ITAFOS

Unaudited Condensed Consolidated Interim Financial Statements
For the three and nine months ended September 30, 2022
November 14, 2022

ITAFOS

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CONDENSED CONSOLIDATED INTERIM BALANCE SHEETS
AS AT SEPTEMBER 30, 2022 AND DECEMBER 31, 2021

(unaudited in thousands of US Dollars)		September 30, 2022		December 31, 2021
Assets				
Cash and cash equivalents	$	36,177	$	31,565
Accounts receivable		41,378		39,688
Inventories, net *(Note 5)*		119,442		112,704
Other current assets *(Note 8)*		7,943		11,173
Total current assets	**$**	**204,940**	**$**	**195,130**
Long-term inventories, net *(Note 5)*		1,305		1,505
Property, plant and equipment, net *(Note 6)*		323,931		313,073
Mineral properties, net *(Note 7)*		117,713		120,746
Other long-term assets *(Note 8)*		3,558		3,399
Total non-current assets	**$**	**446,507**	**$**	**438,723**
Total assets	**$**	**651,447**	**$**	**633,853**
Liabilities				
Accounts payable and accrued liabilities *(Note 9)*	$	76,858	$	61,469
Provisions *(Note 10)*		3,033		4,072
Current debt *(Note 11)*		29,544		52,838
Contract liabilities		1,061		913
Other current liabilities *(Note 12)*		2,525		2,544
Total current liabilities	**$**	**113,021**	**$**	**121,836**
Long-term debt *(Note 11)*		119,833		187,010
Deferred tax liabilities, net *(Note 19)*		731		1,670
Long-term provisions *(Note 10)*		178,024		170,232
Other long-term liabilities *(Note 12)*		16,171		18,500
Total long-term liabilities	**$**	**314,759**	**$**	**377,412**
Total liabilities	**$**	**427,780**	**$**	**499,248**
Equity				
Share capital *(Note 13)*		536,074		532,390
Contributed surplus		246,626		246,626
Cumulative translation adjustment reserve		4,660		4,660
Deficit		(564,858)		(650,236)
Shareholders' equity *(Note 13)*	**$**	**222,502**	**$**	**133,440**
Non-controlling interest *(Notes 2 and 13)*		1,165		1,165
Total equity	**$**	**223,667**	**$**	**134,605**
Total liabilities and equity	**$**	**651,447**	**$**	**633,853**

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 AND COMPREHENSIVE INCOME FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021

(unaudited in thousands of US Dollars except as otherwise noted)	*For the three months ended September 30,* 2022	2021	*For the nine months ended September 30,* 2022	2021
Revenues *(Note 14)*	**$ 153,187**	**$ 103,005**	**$ 458,045**	**$ 296,463**
Cost of goods sold (Note 3)	106,525	63,178	291,301	205,501
Gross margin	**$ 46,662**	**$ 39,827**	**$ 166,744**	**$ 90,962**
Selling, general and administrative expenses *(Note 15)*	5,874	6,145	22,494	19,415
Operating income	**$ 40,788**	**$ 33,682**	**$ 144,250**	**$ 71,547**
Foreign exchange gain *(Notes 16)*	(679)	(926)	(1,264)	(868)
Other income , net (Note 17)	855	214	8,724	358
Loss on asset disposal	—	(145)	—	(97)
Finance expense, net *(Note 18)*	(22,763)	(11,999)	(40,113)	(28,955)
Income before income taxes	**$ 18,201**	**$ 20,826**	**$ 111,597**	**$ 41,985**
Current and deferred income tax expense *(Note 19)*	10,113	5,150	26,219	14,826
Net income	**$ 8,088**	**$ 15,676**	**$ 85,378**	**$ 27,159**
Net income and comprehensive income attributable to non-controlling interest *(Notes 2 and 13)*	—	411	—	411
Net income and comprehensive income attributable to shareholders of the Company	**$ 8,088**	**$ 15,265**	**$ 85,378**	**$ 26,748**
Basic earnings ($/share) *(Note 13)*	**$ 0.04**	**$ 0.08**	**$ 0.45**	**$ 0.15**
Diluted earnings ($/share) *(Note 13)*	**$ 0.04**	**$ 0.08**	**$ 0.45**	**$ 0.14**

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

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021

(unaudited in thousands of US Dollars except as otherwise noted)	Number of shares		Amount		Contributed surplus		Cumulative translation adjustment reserve		Deficit		Shareholders' equity		Non-controlling interest		Total equity
Balance as at December 31, 2021	**186,814,842**	**$**	**532,390**	**$**	**246,626**	**$**	**4,660**	**$**	**(650,236)**	**$**	**133,440**	**$**	**1,165**	**$**	**134,605**
Net income	—		—		—		—		85,378		85,378		—		85,378
Issuance of shares under RSU Plan *(Note 13)*	1,956,209		3,684		—		—		—		3,684		—		3,684
Balance as at September 30, 2022	**188,771,051**	**$**	**536,074**	**$**	**246,626**	**$**	**4,660**	**$**	**(564,858)**	**$**	**222,502**	**$**	**1,165**	**$**	**223,667**
Balance as at December 31, 2020	**185,462,824**	**$**	**531,647**	**$**	**246,626**	**$**	**4,660**	**$**	**(701,264)**	**$**	**81,669**	**$**	**754**	**$**	**82,423**
Net income	—		—		—		—		26,748		26,748		411		27,159
Issuance of shares under RSU Plan *(Note 13)*	1,352,018		743		—		—		—		743		—		743
Balance as at September 30, 2021	**186,814,842**	**$**	**532,390**	**$**	**246,626**	**$**	**4,660**	**$**	**(674,516)**	**$**	**109,160**	**$**	**1,165**	**$**	**110,325**

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

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021

	For the nine months ended September 30,	
(unaudited in thousands of US Dollars)	**2022**	**2021**
Operating activities		
Net income	$ 85,378	$ 27,159
Adjustments for the following items:		
Depreciation and depletion	24,716	18,787
Cash settlement of share-based payments *(Note 12)*	(421)	(36)
Share-based payment expense *(Note 12)*	4,983	3,223
Current and deferred income tax expense *(Note 19)*	26,218	14,826
Income tax payments	(24,218)	(6,031)
Environmental and asset retirement obligations payments *(Note 10)*	(3,975)	(2,746)
Unrealized foreign exchange loss	1,154	1,028
Finance expense, net *(Note 18)*	40,113	28,955
Net change in non-cash working capital *(Note 22)*	12,176	(22,999)
Cash flows from operating activities	**$ 166,124**	**$ 62,166**
Investing activities		
Addition of property, plant and equipment and mineral properties *(Notes 6 and 7)*	$ (28,841)	$ (27,721)
Cash flows used by investing activities	**$ (28,841)**	**$ (27,721)**
Financing activities		
Proceeds from debt *(Note 11)*	146,300	$ 196,800
Repayment of debt *(Note 11)*	(252,080)	(197,213)
Repayment of lease liabilities *(Note 12)*	(3,023)	(3,129)
Payment of interest expense *(Note 11)*	(13,265)	(13,584)
Payment of financing related costs	(10,449)	(2,732)
Cash flows used by financing activities	**$ (132,517)**	**$ (19,858)**
Effect of foreign exchange of non-US Dollar denominated cash	$ (154)	$ (6)
Increase in cash	4,612	14,581
Beginning cash	31,565	9,539
Ending cash	**$ 36,177**	**$ 24,120**

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

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.

1. GENERAL COMPANY INFORMATION

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 located in Idaho, US with production capacity as follows:
  - approximately 550kt per year of monoammonium phosphate ("MAP"), MAP with micronutrients ("MAP+"), superphosphoric acid ("SPA"), merchant grade phosphoric acid ("MGA") and ammonium polyphosphate ("APP"); and
  - approximately 27kt per year of hydrofluorosilicic acid ("HFSA");
- Arraias – a vertically integrated phosphate fertilizer business located in Tocantins, Brazil with production capacity as follows:
  - approximately 500kt per year of single superphosphate ("SSP") and SSP with micronutrients ("SSP+"); and
  - approximately 40kt per year of excess sulfuric acid (220kt per year gross sulfuric acid production capacity);
- 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, Texas. 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. CLF is a related party (see Notes 13 and 23).

2. BASIS OF PREPARATION AND PRESENTATION

STATEMENT OF COMPLIANCE

The 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. The Interim Financial Statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2021 (the "2021 Audited Financial Statements"), which include information necessary or useful to understand the Company's business and financial statement presentation.

The Interim Financial Statements were authorized for issuance by the Company's Board of Directors on November 14, 2022.

GOING CONCERN BASIS

The 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.

CONSOLIDATION

The Interim Financial Statements include the accounts of the Company and its subsidiaries. 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. All intercompany balances and intercompany transactions are eliminated on consolidation.

The Company's consolidated entities are described in greater detail in the 2021 Audited Financial Statements. For the nine months ended September 30, 2022, the Company had no changes to its consolidated entities.

NON-CONTROLLING INTEREST ("NCI")

As at September 30, 2022 and December 31, 2021 the Company had NCI as follows:

Entity	Company interests	NCI
Itafos Arraias Mineracao e Fertilizantes S.A.	98.4%	1.6%
Itafos Santana Mineracao e Fertilizantes S.A.	99.4%	0.6%

CURRENCIES

The Company's presentation and functional currency is US Dollars ("$").

3. ACCOUNTING POLICIES

Except as noted below, the accounting policies adopted in the preparation of the Interim Financial Statements remain consistent with those adopted in the preparation of the 2021 Audited Financial Statements.

ENVIRONMENTAL AND ASSET RETIREMENT OBLIGATIONS

During Q2 2022, Conda reached a settlement with wholly-owned subsidiaries of Nutrien Ltd. ("Nutrien") related to shared environmental and asset retirement obligations at Lanes Creek mine. As a result of the settlement, Conda received an upfront cash payment of $11,000 from Nutrien in exchange for assuming responsibility for 100% of the remaining environmental and asset retirement obligations associated with Lanes Creek mine. Consequently, the Company changed its recognition of environmental and asset retirement obligations related to Lanes Creek mine from pro-rata to 100%. Conda recorded an addition to environmental and asset retirement obligations of $4,972, reduced accounts receivable by $4,676 and recorded a gain on settlement of $1,352 as a reduction of cost of goods sold. The settlement 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 ("EPA") matters (see Notes 10 and 20).

NEW ACCOUNTING STANDARDS

The IASB issued certain new accounting standards or amendments that are mandatory for accounting periods after December 31, 2021, including amendments to four IFRS standards as part of the IASB's Annual Improvements to IFRS Standards 2018-2020, which includes amendments to IFRS 3, IAS 16 and IAS 37. 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 the Interim Financial Statements.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The critical accounting estimates and judgments considered in the preparation of the Interim Financial Statements remain consistent with those considered in the preparation of the 2021 Audited Financial Statements.

5. INVENTORIES

As at September 30, 2022 and December 31, 2021, the Company had inventories as follows:

(unaudited in thousands of US Dollars)		September 30, 2022		December 31, 2021
Finished goods	$	14,488	$	22,049
Work in process		4,045		3,622
Raw materials		83,201		71,161
Spare parts		19,013		17,377
Inventories, net	**$**	**120,747**	**$**	**114,209**
Less: current portion		(119,442)		(112,704)
Long-term inventories, net	**$**	**1,305**	**$**	**1,505**

As at September 30, 2022 and December 31, 2021, the Company had non-current inventories related to raw materials at Arraias.

6. PROPERTY, PLANT AND EQUIPMENT

As at September 30, 2022 and December 31, 2021, the Company had property, plant and equipment as follows:

(unaudited in thousands of US Dollars)		Land		Buildings and plant		Machinery, equipment and other		Asset under construction		Total property, plant and equipment
Cost										
Balance as at December 31, 2021	**$**	**26,267**	**$**	**146,409**	**$**	**287,516**	**$**	**28,672**	**$**	**488,864**
Additions		—		5,876		10,110		10,410		26,396
Balance as at September 30, 2022	**$**	**26,267**	**$**	**152,285**	**$**	**297,626**	**$**	**39,082**	**$**	**515,260**
Accumulated depreciation										
Balance as at December 31, 2021	**$**	**—**	**$**	**37,395**	**$**	**138,396**	**$**	**—**	**$**	**175,791**
Additions		—		4,181		11,357		—		15,538
Balance as at September 30, 2022	**$**	**—**	**$**	**41,576**	**$**	**149,753**	**$**	**—**	**$**	**191,329**
Property, plant and equipment, net										
Balance as at December 31, 2021	**$**	**26,267**	**$**	**109,014**	**$**	**149,120**	**$**	**28,672**	**$**	**313,073**
Balance as at September 30, 2022	**$**	**26,267**	**$**	**110,709**	**$**	**147,873**	**$**	**39,082**	**$**	**323,931**

IFRS 16 – RIGHT-OF-USE ASSETS

As at September 30, 2022 and December 31, 2021, the Company had right-of-use assets, recorded as a component of property, plant and equipment, as follows:

(unaudited in thousands of US Dollars)		Right-of-use assets- buildings and plant		Right-of-use assets- machinery, equipment and other		Total right-of-use assets
Cost						
Balance as at December 31, 2021	**$**	**878**	**$**	**21,644**	**$**	**22,522**
Additions		—		35		35
Balance as at September 30, 2022	**$**	**878**	**$**	**21,679**	**$**	**22,557**
Accumulated depreciation						
Balance as at December 31, 2021	**$**	**312**	**$**	**10,941**	**$**	**11,253**
Additions		111		1,992		2,103
Balance as at September 30, 2022	**$**	**423**	**$**	**12,933**	**$**	**13,356**
Right-of-use assets, net						
Balance as at December 31, 2021	**$**	**566**	**$**	**10,703**	**$**	**11,269**
Balance as at September 30, 2022	**$**	**455**	**$**	**8,746**	**$**	**9,201**

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 and nine months ended September 30, 2022, the Company had $5,023 and $14,257 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 and nine months ended September 30, 2022, the Company's costs related to short-term leases of low-value assets were not material.

7. MINERAL PROPERTIES

As at September 30, 2022 and December 31, 2021, the Company had mineral properties as follows:

(unaudited in thousands of US Dollars)		Development costs		Exploration and evaluation costs		Accumulated depletion		Total mineral properties
Balance as at December 31, 2021	**$**	**91,268**	**$**	**72,046**	**$**	**(42,568)**	**$**	**120,746**
Additions		4,866		1,275		—		6,141
Depletion		—		—		(9,174)		(9,174)
Balance as at September 30, 2022	**$**	**96,134**	**$**	**73,321**	**$**	**(51,742)**	**$**	**117,713**

8. OTHER ASSETS

As at September 30, 2022 and December 31, 2021, the Company had other assets as follows:

(unaudited in thousands of US Dollars)		September 30, 2022		December 31, 2021
Tax credits	$	6,761	$	6,592
Prepaid expenses		2,897		4,310
Deposits		1,042		1,041
Advances to suppliers		257		2,062
Other		544		567
Other assets	**$**	**11,501**	**$**	**14,572**
Less: current portion		(7,943)		(11,173)
Other non-current assets	**$**	**3,558**	**$**	**3,399**

As at September 30, 2022 and December 31, 2021, the Company had other current assets as follows:

(unaudited in thousands of US Dollars)		September 30, 2022		December 31, 2021
Tax credits	$	4,104	$	4,088
Prepaid expenses		2,897		4,310
Advances to suppliers		257		2,062
Deposits		292		292
Other		393		421
Other current assets	**$**	**7,943**	**$**	**11,173**

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

As at September 30, 2022 and December 31, 2021, the Company had accounts payable and accrued liabilities as follows:

(unaudited in thousands of US Dollars)		September 30, 2022		December 31, 2021
Trade payables	$	34,873	$	25,295
Taxes payable		16,199		13,221
Accrued liabilities and other		10,683		9,537
Payroll and related taxes payable		7,767		8,838
Rebates		2,974		1,028
Other payables		4,362		3,550
Accounts payable and accrued liabilities	**$**	**76,858**	**$**	**61,469**

10. PROVISIONS

As at September 30, 2022 and December 31, 2021, the Company had provisions as follows:

(unaudited in thousands of US Dollars)		September 30, 2022		December 31, 2021
Environmental and asset retirement obligations	$	180,734	$	174,056
Contingent liabilities		323		248
Provisions	**$**	**181,057**	**$**	**174,304**
Less: current portion		(3,033)		(4,072)
Long-term provisions	**$**	**178,024**	**$**	**170,232**

For the period December 31, 2021 through September 30, 2022, the Company had changes in environmental and asset retirement obligations as follows:

(unaudited in thousands of US Dollars)		Environmental and asset retirement obligations
Balance as at December 31, 2021	**$**	**174,056**
Additions		7,928
Payments		(3,975)
Changes		248
Accretion *(Note 18)*		2,477
Balance as at September 30, 2022	**$**	**180,734**

For the nine months ended September 30, 2022, Conda recorded an addition to its environmental and asset retirement obligations of $4,972 as a result of the settlement with Nutrien related to shared environmental and asset retirement obligations at Lanes Creek mine (see Note 3).

11. DEBT

OVERVIEW

As at September 30, 2022 and December 31, 2021, the Company had debt as follows:

(unaudited in thousands of US Dollars)		September 30, 2022		December 31, 2021
Term Loan	$	85,217	$	—
ABL Facility		65,000		—
Deferred financing costs related to the Credit Facilities		(4,486)		—
2021 Term Loan		—		198,863
Deferred financing costs related to the 2021 Term Loan		—		(9,423)
Promissory Note		—		43,283
Conda ABL		—		5,000
Conda equipment financings		2,811		909
Brazilian debentures		835		885
Canadian debentures		—		331
Debt	**$**	**149,377**	**$**	**239,848**
Less: current portion		(29,544)		(52,838)
Long-term debt	**$**	**119,833**	**$**	**187,010**

For the period December 31, 2021 through September 30, 2022, the Company had changes in debt as follows:

(unaudited in thousands of US Dollars)	Current debt	Long-term debt
Balance as at December 31, 2021	**$ 52,838**	**$ 187,010**
Proceeds from the Term Loan	28,322	56,678
Proceeds from the ABL Facility	—	65,000
Deferred financing costs related to the Credit Facilities	—	(4,590)
Amortization of financing costs related to the Credit Facilities	—	104
Accrual of cash interest of the Term Loan	217	—
Amortization of financing costs of the 2021 Term Loan	—	4,170
Repayment of the 2021 Term Loan	(30,750)	(166,563)
Reclassification of the 2021 Term Loan to current debt	(19,250)	19,250
Payment of cash interest of the 2021 Term Loan	(13,265)	—
Accrual of cash interest of the 2021 Term Loan	11,715	—
Derecognition of financing costs of the 2021 Term Loan	—	5,252
Repayment of the Promissory Note	—	(48,277)
Accrual of in-kind interest of Promissory Note	—	4,994
Repayment of the Conda ABL	—	(5,000)
New Conda equipment financings	—	2,930
Repayment of Conda equipment financings	(736)	(291)
Reclassification of the Conda equipment financings to current debt	466	(466)
Repayment of Brazilian Debentures	—	(124)
Change in Brazilian Debentures	59	16
Repayment of Canadian debentures	(91)	(248)
Change in Canadian debentures	19	(12)
Balance as at September 30, 2022	**$ 29,544**	**$ 119,833**

CREDIT FACILITIES

On September 22, 2022, the Company entered into two three-year credit facilities (the “Credit Facilities”) with a syndicate of lenders pursuant to which the lenders have advanced (i) an $85,000 term loan (the “Term Loan”) to the Company and made available a $35,000 letter of credit facility (the “LC Facility”) and (ii) an $80,000 asset-based revolving credit facility (the “ABL Facility”). The proceeds of the Term Loan and ABL Facility were used to refinance the Company’s indebtedness under the existing secured term loan (the “2021 Term Loan”), Conda’s secured working capital facility (the “Conda ABL”), the Company’s unsecured and subordinated promissory note (the “Promissory Note”), the Canadian Debentures and to pay related transaction costs and fees. The refinancing provided for the retirement of all related party debt. Proceeds from the ABL Facility will also be used for working capital and general corporate purposes.

The key terms of the Term Loan and LC Facility are as follows:

- the Term Loan is secured by the assets of the Company and its US subsidiaries;
- term of three years with maturity on September 22, 2025;
- interest shall accrue on outstanding borrowings at a rate equal to Term Secured Overnight Financing Rate (“SOFR”) plus a margin ranging from 4.25% to 5.25% per annum based upon the total net leverage ratio of the Company and its subsidiaries. The initial borrowings are at a margin rate of 4.25%;
- the LC Facility bears interest at 0.5% per annum for undrawn committed amounts; and
- the Term Loan requires quarterly amortization payments, and the Company may make incremental prepayments of the Term Loan borrowings without penalty or premium.

As at September 30, 2022, the Company posted letters of credit of $32,793 under the LC Facility.

The key terms of the ABL Facility are as follows:

- term of three years with maturity on September 22, 2025;
- secured by the assets of the Company and its US subsidiaries and guaranteed by certain of the Company's US subsidiaries;
- interest shall accrue on outstanding borrowings at a rate equal to Term SOFR plus a margin ranging from 2.25% to 2.75% per annum, based upon the average excess availability under the ABL Facility. The initial borrowings are at a margin rate of 2.75%; and
- a commitment fee shall accrue for undrawn committed amounts, at 0.375% per annum.

The Term Loan includes financial covenants that require the Company to comply with certain ratios and thresholds. As at September 30, 2022, the Company was in compliance with all financial covenants related to the Term Loan. The ABL Facility includes a springing financial covenant that applies if availability under the ABL Facility falls below a specified level. The principal springing financial covenant in the ABL Facility, if applicable, requires the Company to maintain a specified Minimum Fixed Charge Coverage Ratio at the end of each fiscal quarter. As at September 30, 2022, the springing financial covenants related to the ABL Facility were not applicable (see Note 24).

2021 TERM LOAN

The 2021 Term Loan bore interest at 8.25% per annum plus the London Interbank Offered Rate ("LIBOR"), subject to a floor of 1.00%, with interest payments payable in cash on a quarterly basis. The Term Loan had a maturity of August 25, 2024. On September 22, 2022, the Company repaid the 2021 Term Loan in full. The changes in the Company's debt as a result of the repayment of the 2021 Term Loan resulted in a loss on debt extinguishment of $12,782, which was recorded as finance expense (see Note 18). The loss on debt extinguishment includes (i) the derecognition of financing costs of the 2021 Term Loan of $5,252 and (ii) an exit fee, premium fee and legal fees totaling an amount of $7,530 paid in cash.

PROMISSORY NOTE

The Promissory Note bore interest at 15% per annum on drawn amounts and 4% per annum on undrawn amounts, with interest payments payable in-kind on a quarterly basis. The Promissory Note interest rate per annum increased from 15% payable in-kind to 18% payable in-kind starting on August 25, 2022 (see Note 23). On September 22, 2022, the Company repaid the Promissory Note in full. The changes in the Company's debt as a result of the repayment of the Promissory Note resulted in a loss on debt extinguishment of $1,863, which was recorded as finance expense (see Note 18). The loss on debt extinguishment is related to an exit fee paid in cash.

CONDA ABL

The Conda ABL had a commitment amount of $40,000. The Conda ABL bore interest as follows:

- for cash drawn, at a variable rate tied to Conda's fixed charge coverage ratio and LIBOR, with a rate ranging from 1.75%-2.25% per annum plus LIBOR on drawn amounts;
- for posted letters of credit, at a variable rate tied to Conda's fixed charge coverage ratio with a rate ranging from 1.75%-2.25%% per annum; and
- for undrawn committed amounts, at 0.375% per annum.

On September 22, 2022, the Company repaid the Conda ABL in full. The changes in the Company's debt as a result of the repayment of the Conda ABL resulted in a loss on debt extinguishment of $166, which was recorded as finance expense and paid in cash (see Note 18).

CONDA EQUIPMENT FINANCINGS

During Q2 2022, Conda purchased mining equipment in exchange for a note payable of $3,930 with maturity on April 23, 2027. The note payable bears interest at 4.75% per annum with an upfront principal payment of $1,000 and equal monthly installments of principal and interest thereafter through maturity.

Conda also has other equipment financings. The note payable bears interest at 5.75% per annum with maturity on March 11, 2024, and is payable in equal monthly installments of principal and interest through maturity. During Q3 2022, Conda also repaid in full an equipment financing that bore interest at 8.3% per annum with maturity on August 28, 2022.

DEBENTURES

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 Canadian debentures bore interest at 10% per annum with 10 equal annual installments of principal and interest through maturity on October 27, 2026 (see Note 23). On September 22, 2022, the Company repaid in full the Canadian debentures.

12. OTHER LIABILITIES

As at September 30, 2022 and December 31, 2021, the Company had other long-term liabilities as follows:

(unaudited in thousands of US Dollars)		September 30, 2022		December 31, 2021
Lease liabilities	$	12,016	$	14,244
Other tax liabilities		2,752		2,607
Share-based payments		3,269		3,499
Other		659		694
Other liabilities	**$**	**18,696**	**$**	**21,044**
Less: current portion		(2,525)		(2,544)
Other long-term liabilities	**$**	**16,171**	**$**	**18,500**

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 September 30, 2022 and December 31, 2021, the Company had other current liabilities as follows:

(unaudited in thousands of US Dollars)		September 30, 2022		December 31, 2021
Lease liabilities	$	2,525	$	2,544
Other current liabilities	**$**	**2,525**	**$**	**2,544**

As at September 30, 2022, the Company had total future contractual payments for leases recognized under IFRS 16 as follows:

(unaudited in thousands of US Dollars)		September 30, 2022
Within 1 year	$	2,525
Between 2 and 3 years		6,538
Between 4 and 5 years		2,871
After 5 years		2,828
Total contractual payments	**$**	**14,762**

For the period December 31, 2021 through September 30, 2022, the Company had changes in lease liabilities as follows:

(unaudited in thousands of US Dollars)		Current Lease Liabilities		Long-term Lease Liabilities
Balance as at December 31, 2021		**2,544**		**11,700**
New leases commenced		20		15
Interest accrual on the leases *(Note 18)*		760		—
Lease payments		(799)		(2,224)
Balance as at September 30, 2022	**$**	**2,525**	**$**	**9,491**

OTHER TAX LIABILITIES

As at September 30, 2022 and December 31, 2021, other tax liabilities 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 September 30, 2022 and December 31, 2021, share-based payments were related to RSUs granted by the Company under its restricted share unit plan (the "RSU Plan").

As at September 30, 2022, the Company had 5,208,347 RSUs outstanding and 6,014,017 RSUs available for issuance under its RSU Plan. As at December 31, 2021, the Company had 6,985,661 RSUs outstanding and 6,978,838 RSUs available for issuance under its RSU Plan.

For the period December 31, 2021 through September 30, 2022, the Company had changes in RSUs as follows:

(in number of RSUs)	RSUs
Balance as at December 31, 2021	**6,985,661**
Granted	1,521,984
Cash settled	(199,712)
Vested	(2,542,422)
Forfeited	(557,164)
Balance as at September 30, 2022	**5,208,347**

For the three months ended September 30, 2022, the Company granted 82,230 RSUs to management under its RSU Plan. For the nine months ended September 30, 2022, the Company granted 1,521,984 RSUs under its RSU Plan, including 105,724 RSUs granted to directors, 736,436 RSUs granted to management and 679,824 RSUs granted to employees and certain contractors.

For the nine months ended September 30, 2022, the Company cash settled 199,712 RSUs for $421 due to vesting under its RSU Plan. For the nine months ended September 30, 2021, the Company cash settled 74,597 RSUs for $36 due to vesting under its RSU Plan.

For the nine months ended September 30, 2022, the Company issued 1,956,209 shares (net of 586,213 shares withheld to pay applicable taxes) due to vesting under its RSU Plan. For the nine months ended September 30, 2021, the Company issued 1,352,018 shares (net of 408,699 shares withheld to pay applicable taxes) due to vesting under its RSU Plan (see Note 13).

For the three months ended September 30, 2022 and 2021, the Company had share-based payment expense of $252 and $89, respectively. For the nine months ended September 30, 2022 and 2021, the Company had share-based payment expense of $4,983 and $3,223, respectively (see Note 15).

13. SHARE CAPITAL

AUTHORIZED CAPITAL

As at September 30, 2022, the Company was authorized to issue up to 5,000,000,000 shares, consisting of 4,000,000,000 shares of common stock and 1,000,000,000 shares of preferred stock, each with a par value of 0.00001 US Dollars per share.

SHARES ISSUED AND OUTSTANDING

As at September 30, 2022 and December 31, 2021, the Company had 188,771,051 and 186,814,842 shares outstanding, respectively. As at September 30, 2022 and December 31, 2021, CLF beneficially owned and controlled 124,961,722 shares of the Company, representing approximately 66.2% and 66.9% of the shares outstanding, respectively (see Notes 1 and 23).

For the nine months ended September 30, 2022, the Company issued 1,956,209 shares (net of 586,213 shares withheld to pay applicable taxes) due to vesting under its RSU Plan (see Note 12).

For the three months ended September 30, 2021, the Company issued 52,356 shares (net of 25,829 shares withheld to pay applicable taxes) due to vesting under its RSU Plan (see Note 12). For the nine months ended September 30, 2021, the Company issued 1,352,018 shares (net of 408,699 shares withheld to pay applicable taxes) due to vesting under its RSU Plan (see Note 12).

WEIGHTED-AVERAGE NUMBER OF SHARES

For the three and nine months ended September 30, 2022 and 2021, the Company had weighted-average number of shares and potentially dilutive RSUs as follows:

	For the three months ended September 30,		*For the nine months ended September 30,*	
(in number of shares)	**2022**	**2021**	**2022**	**2021**
Basic weighted-average shares outstanding	188,771,051	186,802,302	188,012,062	186,210,550
Weighted-average number of potentially dilutive RSUs	2,620,000	2,995,530	2,706,082	2,677,235
Diluted weighted-average shares outstanding	**191,391,051**	**189,797,832**	**190,718,144**	**188,887,785**

For the three and nine months ended September 30, 2022 and 2021 the Company recorded net income. Accordingly, all potentially dilutive RSUs were included in the diluted weighted-average shares outstanding.

NCI

As at September 30, 2022 and December 31, 2021, the Company had NCI of $1,165 (see Note 2).

14. REVENUES

For the three and nine months ended September 30, 2022 and 2021, Conda had revenues as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
(unaudited in thousands of US Dollars)	**2022**	**2021**	**2022**	**2021**
MAP	$ 85,842	$ 43,215	$ 246,303	$ 124,933
MAP+	8,077	13,388	19,777	31,294
SPA	44,545	43,960	161,739	131,042
MGA	446	64	995	541
APP	4,940	2,378	11,506	8,653
HFSA	1,424	—	1,424	—
Revenues	**$ 145,274**	**$ 103,005**	**$ 441,744**	**$ 296,463**

For the three months ended September 30, 2022 and 2021, Conda had one customer and two customers that individually accounted for more than 10%, respectively of Conda's total revenues. For the three months ended September 30, 2022, this customer represented approximately 62% of Conda's total revenues. For the three months ended September 30, 2021, these two customers represented approximately 50% and 10%, respectively of Conda's total revenues.

For the nine months ended September 30, 2022 and 2021, Conda had one customer and two customers that individually accounted for more than 10%, respectively, of Conda's total revenues. For the nine months ended September 30, 2022, this customer represented approximately 62% of Conda's total revenues. For the nine months ended September 30,2021, these two customers represented approximately 52% and 12%, respectively of Conda's total revenues.

For the three and nine months ended September 30, 2022 and 2021, Arraias had revenues as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
(unaudited in thousands of US Dollars)	**2022**	**2021**	**2022**	**2021**
SSP	$ —	$ —	$ —	$ —
SSP+	—	—	—	—
Sulfuric acid	7,913	—	16,301	—
Revenues	**$ 7,913**	**$ —**	**$ 16,301**	**$ —**

For the three months ended September 30,2022, Arraias had two customers that individually accounted for more than 10% of Arraias' total revenues. For the three months ended September 30, 2022, these two customers represented approximately 47% and 10%, respectively of Arraias' total revenues.

For the nine months ended September 30, 2022, Arraias had two customers that individually accounted for more than 10% of Arraias' total revenues. For the nine months ended September 30, 2022, these two customers represented approximately 50% and 11%, respectively of Arraias' total revenues.

15. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

For the three and nine months ended September 30, 2022 and 2021, the Company had selling, general and administrative expenses as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
(unaudited in thousands of US Dollars)	**2022**	**2021**	**2022**	**2021**
Payroll expenses	$ 3,079	$ 3,750	$ 9,634	$ 9,455
Professional fees	1,235	1,249	2,991	3,484
Share-based payments expense	252	89	4,983	3,223
Insurance expenses	291	298	821	846
Office, travel and general administrative expenses	794	601	3,290	1,956
Director fees	223	158	775	451
Selling, general and administrative expenses	**$ 5,874**	**$ 6,145**	**$ 22,494**	**$ 19,415**

16. FOREIGN EXCHANGE GAIN (LOSS)

For the three months ended September 30, 2022 and 2021, the Company recognized a foreign exchange loss of $(679) and $(926), respectively. For the nine months ended September 30, 2022 and 2021, the Company recognized a foreign exchange loss of $(1,264) and $(868), respectively. These amounts are primarily comprised of the gain or loss resulting from remeasuring monetary items denominated in Brazilian Reals and Canadian Dollars.

17. OTHER INCOME (EXPENSE)

For the three months ended September 30, 2022 and 2021, the Company recognized other income of $855 and $214, respectively.

For the nine months ended September 30, 2022 and 2021, the Company recognized other income of $8,724 and $358, respectively. For the nine months ended September 30, 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.

18. FINANCE EXPENSE (INCOME)

For the three and nine months ended September 30, 2022 and 2021, the Company had finance expense (income) as follows:

(unaudited in thousands of US Dollars)	*For the three months ended September 30,* 2022	2021	*For the nine months ended September 30,* 2022	2021
Interest expense	$ 5,770	$ 7,203	$ 17,852	$ 21,947
Amortization of deferred financing costs related to the Credit Facilities *(Note 11)*	104	—	104	—
Amortization of deferred financing costs related to the Previous Credit Facility	—	192	—	1,260
Amortization of deferred financing costs related to the 2021 Term Loan *(Note 11)*	1,032	423	4,170	423
Loss on debt extinguishment of the Previous Credit Facility	—	2,012	—	2,012
Loss on debt extinguishment of the Promissory Note *(Note 11)*	1,863	1,546	1,863	1,546
Loss on debt extinguishment of the Term Loan *(Note 11)*	12,782	—	12,782	—
Loss on debt extinguishment of the Conda ABL *(Note 11)*	166	—	166	—
Environmental and asset retirement obligation accretion expense *(Note 10)*	857	334	2,477	863
Interest on lease liabilities *(Note 12)*	246	292	760	908
Interest income	(57)	(3)	(61)	(4)
Finance expense, net	**$ 22,763**	**$ 11,999**	**$ 40,113**	**$ 28,955**

19. INCOME TAXES

For the three and nine months ended September 30, 2022 and 2021, the Company had total current and deferred income tax expense as follows:

(unaudited in thousands of US Dollars)	*For the three months ended September 30,* 2022	2021	*For the nine months ended September 30,* 2022	2021
Current income tax expense	$ 11,457	$ 6,225	$ 27,064	$ 15,603
Deferred income tax recovery	(1,344)	(1,075)	(845)	(777)
Total current and deferred income tax expense	**$ 10,113**	**$ 5,150**	**$ 26,219**	**$ 14,826**
Actual effective tax rate (%)	55.6	24.7	23.5	35.3

DEFERRED TAX ASSETS

As at September 30, 2022 and December 31, 2021, the Company had deferred tax assets as follows:

(unaudited in thousands of US Dollars)	**September 30, 2022**	**December 31, 2021**
Payroll and related taxes payable	$ 1,177	$ 1,726
Mineral properties	18,745	15,372
Interest expense	—	1,297
Deferred tax assets	**$ 19,922**	**$ 18,395**
Offset of deferred tax liabilities	(19,922)	(18,395)
Deferred tax assets, net	**$ —**	**$ —**

As at September 30, 2022 and December 31, 2021, the Company had related deferred tax assets and liabilities at Conda and corporate, which have been presented on a net basis.

For the period December 31, 2021 through September 30, 2022, the Company had changes in deferred tax assets as follows:

(unaudited in thousands of US Dollars)	Payroll and related taxes payable	Mineral properties	Interest expense	Total deferred tax assets
Balance as at December 31, 2021	**$ 1,726**	**$ 15,372**	**$ 1,297**	**$ 18,395**
Credit (charge) to profit or loss	(549)	3,373	(1,297)	1,527
Balance as at September 30, 2022	**$ 1,177**	**$ 18,745**	**$ —**	**$ 19,922**

The Company has not recognized a deferred tax asset for its tax losses. As at September 30, 2022, the Company had tax losses as follows:

- Brazilian tax losses of approximately $398,595 that may be carried forward indefinitely; and
- US tax losses of $6,180 that may be carried forward indefinitely.

The Company's Brazilian tax losses are primarily related to Arraias. The Company's US tax losses are related to Paris Hills (wind down of the project is in process).

The Company has not recognized a deferred tax asset for its carry forward of interest expense from periods prior to the Company's redomiciliation from the Cayman Islands to the US. As at September 30, 2022, the Company had interest expense carryforward of approximately $41,781.

DEFERRED TAX LIABILITIES

As at September 30, 2022 and December 31, 2021, the Company had deferred tax liabilities as follows:

(unaudited in thousands of US Dollars)	September 30, 2022	December 31, 2021
Property, plant and equipment	$ 18,237	$ 17,594
Inventories	2,416	2,471
Deferred tax liabilities	**$ 20,653**	**$ 20,065**
Offset of deferred tax assets	(19,922)	(18,395)
Deferred tax liabilities, net	**$ 731**	**$ 1,670**

As at September 30, 2022 and December 31, 2021, the Company had related deferred tax assets and liabilities at Conda and corporate, which have been presented on a net basis.

For the period December 31, 2021 through September 30, 2022, the Company had changes in deferred tax liabilities as follows:

(unaudited in thousands of US Dollars)	Property, plant and equipment	Inventories	Total deferred tax liabilities
Balance as at December 31, 2021	**$ 17,594**	**$ 2,471**	**$ 20,065**
Charge (credit) to profit or loss	643	(55)	588
Balance as at September 30, 2022	**$ 18,237**	**$ 2,416**	**$ 20,653**

20. COMMITMENTS AND CONTINGENT LIABILITIES

CONTRACTUAL OBLIGATIONS

As at September 30, 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	$	29,544	$	123,134	$	1,181		—	$	**153,859**
Accounts payable and accrued liabilities		76,858		—		—		—	$	**76,858**
Provisions		3,033		13,175		35,960		128,889	$	**181,057**
Leases		2,525		6,538		2,871		2,828	$	**14,762**
Contractual obligations	**$**	**111,960**	**$**	**142,847**	**$**	**40,012**	**$**	**131,717**	**$**	**426,536**

The Company's contractual obligations do not include estimated interest payments related to such contractual obligations.

CONTINGENT LIABILITIES

The Company records contingent liabilities for legal, tax and other matters that may arise in the ordinary course of business. The Company recognizes a provision for such matters when (i) an entity has a present obligation as a result of a past event (a past event is deemed to give rise to a present obligation if, taking account of all available evidence, it is more likely than not that a present obligation exists at the end of the reporting period); (ii) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and (iii) a reliable estimate can be made of the amount of the obligation.

As at September 30, 2022, the Company has accrued contingent liabilities of $323. The Company does not believe that the outcome of any of the matters, individually or in the aggregate, that are not recorded in the Interim Financial Statements would have a material adverse effect. The ultimate amount of any liability for such matters, including interest and penalties, is uncertain and the Company is defending its position in each case.

CONDA GUARANTEES

Conda's operating and environmental permits require certain obligations related to environmental and reclamation activities to be guaranteed. As at September 30, 2022, Conda's guarantee requirements were $77,739. As at September 30, 2022, Conda had surety bonds in place for its guarantee requirements.

As at September 30, 2022, the Company had posted letters of credit of $32,793 under the LC Facility as collateral for Conda's surety bonds (see Note 11).

EPA MATTERS

In 2003, the US EPA began investigating the phosphate fertilizer industry as part of its National Enforcement Initiative regarding the mineral processing industry. The purpose of the National Enforcement Initiative is to ensure that waste resulting from mineral processing is managed in accordance with regulations under the US Resource Conservation and Recovery Act ("RCRA").

In 2018, the Company acquired Conda from subsidiaries of Agrium, a wholly-owned subsidiary of Nutrien, by way of an Asset Purchase Agreement ("APA"). Prior to the Company's acquisition of Conda, Nutrien received notices of violation ("NOVs") as a result of the National Enforcement Initiative related to various of its phosphate fertilizer operations, including Conda. Nutrien has been negotiating with the EPA to resolve the NOVs. As current owner of Conda, the Company has also been involved in such negotiations.

The Company is uncertain as to how the NOVs will be resolved. Based on settlements with other members of the phosphate fertilizer industry, the Company expects that a resolution of the NOVs could involve any or all of the following:

- penalties, which are not expected to be material;
- modification of certain operating practices;
- capital improvement projects;
- providing financial assurance for the future closure, maintenance and monitoring costs for phosphogypsum stack systems; and
- addressing findings resulting from the RCRA section 3013 site investigations.

Pursuant to the terms of the APA, Nutrien assumed full liability for all environmental and asset retirement obligations relating to the pre-closing operations of Conda, including responsibility for resolution of the NOVs. Furthermore, the APA allocates liability amongst Nutrien and the Company, including with respect to many of the potential requirements following a resolution of the NOVs as described above. Notwithstanding, the full scope of costs that the Company may ultimately incur as it relates to these matters could be material but are not currently predictable or quantifiable with reasonable certainty (see Note 3).

21. SEGMENT REPORTING

The Company's segment reporting is as follows:

- Conda;
- Arraias;
- development and exploration; and
- corporate.

The development and exploration segment is comprised of activities related to Farim, Santana, Araxá, Paris Hills and Mantaro. The Company's corporate segment considers 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 September 30, 2022 and 2021

For the three months ended September 30, 2022, the Company had net income (loss) by segment as follows:

(unaudited in thousands of US Dollars)	Conda	Arraias	Development and exploration	Corporate	Total
Revenues	**$ 145,274**	**$ 7,913**	**$ —**	**$ —**	**$ 153,187**
Cost of goods sold	98,762	7,763	—	—	106,525
Gross margin	**$ 46,512**	**$ 150**	**$ —**	**$ —**	**$ 46,662**
Selling, general and administrative expenses	923	514	274	4,163	5,874
Operating income (loss)	**$ 45,589**	**$ (364)**	**$ (274)**	**$ (4,163)**	**$ 40,788**
Foreign exchange gain (loss)	(53)	(652)	427	(401)	(679)
Other income (expense), net	—	280	(2)	577	855
Finance income (expense), net	(1,422)	52	—	(21,393)	(22,763)
Income (loss) before income taxes	**$ 44,114**	**$ (684)**	**$ 151**	**$ (25,380)**	**$ 18,201**
Current and deferred income tax expense (recovery)	14,550	—	—	(4,437)	10,113
Net income (loss)	**$ 29,564**	**$ (684)**	**$ 151**	**$ (20,943)**	**$ 8,088**

ITAFOS

For the three months ended September 30, 2021, the Company had net income (loss) by segment as follows:

(unaudited in thousands of US Dollars)	Conda	Arraias	Development and exploration	Corporate	Total
Revenues	**$ 103,005**	**$ —**	**$ —**	**$ —**	**$ 103,005**
Cost of goods sold	62,536	642	—	—	63,178
Gross margin	**$ 40,469**	**$ (642)**	**$ —**	**$ —**	**$ 39,827**
Selling, general and administrative expenses	1,106	397	289	4,353	6,145
Operating loss	**$ 39,363**	**$ (1,039)**	**$ (289)**	**$ (4,353)**	**$ 33,682**
Foreign exchange gain (loss)	(679)	614	74	(935)	(926)
Other income (expense), net	39	182	(7)	—	214
Gain on asset disposal	—	(145)	—	—	(145)
Finance expense, net	(802)	(47)	(2)	(11,148)	(11,999)
Income (loss) before income taxes	**$ 37,921**	**$ (435)**	**$ (224)**	**$ (16,436)**	**$ 20,826**
Current and deferred income tax expense	9,175	—	—	(4,025)	5,150
Net income (loss)	**$ 28,746**	**$ (435)**	**$ (224)**	**$ (12,411)**	**$ 15,676**

For the nine months ended September 30,2022 and 2021

For the nine months ended September 30, 2022, the Company had net income (loss) by segment as follows:

(unaudited in thousands of US Dollars)	Conda	Arraias	Development and exploration	Corporate	Total
Revenues	**$ 441,744**	**$ 16,301**	**$ —**	**$ —**	**$ 458,045**
Cost of goods sold	275,149	16,152	—	—	291,301
Gross margin	**$ 166,595**	**$ 149**	**$ —**	**$ —**	**$ 166,744**
Selling, general and administrative expenses	2,907	1,678	802	17,107	22,494
Operating income (loss)	**$ 163,688**	**$ (1,529)**	**$ (802)**	**$ (17,107)**	**$ 144,250**
Foreign exchange gain (loss)	(89)	(996)	332	(511)	(1,264)
Other income (expense), net	8,343	328	20	33	8,724
Finance (income) expense, net	(3,856)	9	(6)	(36,260)	(40,113)
Income (loss) before income taxes	**$ 168,086**	**$ (2,188)**	**$ (456)**	**$ (53,845)**	**$ 111,597**
Current and deferred income tax expense (recovery)	41,300	—	—	(15,081)	26,219
Net income (loss)	**$ 126,786**	**$ (2,188)**	**$ (456)**	**$ (38,764)**	**$ 85,378**

For the nine months ended September 30, 2021 the Company had net income (loss) by segment as follows:

(unaudited in thousands of US Dollars)	Conda	Arraias	Development and exploration	Corporate	Total
Revenues	**$ 296,463**	**$ —**	**$ —**	**$ —**	**$ 296,463**
Cost of goods sold	203,623	1,878	—	—	205,501
Gross margin	**$ 92,840**	**$ (1,878)**	**$ —**	**$ —**	**$ 90,962**
Selling, general and administrative expenses	3,447	1,161	1,221	13,586	19,415
Operating loss	**$ 89,393**	**$ (3,039)**	**$ (1,221)**	**$ (13,586)**	**$ 71,547**
Foreign exchange gain (loss)	(566)	697	(395)	(604)	(868)
Other income	31	243	84	—	358
Gain on asset disposal	—	(97)	-	—	(97)
Finance expense, net	(2,225)	(59)	(5)	(26,666)	(28,955)
Income (loss) before income taxes	**$ 86,633**	**$ (2,255)**	**$ (1,537)**	**$ (40,856)**	**$ 41,985**
Current and deferred income tax expense	18,753	—	—	(3,927)	14,826
Net income (loss)	**$ 67,880**	**$ (2,255)**	**$ (1,537)**	**$ (36,929)**	**$ 27,159**

As at September 30, 2022, the Company had total assets and total liabilities by segment as follows:

(unaudited in thousands of US Dollars)		Conda		Arraias		Development and exploration		Corporate		Total
Total assets	$	424,439	$	145,713	$	76,882	$	4,413	**$**	**651,447**
Total liabilities	$	245,712	$	12,916	$	3,263	$	165,889	**$**	**427,780**

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

(unaudited in thousands of US Dollars)		Conda		Arraias		Development and exploration		Corporate		Total
Total assets	$	419,603	$	135,109	$	75,691	$	3,450	**$**	**633,853**
Total liabilities	$	248,127	$	12,139	$	3,192	$	235,790	**$**	**499,248**

As at September 30, 2022 and December 31, 2021, the Company had property, plant and equipment and mineral properties by segment as follows:

(unaudited in thousands of US Dollars)		Conda		Arraias		Development and exploration		Corporate		Total
Balance as at September 30, 2022	$	244,230	$	121,073	$	75,985	$	356	**$**	**441,644**
Balance as at December 31, 2021	$	238,543	$	120,012	$	74,726	$	538	**$**	**433,819**

As at September 30, 2022 and December 31, 2021, the Company had property, plant and equipment and mineral properties by region as follows:

(unaudited in thousands of US Dollars)		September 30, 2022		December 31, 2021
Brazil (South America)	$	130,168	$	129,092
US (North America)		244,566		239,061
Guinea-Bissau (Africa)		66,910		65,666
Property, plant and equipment, and mineral properties, net	**$**	**441,644**	**$**	**433,819**

22. NET CHANGE IN NON-CASH WORKING CAPITAL

For the nine months ended September 30, 2022 and 2021, the Company had net change in non-cash working capital as follows:

(unaudited in thousands of US Dollars)		September 30, 2022		September 30, 2021
Accounts receivable	$	(1,690)	$	(17,970)
Inventories, net		(7,656)		(13,943)
Other assets and prepaids		3,473		5,738
Accounts payable and accrued liabilities		19,727		177
Other liabilities and provisions		(1,678)		2,999
Net change in non-cash working capital	**$**	**12,176**	**$**	**(22,999)**

23. 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 and nine months ended September 30, 2022 and 2021, the Company had key management compensation as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
(unaudited in thousands of US Dollars)	**2022**	**2021**	**2022**	**2021**
Management compensation[i]	$ 368	$ 293	$ 2,688	$ 1,131
Director fees	223	158	775	451
Share-based payments[ii]	—	—	1,492	282
Non-recurring compensation[iii]	—	100	966	100
Other benefits	7	5	55	48
Key management compensation	**$ 598**	**$ 556**	**$ 5,976**	**$ 2,012**

i. Includes salary and bonus payments to the Company's Chief Executive Officer, Chief Financial Officer and Chief Strategy Officer.
ii. Relates to vesting under the Company's RSU Plan.
iii. Includes cash and share-based termination payments.

RELATED PARTY DEBT

As at September 30, 2022 and December 31, 2021, the Company had related party debt as follows:

(unaudited in thousands of US Dollars)	**September 30, 2022**	**December 31, 2021**
Promissory Note	—	43,283
Canadian debentures	—	331
Related party debt	**$ —**	**$ 43,614**

On September 22, 2022, in connection with the closing of the Credit Facilities, the Company repaid in full the Promissory Note and the Canadian debentures (see Note 11).

24. 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 September 30,2022 and 2021, 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 3 of the fair value hierarchy. As at September 30, 2022 and December 31, 2021, the Company's long-term debt was stated at an amortized cost of $119,833 and $187,010, respectively and had a fair value of $106,325 and $231,645, respectively.

RISK FACTORS

Except as noted below, the risk factors considered in the Interim Financial Statements remain consistent with those considered in the 2021 Audited Financial Statements.

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.

The Company relies primarily on Conda to sustain its operations. In turn, Conda relies on key suppliers and customers. With respect to suppliers, Conda's ammonia requirements and a majority of its sulfuric acid requirements have historically been met by one supplier under respective long-term supply agreements. With respect to customers, a majority of Conda's sales have historically been to one key customer under a long-term MAP offtake agreement. Consequently, any material disruption to the operations of such key suppliers or key customer, or Conda's inability to maintain its business relationship with any such suppliers or customer, has the potential of materially adversely affecting the Company's overall production, sales or results of operations.

As at September 30, 2022, the Company had cash and cash equivalents of $36,177. As at September 30, 2022, an additional $14,614 remained available under the ABL Facility to be drawn by the Company subject to certain terms and conditions (see Note 11).

Financial Covenant Risk

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 specified Consolidated Total Net Leverage Ratio and to maintain a minimum specified Consolidated Interest Coverage Ratio as at the end of each fiscal quarter commencing September 30, 2022.

The ABL Facility includes a springing financial covenant that applies if availability under the ABL Facility falls below a specified level. The principal springing financial covenant in the ABL Facility, if applicable, requires the Company to maintain a specified minimum Fixed Charge Coverage Ratio at the end of each fiscal quarter.

ITAFOS

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.

25. SUBSEQUENT EVENTS

RSUs

Subsequent to September 30, 2022, the Company issued 98,412 shares (net of 63,850 shares withheld to pay applicable taxes) due to vesting under its RSU Plan.

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