Assessment

Subsequent to March 31, 2022, the Company received an assessment from the Dutch tax authorities of EUR 1,730 (approximately $1,834) for 2016 income taxes related to its Dutch holding structure for the Company's Brazilian subsidiaries. The Company intends to defend and vigorously appeal the tax assessment (see Note 25 in the Interim Financial Statements).

Development and Exploration

For the three months ended March 31, 2022, the Company's development and exploration project highlights were as follows:

- sustained EHS excellence at Farim with no reportable environmental releases or recordable incidents, which resulted in a TRIFR of 0.00;
- maintained Farim at construction-ready state;
- advanced revisions to the executed Farim mining agreement with the Government of Guinea-Bissau to facilitate project financing and update tax incentives;
- maintained the integrity of the concessions of Santana and Araxá;
- advanced development of Araxá in support of evaluation of strategic alternatives, including completion of a preliminary geotechnical characterization and a conceptual hydrogeological model for the project; and
- advanced the wind down of Paris Hills and Mantaro.

The Company's activities related to advancing the development of Farim are described in greater detail in the 2020 Annual MD&A.

Corporate

Term Loan

For the three months ended March 31, 2022, the Company repaid $34,625 of principal under the Term Loan. As at March 31, 2022, the principal balance of the Term Loan was $162,688.

New Director Appointments

Subsequent to the three months ended March 31, 2022, the Company announced the appointment of Stephen Shapiro and Isaiah Toback to its Board of Directors, effective April 14, 2022. Mr. Toback replaces Rory O'Neill as a nominee to the Company's Board of Directors by its principal shareholder, CLF, pursuant to an investor rights agreement between the Company and CLF.

MARKET HIGHLIGHTS

For the three months ended March 31, 2022 and 2021, key phosphate fertilizer market indicators relevant to the Company's operations were as follows:

(in US Dollars per metric tonne except as otherwise noted)	For the three months ended March 31, 2022	2021	% change
DAP NOLA[i]	$ 876	$ 549	60%
DAP NOLA ($/st)[i]	794	498	60%
Sulfur Brazil[ii]	327	143	129%
Sulfur Vancouver[ii]	373	175	113%
Ammonia Tampa[ii, iii]	1,168	362	223%

i. Average of Argus and Green Markets weekly average.
ii. Average of Argus weekly average.
iii. The majority of the Company's ammonia is supplied under a long-term offtake agreement with pricing indexed to DAP NOLA.

For the three months ended March 31, 2022 and 2021, key phosphate fertilizer market indicators relevant to the Company's operations were explained as follows:

Item	Q1 2022 vs Q1 2021
DAP NOLA	Increased primarily due to continued strong agriculture and phosphate fertilizer market supply and demand dynamics
Sulfur Vancouver	Increased primarily due to strong global demand from phosphates and metals consumers, while supply remained limited
Sulfur Brazil	Increased primarily due to international sulfur price increase, higher freight rates and strong demand for fertilizer and other applications in Brazil
Ammonia Tampa	Increased primarily due to a surge in natural gas prices and a global supply squeeze driven by plant closures and a significant reduction of exports from Russia and Ukraine

Specific factors driving the year-over-year improvements in DAP NOLA were as follows:

- limited phosphate fertilizer supply capacity additions
- strong phosphate fertilizer demand underpinned by global coarse grains and oilseeds at multi-year low stocks-to-use ratios and the highest prices in nearly a decade, supporting demand and fertilizer relative affordability;
- continued drawdown of global phosphate fertilizer inventory levels;
- increased restrictions and controls on exports of phosphates fertilizers from China; and
- disruptions to fertilizer and fertilizer raw materials supply from Russia following sanctions imposed by certain countries following the Ukraine invasion.

4. OUTLOOK

MARKET OUTLOOK

The Company expects the current strength in the global agriculture and phosphate fertilizer fundamentals to continue. Accordingly, the Company expects continued strength in pricing and volume fundamentals in the phosphate fertilizer markets during the remainder of H1 2022, followed by a moderate softening of prices during H2 2022.

Specific factors the Company expects to influence the continued strength in the global phosphate fertilizer markets during H1 2022 are as follows:

- low phosphate fertilizer inventory levels;
- no significant phosphate fertilizer supply capacity additions;
- stable phosphate fertilizer demand; and
- reduced phosphate fertilizer exports from Russia and China.

Specific factors the Company expects to influence the moderate softening of the global phosphate fertilizer markets during H2 2022 are as follows:

- return of global phosphate fertilizer inventory to historical levels;
- moderate decrease of phosphate fertilizer demand;
- increase of phosphate fertilizer supply from existing capacity maximizing run-rates; and
- moderate increase of phosphate fertilizer exports from Russia and China upon easing of sanctions and export restrictions, respectively.

The Company expects sulfur and sulfuric acid prices to remain at high levels globally due to solid demand from phosphates and metals consumers. The Company expects ammonia prices to also remain at high levels during 2022, for as long as the natural gas prices remain elevated and exports from Russia and Ukraine are significantly reduced.

FINANCIAL OUTLOOK

The Company continues to monitor 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. 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.

The Company provides guidance on both IFRS and non-IFRS measures that management considers to evaluate the Company's operational and financial performance. Management believes that the non-IFRS measures provide useful supplemental information to investors, analysts, lenders and others. Definitions and reconciliations of non-IFRS measures to the most directly comparable IFRS measures are included in Section 8 of this MD&A.

The Company issued its original guidance for 2022 in the Annual MD&A. The assumptions considered by the Company in preparing its guidance for 2022 are explained in the Annual MD&A.

The Company's revised guidance for 2022 is as follows:

(in millions of US Dollars except as otherwise noted)	H1 2022	H2 2022	FY 2022
Adjusted EBITDA[i]	$ 120-130	$ 90-100	$ 210-230
Net income	55-65	25-30	80-95
Basic earnings (C$/share)	0.38-0.44	0.17-0.21	0.55-0.65
Maintenance capex[i]	11-14	4-9	15-23
Growth capex[i]	11-13	4-9	15-22
Free cash flow[i]	90-95	60-70	150-165

i. Non-IFRS measure (see Section 8).

The Company increased the lower end of its guidance range for FY 2022 as follows:

- adjusted EBITDA guidance of $210-230 million (previously $190-230 million) to reflect the Company's view of H2 2021 prices and input costs at Conda, including the current DAP NOLA prices (100% of Conda's MAP is sold under a long-term offtake agreement with pricing indexed to DAP NOLA on an average three-month trailing basis) (see Section 8);
- net income guidance of 80-95 million (previously $65-95 million) to reflect the revised adjusted EBITDA guidance;
- basic earnings guidance of C$0.55-0.65/share (previously C$/0.44-0.65/share) to reflect the revised adjusted EBITDA guidance;
- maintenance capex guidance of $15-23 million (previously $13-23 million) (see Section 8);
- growth capex guidance of $15-22 million (previously $12-22 million) (see Section 8); and
- free cash flow guidance of $150-165 million (previously $135-165 million) to reflect the revised adjusted EBITDA guidance (see Section 8).

In preparing its revised guidance for 2022, the Company increased its assumption for expected average DAP NOLA during 2022 to $800-875/st (previously $690-750/st).

BUSINESS OUTLOOK

The Company continues to focus on the following key objectives to drive long-term value and shareholder returns:

- improving financial and operational performance;
- deleveraging the balance sheet;
- extending Conda's current mine life through permitting and development of H1/NDR;
- evaluating strategic alternatives for non-North American assets; and
- maintaining capital-lite investment approach.

5. SUMMARY OF QUARTERLY RESULTS

For the three months ended March 31, 2022, December 31, 2021, September 30, 2021 and June 30, 2021, the Company's summary of quarterly results was as follows:

(unaudited in thousands of US Dollars except as otherwise noted)	March 31, 2022	December 31, 2021	September 30, 2021	June 30, 2021
Net income	$ 33,009	$ 24,280	$ 15,676	$ 9,582
Basic earnings ($/share)	0.18	0.13	0.08	0.05
Diluted earnings ($/share)	0.17	0.13	0.08	0.05
Total assets	$ 653,250	$ 633,853	$ 530,195	$ 505,103

For the three months ended March 31, 2021, December 31, 2020, September 30, 2020 and June 30, 2020, the Company's summary of quarterly results was as follows:

(unaudited in thousands of US Dollars except as otherwise noted)	March 31, 2021	December 31, 2020	September 30, 2020	June 30, 2020
Net income (loss)	$ 1,901	$ (9,415)	$ (13,788)	$ (20,814)
Basic earnings (loss) ($/share)	0.01	(0.05)	(0.07)	(0.11)
Diluted earnings (loss) ($/share)	0.01	(0.05)	(0.07)	(0.11)
Total assets	$ 482,101	$ 477,304	$ 454,135	$ 450,713

6. STATEMENTS OF OPERATIONS

For the three months ended March 31, 2022 and 2021, the Company's statements of operations were as follows:

(unaudited in thousands of US Dollars except as otherwise noted)	*For the three months ended March 31,* 2022	2021	% change
Revenues	$ 149,853	$ 90,142	66%
Cost of goods sold	91,370	71,613	28%
Gross margin	**$ 58,483**	**18,529**	216%
Selling, general and administrative expenses	12,424	5,590	122%
Operating income	**$ 46,059**	**$ 12,939**	**256%**
Foreign exchange gain (loss)	322	(71)	n/m
Other income	8,365	102	8,101%
Finance expense, net	(9,692)	(8,392)	15%
Income (loss) before income taxes	**$ 45,054**	**$ 4,578**	**884%**
Current and deferred income tax expense	12,045	2,677	350%
Net income	**$ 33,009**	**1,901**	**1,636%**
Net income attributable to non-controlling interest	—	—	n/m
Net income attributable to shareholders of the Company	**$ 33,009**	**$ 1,901**	**1,636%**
Basic earnings ($/share)	**$ 0.18**	**$ 0.01**	**1,700%**
Basic earnings (C$/share)	**$ 0.22**	**$ 0.01**	**2,100%**
Diluted earnings ($/share)	**$ 0.17**	**$ 0.01**	**1,600%**
Diluted earnings (C$/share)	**$ 0.22**	**$ 0.01**	**2,100%**

For the three months ended March 31, 2022 and 2021, the Company's statements of operations were explained as follows:

Item	Q1 2022 vs Q1 2021
Revenues	Increased primarily due to higher realized prices and slightly higher sales volumes at Conda and the restart of the sulfuric acid plant at Arraias
Cost of goods sold	Increased related to higher Conda sales volumes and higher input costs
Selling, general and administrative expenses	Increased primarily due to higher share-based payment expense and higher overhead costs at corporate
Foreign exchange gain (loss)	Increased primarily due to fluctuations between the Brazilian Real and the US Dollar
Other income	Increased primarily due to a settlement with insurers on a business interruption claim related to the 2020 disruption in sulfuric acid supply to Conda
Finance expense, net	Increased primarily due to higher amortization of deferred financing costs, which were partially offset by lower interest expense following the refinancing in 2021
Current and deferred income tax expense (recovery)	Increased primarily due to higher taxable income, which was partially offset by higher deductibles following the redomiciliation in 2021

7. FINANCIAL CONDITION

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 Section 4).

LIQUIDITY

As at March 31, 2022, the Company had cash and cash equivalents of $36,992, liquidity of $44,199 (see Section 8) and working capital of $98,059 (see Section 8). The Term Loan considers certain compliance requirements including, but not limited to, a requirement to maintain a minimum liquidity amount of $15,000 throughout the term of the Term Loan (See Note 11 in the Interim Financial Statements).

FINANCIAL COVENANTS

The Term Loan includes financial covenants that require the Company to comply with certain ratios and thresholds. The principal financial covenants in the Term Loan require the Company not to exceed a consolidated net secured leverage ratio and to maintain a minimum fixed charge coverage ratio as at the end of each fiscal quarter commencing December 31, 2021 (see Notes 11 and 24 in the Interim Financial Statements).

The Conda ABL includes springing financial covenants that require Conda to comply with certain ratios and thresholds if there is an event of default or an insufficient borrowing base. The principal springing financial covenants in the Conda ABL, if applicable, require Conda to maintain minimum fixed charge coverage ratios at the end of each month and fiscal quarter, respectively (see Notes 11 and 24 in the Interim Financial Statements).

ITAFOS

SUMMARY BALANCE SHEETS

As at March 31, 2022 and December 31, 2021, the Company's summary balance sheets were as follows:

(unaudited in thousands of US Dollars)		March 31, 2022		December 31, 2021	% change
Cash and cash equivalents	$	36,992	$	31,565	17%
Current assets (including cash and cash equivalents)	$	213,788	$	195,130	10%
Non-current assets		439,462		438,723	0%
Total assets	**$**	**653,250**	**$**	**633,853**	**3%**
Current liabilities (excluding current portion of debt)	$	82,248	$	68,998	19%
Non-current liabilities (excluding long-term debt)		195,782		190,402	3%
Debt (current and long-term)		203,922		239,848	(15)%
Total liabilities	**$**	**481,952**	**$**	**499,248**	**(3)%**
Shareholders' equity	$	170,133	$	133,440	27%
Non-controlling interest		1,165		1,165	0%
Total equity	**$**	**171,298**	**$**	**134,605**	**27%**

As at March 31, 2022 and December 31, 2021, the Company's summary balance sheets were explained as follows:

Item	March 31, 2022 vs December 31, 2021
Current assets	Increased primarily due to higher cash and cash equivalents, accounts receivable and inventories, which were partially offset by lower other current assets
Non-current assets	Increased primarily due to capex additions (see Section 8), which were partially offset by depreciation and depletion
Current liabilities (excluding current portion of debt)	Increased primarily due to higher accounts payable and accrued liabilities
Non-current liabilities (excluding long-term debt)	Increased primarily due to higher long-term provisions
Debt (current and long-term)	Decreased primarily due to principal payments under the Term Loan and Conda ABL
Total equity	Increased primarily due to net income recorded during the period

As at March 31, 2022 and December 31, 2021, the Company did not have any significant off-balance sheet arrangements.

Conda's operating and environmental permits require certain obligations related to environmental and reclamation activities to be guaranteed. As at March 31, 2022 and December 31, 2021, Conda's guarantee requirements were $77,739. Conda's guarantee requirements are described in greater detail in Section 3 of this MD&A.

CAPITAL RESOURCES

As at March 31, 2022 and December 31, 2021, the Company's capital resources were as follows:

(unaudited in thousands of US Dollars)		March 31, 2022		December 31, 2021
Total equity	$	171,298	$	134,605
Net debt[i]		174,243		217,706
Capital resources	**$**	**345,541**	**$**	**352,311**

i. Non-IFRS measure (see Section 8).

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

ITAFOS

SUMMARY CASH FLOWS

For the three months ended March 31, 2022 and 2021, the Company's summary cash flows were as follows:

(unaudited in thousands of US Dollars)	*For the three months ended March 31,* 2022	2021	% change
Cash and cash equivalents, beginning of period	**$ 31,565**	**$ 9,539**	**231%**
Cash flows from operating activities	55,312	16,011	245%
Cash flows used by investing activities	(4,968)	(2,395)	107%
Cash flows used by financing activities	(45,274)	(5,520)	720%
Effect of foreign exchange of non-US Dollar denominated cash	357	40	793%
Cash and cash equivalents, end of period	**$ 36,992**	**$ 17,675**	**109%**
Free cash flow[i]	$ 54,400	$ 14,732	269%

i. Non-IFRS measure (see Section 8).

For the three months ended March 31, 2022 and 2021, the Company's summary cash flows were explained as follows:

Item	Q1 2022 vs Q1 2021
Cash flows from operating activities	Increased primarily due to the same factors that resulted in higher EBITDA and higher other income due to a settlement with insurers on a business interruption claim related to the 2020 disruption in sulfuric acid supply to Conda, which were partially offset by higher working capital requirements
Cash flows used by investing activities	Increased primarily due to the initiative to produce and sell HFSA at Conda
Cash flows used by financing activities	Increased primarily due to principal payments under the Term Loan and Conda ABL
Free cash flow	Increased primarily due to higher cash flows from operating activities due to same factors that resulted in higher EBITDA and higher other income due to a settlement with insurers on a business interruption claim related to the 2020 disruption in sulfuric acid supply to Conda, which were partially offset by higher working capital requirements (see Section 8)

CONTRACTUAL OBLIGATIONS

As at March 31, 2022, the Company's contractual obligations were as follows:

(unaudited in thousands of US Dollars)	Within 1 year	Years 2 and 3	Years 4 and 5	After 5 years	Total
Debt	$ 33,481	$ 177,278	$ 475	—	**$ 211,234**
Accounts payable and accrued liabilities	75,140	—	—	—	**75,140**
Provisions	2,368	6,425	39,496	129,354	**177,643**
Leases	2,579	6,854	3,455	3,532	**16,420**
Contractual obligations	**$ 113,568**	**$ 190,557**	**$ 43,426**	**$ 132,886**	**$ 480,437**

The Company's contractual obligations do not include estimated interest payments related to such contractual obligations. The Company records provisions when it is probable that obligations have been incurred and the amounts can be reasonably estimated. The Company's provisions include environmental and ARO liabilities and legal contingencies (see Note 10 in the Interim Financial Statements).

As at March 31, 2022, the Company had environmental and ARO liabilities, assets and net liabilities by segment as follows:

(unaudited in thousands of US Dollars)	Liabilities	Assets	Net Liabilities
Conda	$ 167,744	$ 102,776	**$ 64,968**
Arraias	9,031	9,021	**10**
Development and exploration	509	—	**509**
Corporate	—	—	—
Environmental and ARO	**$ 177,284**	**$ 111,797**	**$ 65,487**

8. NON-IFRS MEASURES

DEFINITIONS

The Company defines its non-IFRS measures as follows:

Non-IFRS measure	Definition	Most directly comparable IFRS measure
EBITDA	Earnings before interest, taxes, depreciation, depletion and amortization	Net income (loss) and operating income (loss)
Adjusted EBITDA	EBITDA adjusted for non-cash, extraordinary, non-recurring and other items unrelated to the Company's core operating activities	Net income (loss) and operating income (loss)
Total capex	Additions to property, plant, and equipment and mineral properties adjusted for additions to asset retirement obligations, additions to right of use assets and capitalized interest	Additions to property, plant and equipment and mineral properties
Maintenance capex	Portion of total capex relating to the maintenance of ongoing operations	Additions to property, plant and equipment and mineral properties
Growth capex	Portion of total capex relating to the development of growth opportunities	Additions to property, plant and equipment and mineral properties
Cash total capex	Total capex less accrued capex	Additions to property, plant and equipment and mineral properties
Cash maintenance capex	Maintenance capex less accrued maintenance capex	Additions to property, plant and equipment and mineral properties
Cash growth capex	Growth capex less accrued growth capex	Additions to property, plant and equipment and mineral properties
Net debt	Debt less cash and cash equivalents plus deferred financing costs (does not consider lease liabilities)	Current debt, long-term debt and cash and cash equivalents
Related party debt	Portion of debt held by a related party	Current debt and long-term debt
Adjusted net debt	Net debt adjusted for related party debt	Current debt, long-term debt and cash and cash equivalents
Working capital	Current assets less current liabilities	Current assets and current liabilities
Liquidity	Cash and cash equivalents plus undrawn committed borrowing capacity	Cash and cash equivalents
Free cash flow	Cash flows from operating activities, which excludes payment of interest expense, plus cash flows from investing activities less cash growth capex	Cash flows from operating activities and cash flows from investing activities
Realized price	Revenues divided by sales volumes	Revenues
Revenues per tonne P_2O_5	Revenues divided by sales volumes presented on P_2O_5 basis	Revenues
Cash costs	Cost of goods sold less net realizable value adjustments, depreciation, depletion and amortization	Cost of goods sold
Cash costs per tonne P_2O_5	Cash costs divided by sales volumes presented on P_2O_5 basis	Cost of goods sold
Cash margin	Revenues less cash costs	Gross margin
Cash margin per tonne P_2O_5	Revenues per tonne P_2O_5 less cash costs per tonne P_2O_5	Gross margin

EBITDA AND ADJUSTED EBITDA

EBITDA is a non-IFRS measure that excludes interest, taxes, depreciation, depletion and amortization from earnings. Management believes that EBITDA is a valuable indicator of the Company's ability to generate operating income.

Adjusted EBITDA is a non-IFRS measure that excludes non-cash, extraordinary, non-recurring and other items unrelated to the Company's core operating activities from EBITDA (non-IFRS measure). Management believes that adjusted EBITDA is a valuable indicator of the Company's ability to generate operating income from its core operating activities normalized to remove the impact of non-cash, extraordinary and non-recurring items. The Company provides guidance on adjusted EBITDA as useful supplemental information to investors, analysts, lenders and others.

For the three months ended March 31, 2022 and 2021

For the three months ended March 31, 2022 the Company had EBITDA and adjusted EBITDA by segment as follows:

(unaudited in thousands of US Dollars)	Conda	Arraias	Development and exploration	Corporate	Total
Net income (loss)	**$ 49,735**	**$ (544)**	**$ (687)**	**$ (15,495)**	**$ 33,009**
Finance expense, net	1,206	226	2	8,258	9,692
Current and deferred income tax expense (recovery)	15,379	—	—	(3,334)	12,045
Depreciation and depletion	6,454	372	4	49	6,879
EBITDA	**$ 72,774**	**$ 54**	**$ (681)**	**$ (10,522)**	**$ 61,625**
Unrealized foreign exchange (gain) loss	—	(718)	406	(19)	(331)
Share-based payment expense	—	—	—	5,935	5,935
Transaction costs	—	—	30	205	235
Non-recurring compensation expense	—	—	—	1,282	1,282
Other (income) expense, net	(8,386)	11	10	—	(8,365)
Adjusted EBITDA	**$ 64,388**	**$ (653)**	**$ (235)**	**$ (3,119)**	**$ 60,381**

(unaudited in thousands of US Dollars)	Conda	Arraias	Development and exploration	Corporate	Total
Operating income (loss)	**$ 57,935**	**$ (1,025)**	**$ (269)**	**$ (10,582)**	**$ 46,059**
Depreciation and depletion	6,454	372	4	49	6,879
Foreign exchange loss - realized	(1)	—	—	(8)	(9)
Share-based payment expense	—	—	—	5,935	5,935
Transaction costs	—	—	30	205	235
Non-recurring compensation expense	—	—	—	1,282	1,282
Adjusted EBITDA	**$ 64,388**	**$ (653)**	**$ (235)**	**$ (3,119)**	**$ 60,381**

For the three months ended March 31, 2021, the Company had EBITDA and adjusted EBITDA by segment as follows:

(unaudited in thousands of US Dollars)		Conda		Arraias		Development and exploration		Corporate		Total
Net income (loss)	**$**	**14,764**	**$**	**(1,252)**	**$**	**(310)**	**$**	**(11,301)**	**$**	**1,901**
Finance expense, net		726		5		1		7,660		8,392
Current and deferred income tax expense		2,626		—		—		51		2,677
Depreciation and depletion		6,068		115		23		43		6,249
EBITDA	**$**	**24,184**	**$**	**(1,132)**	**$**	**(286)**	**$**	**(3,547)**		**19,219**
Unrealized foreign exchange (gain) loss		(62)		309		6		(80)		173
Share-based payment expense		—		—		—		1,291		1,291
Non-recurring compensation expense		—		—		35		—		35
Other income		—		(11)		(91)		—		(102)
Adjusted EBITDA	**$**	**24,122**	**$**	**(834)**	**$**	**(336)**	**$**	**(2,336)**	**$**	**20,616**

(unaudited in thousands of US Dollars)		Conda		Arraias		Development and exploration		Corporate		Total
Operating income (loss)	**$**	**18,054**	**$**	**(949)**	**$**	**(497)**	**$**	**(3,669)**	**$**	**12,939**
Depreciation and depletion		6,068		115		23		43		6,249
Foreign exchange gain (loss) - realized		—		—		103		(1)		102
Share-based payment recovery		—		—		—		1,291		1,291
Non-recurring compensation expense		—		—		35		—		35
Adjusted EBITDA	**$**	**24,122**	**$**	**(834)**	**$**	**(336)**	**$**	**(2,336)**	**$**	**20,616**

CAPEX

Total capex is a non-IFRS measure that includes additions to property, plant, and equipment and mineral properties, which are adjusted for additions to asset retirement obligations, additions to right of use assets and capitalized interest.

Maintenance capex is a non-IFRS measure that considers the portion of total capex (non-IFRS measure) relating to the maintenance of ongoing operations. Management believes that maintenance capex is a valuable indicator of the Company's required capital expenditures to sustain operations at existing levels.

Growth capex is a non-IFRS measure that considers the portion of total capex (non-IFRS measure) relating to the development of growth opportunities. Management believe that growth capex is a valuable indicator of the Company's capital expenditures related to growth opportunities.

The Company provides guidance on both maintenance capex and growth capex as useful supplemental information to investors, analysts, lenders and others.

For the three months ended March 31, 2022 and 2021

For the three months ended March 31, 2022, the Company had capex by segment as follows:

(unaudited in thousands of US Dollars)	Conda	Arraias	Development and exploration	Corporate	Total
Additions to property, plant and equipment	$ 4,547	$ 2,010	$ —	$ 5	$ 6,562
Additions to mineral properties	1,250	—	36	—	1,286
Additions to property, plant and equipment related to asset retirement obligations	(1,178)	(1,336)	—	—	(2,514)
Additions to right of use assets	—	(35)	—	—	(35)
Total capex	**$ 4,619**	**$ 639**	**$ 36**	**$ 5**	**$ 5,299**
Maintenance capex	459	448	—	5	912
Growth capex	4,160	191	36	—	4,387

For the three months ended March 31, 2021, the Company had capex by segment as follows:

(unaudited in thousands of US Dollars)	Conda	Arraias	Development and exploration	Corporate	Total
Additions to property, plant and equipment	$ 2,600	$ (357)	$ —	$ —	$ 2,243
Additions to mineral properties	930	—	83	—	1,013
Additions to property, plant and equipment related to asset retirement obligations	(1,097)	659	—	—	(438)
Additions to right of use assets	—	5	—	—	5
Total capex	**$ 2,433**	**$ 307**	**$ 83**	**$ —**	**$ 2,823**
Maintenance capex	1,523	—	—	—	1,523
Growth capex	910	307	83	—	1,300

CASH CAPEX

Total cash capex is a non-IFRS measure that excludes accrued capex from total capex (non-IFRS measure). Cash maintenance capex and cash growth capex are non-IFRS measures that exclude accrued capex from maintenance capex (non-IFRS measure) and growth capex (non-IFRS measure), respectively. The Company uses cash growth capex in the calculation of free cash flow (non-IFRS measure).

For the three months ended March 31, 2022 and 2021

For the three months ended March 31, 2022, the Company had cash capex by segment as follows:

(unaudited in thousands of US Dollars)		Conda		Arraias		Development and exploration		Corporate		Total
Total capex	$	4,619	$	639	$	36	$	5	$	5,299
Accrued capex		(331)		—		—		—		(331)
Total cash capex	**$**	**4,288**	**$**	**639**	**$**	**36**	**$**	**5**	**$**	**4,968**

For the three months ended March 31, 2022, the Company had cash maintenance capex by segment as follows:

(unaudited in thousands of US Dollars)		Conda		Arraias		Development and exploration		Corporate		Total
Maintenance capex	$	459	$	448	$	—	$	5	$	912
Accrued maintenance capex		—		—		—		—		—
Cash maintenance capex	**$**	**459**	**$**	**448**	**$**	**—**	**$**	**5**	**$**	**912**

For the three months ended March 31, 2022, the Company had cash growth capex by segment as follows:

(unaudited in thousands of US Dollars)		Conda		Arraias		Development and exploration		Corporate		Total
Growth capex	$	4,160	$	191	$	36	$	—	$	4,387
Accrued growth capex		(331)		—		—		—		(331)
Cash growth capex	**$**	**3,829**	**$**	**191**	**$**	**36**	**$**	**—**	**$**	**4,056**

For the three months ended March 31, 2021, the Company had cash capex by segment as follows:

(unaudited in thousands of US Dollars)		Conda		Arraias		Development and exploration		Corporate		Total
Total capex	$	2,433	$	307	$	83	$	—	$	2,823
Accrued capex		(382)		—		—		—		(382)
Total cash capex	**$**	**2,051**	**$**	**307**	**$**	**83**	**$**	**—**	**$**	**2,441**

For the three months ended March 31, 2021, the Company had cash maintenance capex by segment as follows:

(unaudited in thousands of US Dollars)		Conda		Arraias		Development and exploration		Corporate		Total
Maintenance capex	$	1,523	$	—	$	—	$	—	$	1,523
Accrued maintenance capex		(198)		—		—		—		(198)
Cash maintenance capex	**$**	**1,325**	**$**	**—**	**$**	**—**	**$**	**—**	**$**	**1,325**

For the three months ended March 31, 2021, the Company had cash growth capex by segment as follows:

(unaudited in thousands of US Dollars)		Conda		Arraias		Development and exploration		Corporate		Total
Growth capex	$	910	$	307	$	83	$	—	$	1,300
Accrued growth capex		(184)		—		—		—		(184)
Cash growth capex	**$**	**726**	**$**	**307**	**$**	**83**	**$**	**—**	**$**	**1,116**

NET DEBT, RELATED PARTY DEBT AND ADJUSTED NET DEBT

Net debt is a non-IFRS measure that considers debt less cash and cash equivalents and excludes deferred financing costs from debt. The Company's net debt does not consider lease liabilities. Management believes that net debt is a valuable indicator of the Company's net debt position as it removes the impact of deferring financing costs.

Related party debt is a non-IFRS measure that considers the portion of the Company's debt held by related parties. The Company uses related party debt in the calculation of adjusted net debt (non-IFRS measure).

Adjusted net debt is a non-IFRS measure that excludes related party debt from net debt (non-IFRS measure). Management believes that adjusted net debt is a valuable indicator of the Company's net debt position as it relates to non-related parties.

As at March 31, 2022 and December 31, 2021, the Company had net debt as follows:

(unaudited in thousands of US Dollars)		March 31, 2022		December 31, 2021
Current debt	$	33,481	$	52,838
Long-term debt		170,441		187,010
Cash and cash equivalents		(36,992)		(31,565)
Deferred financing costs related to the Term Loan		7,313		9,423
Net debt	**$**	**174,243**	**$**	**217,706**

As at March 31, 2022 and December 31, 2021, the Company had related party debt as follows:

(unaudited in thousands of US Dollars)		March 31, 2022		December 31, 2021
Promissory Note	$	44,884	$	43,283
Canadian debentures issued to CLF		347		331
Related party debt	**$**	**45,231**	**$**	**43,614**

As at March 31, 2022 and December 31, 2021, the Company had adjusted net debt as follows:

(unaudited in thousands of US Dollars)		March 31, 2022		December 31, 2021
Net debt	$	174,243	$	217,706
Related party debt		(45,231)		(43,614)
Adjusted net debt	**$**	**129,012**	**$**	**174,092**

WORKING CAPITAL AND LIQUIDITY

Working capital is a non-IFRS measure that considers current assets less current liabilities.

Liquidity is a non-IFRS measure that includes cash and cash equivalents plus undrawn committed borrowing capacity.

Management believes that working capital and liquidity are valuable indicators of the Company's liquidity.

Working Capital

As at March 31, 2022 and December 31, 2021, the Company had working capital as follows:

(unaudited in thousands of US Dollars)		March 31, 2022		December 31, 2021
Cash and cash equivalents	$	36,992	$	31,565
Accounts receivable		52,381		39,688
Inventories, net		115,521		112,704
Other current assets		8,894		11,173
Accounts payable and accrued liabilities		(75,140)		(61,469)
Provisions		(2,368)		(4,072)
Current debt		(33,481)		(52,838)
Contract liabilities		(2,161)		(913)
Other current liabilities		(2,579)		(2,544)
Working capital	**$**	**98,059**	**$**	**73,294**

Liquidity

As at March 31, 2022 and December 31, 2021, the Company had liquidity as follows:

(unaudited in thousands of US Dollars)		March 31, 2022		December 31, 2021
Cash and cash equivalents	$	36,992	$	31,565
Conda ABL undrawn borrowing capacity		7,207		5,870
Liquidity	**$**	**44,199**	**$**	**37,435**

FREE CASH FLOW

Free cash flow is a non-IFRS measure that includes cash flows from operating activities (which excludes payment of interest expense) and cash flows from investing activities less cash growth capex (non-IFRS measure). Management believes that free cash flow is a valuable indicator of the Company's ability to generate cash flows from operations after giving effect to required capital expenditures to sustain operations at existing levels. Management further believes that free cash flow is a valuable indicator of the Company's cash flow available for debt service or to fund growth opportunities. The Company provides guidance on free cash flow as useful supplemental information to investors, analysts, lenders and others.

For the three months ended March 31, 2022 and 2021, the Company had free cash flow as follows:

	For the three months ended March 31,			
(unaudited in thousands of US Dollars)		2022		2021
Cash flows from operating activities	$	55,312	$	16,011
Cash flows used by investing activities		(4,968)		(2,395)
Less: Cash growth capex		4,056		1,116
Free cash flow	**$**	**54,400**	**$**	**14,732**

REVENUES PER TONNE P_2O_5

Revenues per tonne P_2O_5 is a non-IFRS metric that considers revenues divided by sales volumes presented on P_2O_5 basis. The Company uses revenues per tonne P_2O_5 in the calculation of cash margin per tonne P_2O_5 (non-IFRS measure).

For the three months ended March 31, 2022 and 2021

For the three months ended March 31, 2022, the Company had revenues per tonne P_2O_5 by segment as follows:

(unaudited in thousands of US Dollars except as otherwise noted)		Conda		Arraias
Revenues	$	147,530	$	2,323
Sales volumes (tonnes P_2O_5)[i]		88,244		—
Revenues per Tonne P_2O_5	**$**	**1,672**	**$**	**—**

i. P_2O_5 basis for Conda's products considers MAP as 52% P_2O_5, MAP+ as 39% P_2O_5 and APP as 34% P_2O_5. P_2O_5 basis for Arraias' products considers SSP and SSP+ as 17% P_2O_5 and excess sulfuric acid as 0% P_2O_5.

For the three months ended March 31, 2021, the Company had revenues per tonne P_2O_5 by segment as follows:

(unaudited in thousands of US Dollars except as otherwise noted)		Conda		Arraias
Revenues	$	90,142	$	—
Sales volumes (tonnes P_2O_5)[i]		86,015		—
Revenues per Tonne P_2O_5	**$**	**1,048**	**$**	**—**

i. P_2O_5 basis for Conda's products considers MAP as 52% P_2O_5, MAP+ as 39% P_2O_5 and APP as 34% P_2O_5. P_2O_5 basis for Arraias' products considers SSP and SSP+ as 17% P_2O_5 and excess sulfuric acid as 0% P_2O_5.

CASH COSTS AND CASH COSTS PER TONNE P_2O_5

Cash costs is a non-IFRS metric that excludes depreciation and depletion and net realizable value adjustments from cost of goods sold.

Cash costs per tonne P_2O_5 is a non-IFRS metric that considers cash costs (non-IFRS metric) divided by sales volumes presented on P_2O_5 basis. The Company uses cash costs per tonne P_2O_5 in the calculation of cash margin per tonne P_2O_5 (non-IFRS measure).

For the three months ended March 31, 2022 and 2021

For the three months ended March 31, 2022, the Company had cash costs and cash costs per tonne P_2O_5 by segment as follows:

(unaudited in thousands of US Dollars except as otherwise noted)		Conda		Arraias
Cost of goods sold	$	88,607	$	**2,763**
Depreciation and depletion		(6,454)		(372)
Cash costs	**$**	**82,153**	**$**	**2,391**
Sales volumes (tonnes P_2O_5)[i]		88,244		—
Cash costs per tonne P_2O_5	**$**	**931**	**$**	**—**

i. P_2O_5 basis for Conda's products considers MAP as 52% P_2O_5, MAP+ as 39% P_2O_5 and APP as 34% P_2O_5. P_2O_5 basis for Arraias' products considers SSP and SSP+ as 17% P_2O_5 and excess sulfuric acid as 0% P_2O_5.

For the three months ended March 31, 2021, the Company had cash costs and cash costs per tonne P_2O_5 by segment as follows:

(unaudited in thousands of US Dollars except as otherwise noted)		Conda		Arraias
Cost of goods sold	$	71,013	$	600
Depreciation and depletion		(6,068)		(115)
Cash costs	**$**	**64,945**	**$**	**485**
Sales volumes (tonnes P_2O_5)[i]		86,015		—
Cash costs per tonne P_2O_5	**$**	**755**	**$**	**—**

i. P_2O_5 basis for Conda's products considers MAP as 52% P_2O_5, MAP+ as 39% P_2O_5 and APP as 34% P_2O_5. P_2O_5 basis for Arraias' products considers SSP and SSP+ as 17% P_2O_5 and excess sulfuric acid as 0% P_2O_5.

CASH MARGIN AND CASH MARGIN PER TONNE P_2O_5

Cash margin is a non-IFRS metric that considers revenues less cash cost (non-IFRS metric).

Cash margin per tonne P_2O_5 is a non-IFRS metric that considers cash margin (non-IFRS metric) divided by sales volumes presented on P_2O_5 basis. Management believes that cash margin per tonne P_2O_5 is a valuable indicator of the Company's ability to generate margin on sales across its various phosphate and specialty fertilizer products normalized on a per tonne P_2O_5 basis.

For the three months ended March 31, 2022 and 2021

For the three months ended March 31, 2022, the Company had cash margin and cash margin per tonne P_2O_5 by segment as follows:

(unaudited in thousands of US Dollars except as otherwise noted)		Conda		Arraias
Revenues	$	147,530	$	**2,323**
Cash costs		82,153		2,391
Cash margin	**$**	**65,377**	**$**	**(68)**
Sales volumes (tonnes P_2O_5)[i]		88,244		—
Cash margin per tonne P_2O_5	**$**	**741**	**$**	**—**

i. P_2O_5 basis for Conda's products considers MAP as 52% P_2O_5, MAP+ as 39% P_2O_5 and APP as 34% P_2O_5. P_2O_5 basis for Arraias' products considers SSP and SSP+ as 17% P_2O_5 and excess sulfuric acid as 0% P_2O_5.

For the three months ended March 31, 2021, the Company had cash margin and cash margin per tonne P_2O_5 by segment as follows:

(unaudited in thousands of US Dollars except as otherwise noted)		Conda		Arraias
Revenues	$	90,142	$	—
Cash costs		64,945		485
Cash margin	**$**	**25,197**	**$**	**(485)**
Sales volumes (tonnes P_2O_5)[i]		86,015		—
Cash margin per tonne P_2O_5	**$**	**293**	**$**	**—**

i. P_2O_5 basis for Conda's products considers MAP as 52% P_2O_5, MAP+ as 39% P_2O_5 and APP as 34% P_2O_5. P_2O_5 basis for Arraias' products considers SSP and SSP+ as 17% P_2O_5 and excess sulfuric acid as 0% P_2O_5.

9. BUSINESS RISKS AND UNCERTAINTIES

FORWARD-LOOKING INFORMATION

This MD&A contains "forward-looking information" within the meaning of applicable Canadian securities legislation. Except for statements of historical fact relating to the Company, information contained herein may constitute forward-looking information. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects", "is expected", "estimates", "intends", "believes", "forecasts", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved."

Forward-looking information contained herein may include, without limitation, statements with respect to the Company's:

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

Management believes that forward-looking information provides useful supplemental information to investors, analysts, lenders and others. In evaluating forward-looking information, investors, lenders and others should consider that forward looking information may not be appropriate for other purposes and are cautioned not to put undue reliance on forward-looking information. Forward-looking information contained in this MD&A is based on the opinions, assumptions and estimates of management set out herein, which management believes are reasonable as at the date the statements are made. Such opinions, assumptions and estimates are inherently subject to a variety of risks and uncertainties and other known and unknown factors that could cause actual events or results to differ materially from those projected in forward-looking information.

These factors include risks and uncertainties relating to:

- commodity price risks;
- operating risks;
- safety risks;
- Mineral Reserves and Mineral Resources risks;
- mine development and completion risks;
- foreign operations risks;
- regulatory risks;
- environmental risks;
- asset retirement obligations risks;
- weather risks;
- climate change risks;
- currency risks;
- competition risks;
- counterparty risks;
- financing risks;
- additional capital risks;
- credit risks;

- key personnel risks;
- impairment risks;
- cybersecurity risks;
- transportation risks;
- infrastructure risks;
- equipment and supplies risks;
- concentration risks;
- litigation risks;
- permitting and licensing risks;
- land title and access rights risks;
- insurance and uninsured risks;
- acquisitions and integration risks;
- malicious acts risks;
- stock price volatility risks;
- limited history of earnings risks;
- technological advancement risks;
- tax risks;
- foreign subsidiaries risks;
- reputation damage risks;
- controlling shareholder risks;
- conflicts of interest risks;
- epidemics, pandemics and public health risks; and
- geopolitical risks.

Although management has attempted to identify crucial factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated. The reader is cautioned not to place undue reliance on forward-looking information. Factors that may cause actual results to differ materially from expected results described in forward-looking statements include, but are not limited to, the risk factors set out herein. Readers are cautioned that the list of risks set out herein is not exhaustive. The forward-looking information included herein is expressly qualified by this cautionary statement and is made as of the date hereof. Management undertakes no obligation to publicly update or revise any forward-looking information except as required by applicable securities laws.

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

For the three months ended March 31, 2022, there have been no changes to the risks and uncertainties that have materially affected, or are reasonably likely to materially affect, the Company's forward-looking information.

10. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

11. CONTROLS AND PROCEDURES

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

The design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Further, there are inherent limitations to the effectiveness of any system of DC&P and ICFR, including the possibility of human error, circumvention of controls and procedures, collusion of two or more people, or unauthorized overriding of controls. Accordingly, even properly designed and effective controls and procedures can only provide reasonable, not absolute, assurance of achieving their objectives.

The Company has identified certain risks in its controls and procedures related to segregation of duties resulting from limited administrative staffing and manual processes. The Company is mitigating such risks through various measures, including automated processes and increased oversight. In addition, the Company continues to closely monitor potential risks to its controls and procedures as a result of the COVID-19 pandemic. While certain administrative and support activities are being conducted by working remotely, the Company has not experienced and is currently not projecting any material impact on the design or operating effectiveness of its controls and procedures as a result of the COVID-19 pandemic.

For the three months ended March 31, 2022, there were no changes to the Company’s controls and procedures that have materially affected, or are reasonably likely to materially affect, the Company’s DC&P and ICFR.

12. OTHER DISCLOSURES

RELATED PARTY TRANSACTIONS

The Company’s related party transactions include key management compensation and debt from CLF, its principal shareholder (see Note 23 in the Consolidated Financial Statements).

QUALIFIED PERSON

Unless otherwise indicated, the responsible Qualified Person, as defined by NI 43-101, who has reviewed and approved the technical information sourced from the latest respective technical reports and contained in this MD&A regarding Mineral Resources for Conda, Farim and Paris Hills is Jerry DeWolfe, Professional Geologist (P.Geo.) with the Association of Professional Engineers and Geoscientists of Alberta. Mr. DeWolfe is a full-time employee of Golder and is independent of the Company.

Unless otherwise indicated, the responsible Qualified Person, as defined by NI 43-101, who has reviewed and approved the technical information sourced from the latest respective technical reports and contained in this MD&A regarding Mineral Reserves for Conda and Farim is Edward Minnes, Professional Engineer (P.E.) licensed by the State of Missouri. Mr. Minnes is a part-time employee of Golder and is independent of the Company.

Unless otherwise indicated, the responsible Qualified Person, as defined by NI 43-101, who has reviewed and approved the technical information sourced from the latest respective technical reports and contained in this MD&A regarding Mineral Resources for Arraias, Santana and Araxá is Carlos Guzmán, FAusIMM (229036), Mining Engineer, RM (Chilean Mining Commission). Mr. Guzmán is a full-time employee of NCL Brasil Engenharia Ltda. and is independent of the Company.

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