ITAFOS

(formerly MBAC Fertilizer Corp.)

Management Discussion and Analysis Q3 2017

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(All figures are in United States Dollars ("$"), unless otherwise specified, and are in accordance with International Financial Reporting Standards 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. This Management's Discussion and Analysis of Operations and Financial Condition ("MD&A") is effective as of November 7, 2017 and should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements for the three and nine months ended September 30, 2017 ("interim financial statements") and the most recently issued annual consolidated financial statements for the year ended December 31, 2016 ("consolidated financial statements").

The Company has included certain non-GAAP financial measures, which the Company believes that together with measures determined in accordance with IFRS, provide investors with an improved ability to evaluate the underlying performance of the Company. Non-GAAP financial measures do not have any standardized meaning prescribed under IFRS and therefore they may not be comparable to similar measures employed by other companies. The data is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

Cautionary statements regarding forward-looking information and mineral reserves and mineral resources are included in this MD&A.

1. CORE BUSINESS

Itafos (TSXV: IFOS) (the "Company" or "Itafos") is engaged in the exploration, mining and production of phosphate based fertilizers. The Company is strategically positioned to grow and become a sizeable player within the worldwide phosphate industry. Itafos pursues diversification by having assets with diverse characteristics (phosphate rock mines, integrated phosphate fertilizer plants) that are in varying stages of development and located across strategic geographical zones. The Company's key mine in Brazil has a large proven phosphate rock reserve base that should facilitate the transition from its current ramp-up phase to sustainable production. Looking further ahead, management's rigorous front-end planning will continue to reduce inherent risks while maximizing long-term production and cash flow potential.

The Company owns the following projects which are in various stages of development:

- Itafos Arraias Project
  500,000 tons per year Single Super Phosphate ("SSP") integrated fertilizer production facility located in central Brazil. The integrated facility is comprised of a phosphate mine, a mill, a beneficiation plant, a sulphuric acid plant, an SSP plant and a granulation plant with related infrastructure.
- Itafos Santana Project
  High-grade phosphate deposit located near Brazil's largest fertilizer market in the state of Mato Grosso State and close to the animal feed market of Pará State.
- Itafos Araxa Project
  High-grade rare earth elements, niobium and phosphate deposit located near two operating mines and benefiting from existing local infrastructure in Minas Gerais state in Brazil.

- GB Minerals Ltd. – Farim Project ("GBL")
  The Company owns an approximate 31.3% interest in GBL. GBL owns the Farim Project, a high-grade phosphate deposit located in Guinea Bissau.
- Stonegate Agricom Ltd. ("STG")
  As of July 2017, the Company owns 100% of STG. STG owns the Paris Hills Project, a high-grade phosphate deposit located in Idaho, United States, and the Mantaro Project, a high-grade phosphate deposit located in Peru.

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

2. HIGHLIGHTS

For the three months ended September 30, 2017 (unless otherwise noted)

- On July 18, 2017, Itafos closed an arrangement agreement (dated May 18, 2017) with STG. Pursuant to that agreement, Itafos acquired all the issued and outstanding common shares of STG not already owned directly or indirectly by Itafos. The acquisition of the shares was by way of a court-approved plan of arrangement under the Business Corporations Act (Ontario). On August 1, 2017 STG ceased to be a reporting issuer.
- On August 11, 2017, the Company received funding from Zaff LLC ("Zaff") and Pala Investments Limited ("Pala") in the aggregate amount of $10 million. That funding was documented by means of a $5 million promissory note to Zaff and a $5 million promissory note to Pala. These promissory notes mature in 5 (five) months (on January 31, 2018). The promissory notes have a 15% interest rate with interest payable quarterly.
- As per its August 23, 2017 press release, the Company finalized the recommissioning of the Itafos Arraias SSP Operations at the beginning of July 2017. The Company is now actively working to ramp-up its production with a target to reach 80% by Q1 2018. Approximately 13,500 tons of beneficiated phosphate rock was produced (with most of the rock being in inventory at quarter end). In addition to the beneficiated phosphate rock production, Itafos Arraias produced approximate 21,000 tons of granulated SSP product 01:17:00 (the percentage the product contains by volume of nitrogen, phosphorus, and potassium).
- On September 9, 2017, the Company received funding from Zaff in the amount of $4.5 million. That funding was documented by means of a promissory note to Zaff. This promissory note matures in 5 (five) months (on February 28, 2018). This promissory note has a 15% interest rate with interest payable quarterly.
- On September 29, 2017, the Company elected to participate in the Brazilian Special Program for Tax Regularization (PERT) which offered significant discounts for settlement of outstanding tax liabilities. See Note 6 for additional details.
- On October 11, 2017, the Company received funding from Pala in the amount of $2 million and documented such transaction by means of a promissory note to Pala. This promissory note matures on January 31, 2018.
- On October 25, 2017 the following events took place:
  - Zaff assigned all its promissory notes to four (4) funds managed by Ice Canyon, a global investment management firm.
  - Pala assigned a promissory note in the principal amount of $5 million to one (1) of the funds managed by Ice Canyon.
  - the Company received funding from Zaff in the amount of $9.5 million and documented such transaction by means of a promissory note to Zaff. This promissory note matures on January 31, 2018.
  - the Company received funding from Pala in the amount of $4.75 million and documented such transaction by means of a promissory note to Pala. This promissory note matures on January 31, 2018.
- On November 7, 2017, the Company announced that it has signed a definitive arm's length purchase agreement with Agrium Inc. to acquire Agrium's Conda Phosphate Operations, an integrated producer of phosphate fertilizers and specialty products, for total cash consideration of approximately $100 million

(which includes inventory) on a cash and debt free basis. Conda Phosphate Operations, located in Conda, Idaho, which include phosphate production facilities and adjacent phosphate mineral rights, produces approximately 540,000 metric tons per year of mono-ammonium phosphate ("MAP"), super phosphoric acid ("SPA"), merchant grade phosphoric acid ("MGA") and specialty products ("phosphate solutions") and serves the North American fertilizer market. The transaction includes long-term strategic supply and off-take agreements. Under the terms of the supply and off-take agreements, Agrium will supply 100% of the ammonia requirements of Conda Phosphate Operations and purchase 100% of MAP product produced, with pricing formulas for both tied to benchmark phosphate fertilizer prices.

ITAFOS PROPERTIES

The following table summarizes Itafos properties and reserves:

Table 1

Category	Itafos Arraias Project	Itafos Santana Project	Itafos Araxa Project	Itafos Paris Hills Project	Itafos Mantaro Project	GBL Farim Project
Reserves - average % of P2O5	64.8 Mt. Avg. 5.1%	45.5 Mt. Avg. 12.9%	None	16.7 Mt. Avg. 29.5%	None	44.0 Mt. Avg. 30.0%
Measured and indicated resources- average % of P2O5	79.0 Mt. Avg. 4.9%	60.4 Mt. Avg. 12.0%	6.4 Mt Avg. 8.4%	90.1 Mt. Avg. 25.1%	39.5 Mt Avg. 10.0%	105.6 Mt. Avg. 28.4%
Estimated Annual Production	500 Kt. SSP	510 Kt. SPP	N/A	N/A	N/A	1.3 Mt. Phosp. Rock
Estimated Mine Life in years	19+	20+	TBD	TBD	19+	25+

ITAFOS ARRAIAS PROJECT (Brazil)

Itafos Arraias Project is in the municipality of Arraias, Tocantins state, Brazil. Itafos Arraias Project produces SSP, a type of sulphur-based phosphate fertilizer that is widely used in Brazil. SSP is an excellent source of three plant nutrients – phosphorous, sulphur and calcium. The presence of these nutrients in SSP is very beneficial to the development of crops in regions where those nutrients are deficient. Such a region is the Brazil's Cerrado region (where new agriculture areas are being developed at a rapid pace). The target market for Itafos Arraias encompasses seven states (West Bahia, North Goias, Tocantins, North East Matto Grosso, South Piaui, South Maranhao and South-East Para) within the Cerrado region. According to SIACESP/ANDA (the Association of Fertilizer and Agriculture in the state of Sao Paulo, Brazil), the total SSP market size in Brazil is estimated to be approximately 5 million tons per year. Out of that 5 million tons, approximately 1.2 million tons are estimated to be consumed in the Cerrado region.

In the beginning of 2015, upon the initiation of the restructuring of the Company in Canada and Brazil, the Company placed Itafos Arraias Project in "care and maintenance" mode. In Q4 2016, the Company completed the restructuring in Canada and Brazil. Beginning January 1, 2017, the Company commenced recommissioning activities at Itafos Arraias.

As noted in the Highlights, Itafos Arraias Project completed the recommissioning phase at the beginning of July 2017. The Company is now working to reach the commercial production phase by achieving 30 consecutive days of sustainable production at 75% capacity utilization. Itafos is actively working to ramp-up its production with a target to reach 80.0% of capacity by year-end. Once fully operational, Itafos Arraias Project will be the largest fully integrated SSP operation in the Cerrado region and one of the largest fully integrated SSP operations in Brazil.

Itafos continues to advance on its objective of building a world class leadership. Paul Dekok was appointed, in July 2017, to head Itafos' Operations group. Marten Walters, who previously led the Operations group, transitioned to head Itafos' Engineering group. Mr. Dekok is a senior executive with over 25 years of experience in the phosphate industry. Prior to joining Itafos, Mr. Dekok was President of PED Quality Consulting and is a retired President of Phosphate from Potash Corporation. Mr. Dekok has diverse operational experience in mining phosphate rock and manufacturing fertilizers. He has a successful track record in operational safety and environmental/product quality compliance. As head of Itafos' Operations group, Mr. Dekok will focus on all aspects of facility operations and will report to Itafos' CEO.

In preparation for the completion of the ramp-up of production, Itafos continues to advance the development of its go-to-market sales and marketing strategy. This strategy includes assessment of the competitive landscape, national SSP consumption trends, international sulphur and phosphate fertilizer markets, and identification of the optimal product mix and route to market.

The Company's technical report for Itafos Arraias is titled "Updated Technical Report Itafos Arraias SSP Project" and is dated and effective as of March 27, 2013. This report was prepared by Carlos Guzmán, FAusIMM, RM (Chilean Mining Commission), of NCL Brazil Ltda. ("NCL"); Beau Nicholls (BSc (Geol) MAIG), an associate consulting geologist with Andes Mining Ltd. ("AMSL"); Bradley Ackroyd (BSc (Geol) MAIG), the principal consulting geologist for AMSL; and Homero Delboni Jr. (registered member CIM & SME), owner of HDA Serviços S/S Ltda. Each preparer is a "qualified person" per the guidelines set forth in National Instrument 43-101 (the "Itafos Arraias Technical Report"). The Itafos Arraias Technical Report was prepared in accordance with National Instrument 43-101 Standards of Disclosure for Mineral Projects ("NI 43-101") and is filed under the Company's profile on SEDAR at www.sedar.com.

Proven and probable mineral reserves based on the production schedule used for the Itafos Arraias Technical Report are as follows. Information below is based on assumptions, qualifications and procedures which are not fully described herein, and reference should be made to the full text of the Itafos Arraias Technical Report:

Category	Tonnage (million tons)	P_2O_5 %
Proven reserves	15.9	5.09
Probable reserves	48.9	5.07
	64.8	**5.07**

STRATEGIC DEVELOPMENTS, CONSTRUCTION AND DEVELOPMENT

ITAFOS SANTANA PROJECT (Brazil)

The Company, through two of its subsidiaries, is the beneficial holder of nine exploration properties totaling 87,855 hectares. One of those properties is a mining permit under application and one is an exploration permit under application. These properties form the Itafos Santana Project. The Company's technical report for the Itafos Santana Project is titled "Feasibility Study – Itafos Santana Phosphate Project Pará State, Brazil," and is dated and effective as of October 28, 2013 (the "Itafos Santana Feasibility Study"). This report was prepared by Bradley Ackroyd of AMSL, Carlos Guzmán of NCL and Robert Alexander of Pegasus TSI. Each is a "qualified person" per the guidelines set forth in National Instrument 43-101 Standards of Disclosure for Mineral Projects ("NI 43-101"). The Itafos Santana Feasibility Study was prepared in accordance with NI 43-101 and is filed under the Company's profile on SEDAR at www.sedar.com. Given the early stage of the Itafos Santana Project, fluctuations in commodity prices and lapse in time since the Itafos Santana Feasibility Study was prepared, the realizable value of the project may differ significantly from the conclusions of the Itafos Santana Feasibility Study.

ITAFOS ARAXA PROJECT (Brazil)

The Company, through one of its subsidiaries, is the beneficial holder of four exploration properties totaling 214 hectares. These properties form the Itafos Araxa Project. The Company announced the results of an initial preliminary economic assessment, based on the technical report titled "A Preliminary Economic Assessment in the form of an Independent Technical Report on MBAC Fertilizer Corp. – Itafos Araxa Project", effective October 1, 2012 as amended and restated January 25, 2013 (the "Amended Itafos Araxa PEA"). The Amended Itafos Araxa PEA was prepared by Bradley Ackroyd and Andrew N. Clay of Venmyn Rand (Pty) Limited, each of whom is a "qualified person" per the guidelines set forth in NI 43-101. Given the early stage of the Itafos Araxa Project, fluctuations in commodity prices and lapse in time since the Itafos Araxa PEA was prepared, the realizable value of the project may differ significantly from the conclusions of the Itafos Araxa PEA.

FARIM PROJECT (Guinea Bissau)

The Farim Project is 100% owned by GB Minerals and located in Farim, Guinea Bissau. The project is a world class, high quality, development phosphate project containing Measured and Indicated Resources of 105.6 million dry tons at a grade of 28.4% P2O5 and additional Inferred Resources of 37.6 million dry tons at 27.7% P2O5. The Measured and Indicated Resources include 44.0 million dry tons of reserves based on a 25-year mine plan at 1.75 million tons per annum ("Mtpa") of mine production at the following Run of Mine ("ROM") grades of 30.0% P2O5. The most current NI 43-101 Report is entitled "NI 43-101 Technical Report on the Farim Phosphate Project" and dated effective September 14, 2015. The project is currently in the exploration phase.

PARIS HILLS PROJECT (Idaho)

The Paris Hills Project is in Bear Lake County, Idaho, just west of the towns of Paris and Bloomington and includes the former Bloomington Canyon, Consolidated (Little Canyon) and Paris Canyon (McIlwee) mine sites. The Paris Hills Project encompasses an area of approximately 1,010 hectares. Property holdings consist of three patented lode mining claims and 21 contiguous fee parcels (some with federal mineral reservations). The Paris Hills Project is located near the center of the western phosphate field. That phosphate field comprises the most extensive phosphorite beds in the United States and has one of the highest-grade phosphate deposits in the world. That phosphate field contains Measured and Indicated Resources of 29.8 million dry tons at a grade of 30% P2O5 and additional Inferred Resources of 4.6 million dry tons at 29.9% P2O5. The most current NI 43-101 Report is entitled "NI 43-101 Technical Paris Hills Project" and dated effective January 18, 2013. Given the early stage of the Paris Hills Project, fluctuations in commodity prices and lapse in time since the Paris Hills Technical Report was prepared, the realizable value of the project may differ significantly from the conclusions of the Paris Hills Technical Report.

MANTARO PHOSPHATE PROJECT (Peru)

The Mantaro Phosphate Property is located approximately 250 km east of Lima, Peru in the Andean altiplano near the city of Huancayo, Junin District. The Mantaro Phosphate Property encompasses 27,700 hectares trending in a northwesterly direction. The property's major asset is a mineralized zone of phosphatic rock currently defined by surface outcrops, trenches and drilling extending over a strike length of more than 30 km and a width of more than 5 km on the west side of the Mantaro River. The project contains Measured and Indicated Resources of 39.5 million dry tons at a grade of 10% P2O5 and additional Inferred Resources of 376.3 million dry tons at 9.0% P2O5.The most current NI 43-101 Report is entitled "NI 43-101 Technical Report on Mantaro Phosphate Deposit" and dated effective February 21, 2010. Given the early stage of the Mantaro Phosphate Project, fluctuations in commodity prices and lapse in time since the Mantaro Phosphate Technical Report was prepared, the realizable value of the project may differ significantly from the conclusions of the Mantaro Technical Report.

3. OUTLOOK AND STRATEGY

The Company is focused on becoming a global phosphate platform with high performing assets which are integrated (from mining activities up to fertilizer production). The Company continuously evaluates opportunities to grow through strategic partnerships, mergers and acquisitions as well as evaluates investments in its existing development assets. The execution of ongoing strategic growth initiatives is focused on increasing its global presence and shareholder's value. Currently, Itafos' primary focus continues to be the ramp-up Itafos Arraias plant located in Brazil.

Based on the favorable outcome of the legal restructuring in Brazil, and funding received by the Company to date, the Company continues to be focused on resuming operations at Itafos Arraias Project in Q1 2018.

The Company's action plan continues to be as follows:

- Improving the balance sheet and achieving operational goals by implementing efficient working capital strategies;
- Optimizing the Company's ramp-up phase by developing and continuing to invest in human capital;
- Achieving operational excellence by establishing and enforcing clear requirements and guidelines intended to capture value throughout the whole organization in a structured and focused manner;
- Positioning the Company as a "Supplier of Choice" for fertilizer inputs in its target region by leveraging competitive advantages with logistics, client proximity and product quality;
- Practicing a growth strategy of pursuing attractive greenfield and brownfield project pipelines. These pipelines include the projects that the Company currently owns or has significant interests. In addition, the Company is constantly evaluating other avenues for growth such as the acquisition of assets that may meet its strategic objective.

4. OVERVIEW OF RESULTS

The following selected financial data is derived from the unaudited condensed consolidated interim consolidated financial statements of the Company for the periods presented:

SUMMARY OF QUARTERLY RESULTS

For the three months ended (in thousands of $)	**September 30, 2017**	**June 30, 2017**	**March 31, 2017**	**December 31, 2016**
Net loss	$ (8,963)	$ (6,943)	$ (6,569)	$ (40,413)
Basic and diluted loss per share (1)	$ (0.11)	$ (0.09)	$ (0.10)	$ (0.69)
Total assets	$ 341,702	$ 328,305	$ 337,880	$ 304,758

For the three months ended (in thousands of $)	**September 30, 2016**	**June 30, 2016**	**March 31, 2016**	**December 31, 2015**
Net loss	$ (46,743)	$ (9,398)	$ (4,114)	$ (15,431)
Basic and diluted loss per share (1)	$ (25.74)	$ (5.17)	$ (2.27)	$ (8.50)
Total assets	$ 345,613	$ 371,121	$ 339,964	$ 308,429

(1) During 2016, the Company had a 1/100 share consolidation whereby, as the first step of the Company restructuring process in Canada, the number of shares outstanding were reduced from 181,607,492 to 1,816,066.

STATEMENTS OF OPERATIONS

(in thousands of United States Dollars except for shares and per share amounts, unaudited)	For the three months ended September 30, 2017	2016	For the nine months ended September 30, 2017	2016
Expenses				
Selling, general and administrative expenses	$ 4,92:	$ 1,981	$ 13,091	$ 4,098
Operations care and maintenance expenses	-	6,280	-	15,078
Impairment and write-off of property, plant and equipment and mineral properties *(Note 5 and 6)*	-	14,663	-	14,663
Operating loss	(4,921)	(22,924)	(13,091)	(33,839)
Unrealized foreign exchange gain/(loss) *(Note 14)*	(392)	(1,923)	(1,286)	22,352
Other income (expense)	(1,489)	91	(3,628)	(238)
Finance income (expense) *(Note 15)*	134	(21,682)	22	(47,696)
Loss and impairment from investment in associates *(Note 8)*	(322)	-	(1,909)	-
Other expenses Brazilian warrants	(1,400)	-	(1,400)	-
Loss before income taxes	(8,390)	(46,438)	(21,292)	(59,421)
Current and deferred income tax expense	573	305	1,183	834
Net loss	$ (8,963	$ (46,743)	$ (22,475)	$ (60,255)
Basic and diluted loss per share *(Note 13)*	$ (0.11	$ (25.74)	$ (0.30)	$ (33.18)

For the three months ended September 30, 2017 (in thousands of United States Dollars)

Selling, general and administrative ("SG&A") expenses

SG&A expenses during the three months September 30, 2017 and 2016 were $4,921 and $1,981, respectively. The expenses were primarily related to payroll, fees, and professional services expenses of the Company.

Operations care and maintenance expenses

Operational care and maintenance expenses during the three months September 30, 2017 and 2016 were $0 and $6,280, respectively. The expenses were related to the previous period of care and maintenance whereas in 2017 there is capitalization of such operating expenses resulting from the current development activities of the Company and those related to Itafos Arraias Project.

Impairment and write-off of property, plant and equipment and mineral properties

Impairment and write-off of property, plant and equipment and mineral properties during the three months ended September 30, 2017 and 2016 were $0 and $14,663, respectively. $14,663 of 2016 expenses were related to property, plant and equipment and mineral properties assets which had a carrying value greater than their fair value less costs to sell. Those expenses were related to a write-off at Itafos Arraias Project of certain machinery equipment, software, building assets and capitalized costs of approximately $6,888. Additionally, the impairment of Itafos Santana Project related to certain fixed assets and capitalized development costs of $5,875. The write-off at Itafos Araxa Project related to capitalized development costs of approximately $1,900. Those development costs did not have a near-term future economic benefit to the Company.

Unrealized foreign exchange gain (loss)

Unrealized foreign exchange loss during the three months ended September 30, 2017 and 2016 were $392 and $1,923, respectively. The amounts were primarily related to foreign exchange conversion on R$, Brazilian Real ("R$"), denominated monetary balances. During the quarter ended March 31, 2017, the functional currency was changed to $. Consequently, the foreign exchange gain (loss) was reduced.

Other income (expense)

Other income (expense) during the three months ended September 30, 2017 and 2016 were expenses of $1,489 and income of $91, respectively. The amounts were primarily related to late payment penalties on unpaid payroll taxes in Brazil and changes in other provisions.

Finance income (expense)

Finance income (expense) during the three months ended September 30, 2017 and 2016 were income $134 and expenses of $21,682, respectively. Interest had been capitalized and are included in Property, plant and equipment. $21,682 of 2016 expenses were primarily related to finance interest from lenders.

Loss and impairment from investment in associates

Loss from investments in associates during the three months ended September 30, 2017 and 2016 was $322 and $0, respectively. The amounts were related to equity pick-up loss from GBL. There was no investment in associates as of September 30, 2016.

Other expenses Brazilian warrants

Other expenses Brazilian warrants during the three months ended September 30, 2017 and 2016 was $1,400 and $0, respectively. The amounts were related to change in fair value of the Brazilian warrants holders.

Current and deferred income tax expenses

Deferred income tax expenses during the three months ended September 30, 2017 and 2016 were $573 and $305, respectively. The amounts were primarily related to unrealizable withholding tax credits.

For the nine months ended September 30, 2017 (in thousands of United States Dollars)

Selling, general and administrative ("SG&A") expenses

SG&A expenses during the nine months ended September 30, 2017 and 2016 were $13,091 and $4,098, respectively. The amounts were primarily related to payroll, fees and professional services expenses of the Company.

Operations care and maintenance expenses

Operational care and maintenance expenses during the nine months ended September 30, 2017 and 2016 were $0 and $15,078, respectively. The amounts were primarily related to the continued capitalization of such operating expenses resulting from the current development activities of the Company and, in particular those related to Itafos Arraias.

Impairment and write-off of property, plant and equipment and mineral properties

Impairment and write-off of property, plant and equipment and mineral properties during the nine months ended

September 30, 2017 and 2016 were $0 and $14,663, respectively. $14,663 of 2016 expenses were related to property, plant and equipment and mineral properties assets which had a carrying value greater than their fair value less costs to sell. Those expenses were related to write-off at Itafos Arraias Project of certain machinery equipment, software, building assets and capitalized costs of approximately $6,888. The impairment of Itafos Santana Project related to certain fixed assets and capitalized development costs of $5,875. The write-off at Itafos Araxa Project related to capitalized development costs of approximately $1,900, which did not have a near-term future economic benefit to the Company.

Unrealized foreign exchange gain (loss)

Unrealized foreign exchange gain (loss) during the nine months ended September 30, 2017 and 2016, was a loss of $1,286 and a gain of $22,352, respectively. The amounts were primarily related to foreign exchange conversion on R$ denominated monetary balances. During the quarter ended March 31, 2017, the functional currency was changed to $. Consequently, the foreign exchange gain (loss) was reduced.

Other income (expense)

Other expenses during the nine months ended September 30, 2017 and 2016 were $3,628 and $238, respectively. The amounts were primarily related to late payment penalties on unpaid payroll taxes in Brazil and changes in other provisions.

Finance income (expense)

Finance expenses during the nine months ended September 30, 2017 and 2016 were income of $22 and expense of $47,696, respectively. Interest had been capitalized and are included in property, plant and equipment.

Loss from investment in associates

During the nine months ended September 30, 2017, loss from investment in associates of $1,909 was related to equity pick-up losses from STG and GBL of $1,406 and impairment on STG of $503. There was no loss from investment in associates during the nine months ended September 30, 2016.

Other expenses Brazilian warrants

During the nine months ended September 30, 2017, other expenses Brazilian warrants of $1,400 was related to the change in fair value of the Brazilian warrants holders.

Current and deferred income tax expenses

Deferred income tax expenses during the nine months ended September 30, 2017 and 2016 were $1,183 and $834, respectively. The amounts were primarily related to unrealizable withholding tax credits.

5. FINANCIAL CONDITION

LIQUIDITY

The Company continues to focus on creating more efficient operations to maximize margins and to fund development activities and further growth. In addition to the equity financing raised in its private placement, management is pursuing further equity and/or debt financing to support the funding of strategic, general corporate and working capital requirements. Based on Itafos' strong capital base combined with continued interest in its platform from a diverse set of potential investors, management does not anticipate any significant challenges in raising the financing it requires.

The following is a summary of liquidity and capital resources balances:

(in thousands of United States Dollars)	**September 30, 2017**	December 31, 2016
Cash	$ 895	$ 2,875
Accounts receivable	274	169
Inventories	8,027	481
Other current assets	5,168	3,212
Accounts Payable and accrued liabilities (adjusted)	(7,884)	(5,212)
Provisions	(797)	(975)
Current debentures	(830)	(340)
Other current liabilities	(3,800)	(2,387)
Working Capital	1,053	(2,177)
Current debt (including interest, see explanation below)	(14,741)	-

Cash as at September 30, 2017 and December 31, 2016 was $895 and $2,875, respectively. In 2017, the Company has continued to generate net financing proceeds from the issuance of shares and debt financing. As of September 30, 2017, the Company has obtained short-term debt financing of $14,500 which is due in Q1 2018. As per Note 21, Subsequent Events, the Company received additional debt financing of approximately $16,250 from the issuance of promissory notes. This financing is another key step forward in the Company's plan to bridge its short-term financing needs until long-term financing is obtained. In the interim, the company has committed financial support from existing key sponsors over the next 12 months, if needed. The Company is in the process of securing a long-term debt financing structure and is in advanced discussions with interested potential investors. Based on the current operating plan and potential growth initiatives, the Company expects to raise additional equity funding. Management considered all the relevant information, as noted above, and concluded that there are no material uncertainties that would cast significant doubt upon the going concern assumption.

The following chart outlines significant changes in the consolidated balance sheet:

(in thousands of United States Dollars)	**September 30, 2017**	December 31, 2016
Summary Balance Sheet		
Current assets	$ 14,364	$ 6,737
Non-current assets	327,338	298,021
Total Assets	**341,702**	**304,758**
Current liabilities	37,790	23,047
Non-current liabilities	18,254	12,101
Total Liabilities	**56,044**	**35,148**
Shareholders; equity	285,658	269,610
Total Liabilities and Equity	**341,702**	**304,758**

At September 30, 2017, total assets were $341,702, approximately $36,944 higher than December 31, 2016, primarily reflecting the net increase of Assets under Construction of $25,583, and Inventory of $7,546. Total Liabilities at September 30, 2017 totaled $56,044, approximately $20,894 higher than December 31, 2016. The variance primarily reflected the increase of Current debt of $14,741, and Other long-term liabilities of $6,154 related to the re-commissioning activities during the nine months ended September 30, 2017.

As of September 30, 2017, the Company did not have any off-balance sheet arrangements.

CAPITAL RESOURCES (in thousands of United States Dollars*)*

On March 9, 2017, the Company completed a private placement of shares (the "Offering") at a price of Canadian Dollar ("C$") C$2.10 and received net proceeds of $32,840, after deducting transaction costs. This amount includes the conversion of $3,000 through the issuance of 1,906,541 shares to settle the Zaff Note. The net proceeds of the Offering are being used to fund the recommissioning and the ramp-up of Itafos Arraias Project, working capital needs and general corporate/strategic purposes.

Pala Investments Limited ("Pala") subscribed to 6,348,000 shares under the Offering and now beneficially owns 6,348,000 shares (approximately 8.0% of the issued and outstanding shares on an undiluted basis). Per the terms of the Offering, the Company and Pala have entered into an investor rights agreement pursuant to which the Company has granted Pala the right to designate one nominee to the Company's board of directors. That right is conditioned to Pala holding 5.0% or more of the Company's outstanding shares (on an undiluted basis). Pala is an experienced investor in the mining sector with a strong track record of successful investments and value creation. Pala's team has extensive experience in project development, financing, construction and expansion projects. Pala seeks to assist companies in which it has long-term shareholdings by providing strategic support in those areas.

Zaff, a related party of the Company, subscribed to 8,388,781 shares under the Offering and received 1,906,541 shares at a price of C$2.10. Those shares settled an outstanding cash advance of $3,000 made to the Company on February
23, 2017. Zaff beneficially owns, or exercises control or direction, over 49,882,498 shares (approximately 62.89% implemented on August 1, 2017) of the issued and outstanding shares.

A director of the Company subscribed to 25,000 shares and an executive officer of the Company subscribed to 32,000 shares under the Offering. The director's subscription and the executive officer's subscription constitute related party transactions under Multilateral Instrument 61-101 - Protection of Minority Security Holders in Special Investments ("MI 61-101") and TSXV Policy 5.9. The Company has relied on the formal valuation exemption in section 5.5(a) of MI 61-101 and the minority approval exemption in section 5.7(a) of MI 61-101 as neither the fair market value of the shares distributed to the director or the executive officer nor the consideration to be received for the shares exceeded 25.0% of the Company's market capitalization at the time of the director's or the executive officer's subscription.

The TSX Venture Exchange (the "TSXV") had granted conditional approval of the listing of the shares issued under the Offering and final approval of the shares for debt transaction. Final TSXV approval of the Offering is subject to compliance with the customary requirements of the TSXV. The shares issued by the Company will be subject to all applicable statutory requirements.

On August 14, 2017, the Company received advances totaling $10,000 in the amounts of $5,000 from Pala and

$5,000 from Zaff. The advances are evidenced by unsecured promissory notes that are pre-payable, in whole or in part, at any time, bear interest at a rate of 15% per year and mature on January 31, 2018. It is expected that the proceeds of the advances, together with available cash, will be used primarily for the ramp-up of the Itafos Arraias Project, the continued implementation of business development initiatives i and general corporate purposes.

On September 9, 2017, the Company received advances totaling $4,500 from Zaff. The advance is evidenced by an unsecured promissory note that is pre-payable, in whole or in part, at any time, bears interest at a rate of 15% per year and matures on February 28, 2018. It is expected that the proceeds of the advance, together with available cash, will be used primarily for the ramp-up of the Itafos Arraias Project, the continued implementation of business development initiatives and general corporate purposes.

Share capital as at September 30, 2017 and December 31, 2016 was $411,675 and 374,508, respectively. Share capital has not changed as of November 7, 2017. The following shares, debentures and restricted share units of the Company were outstanding as at September 30, 2017:

	Expiry Date	Exercise Price	Securities Outstanding	Shares on Exercise
Shares	-	-	82,304,284	82,304,28
Canadian convertible debentures [2]	October 27, 2026	C$25.00	147,648	147,648
Restricted share units	-	-	1,641,880	1,641,880

[2] In October 2016, Zaff and Banco Modal S.A. ("Modal") received, in the form of debentures ("Canadian Convertible Debentures"), a combination of shares and restructured debt of the Company. The Canadian Convertible Debentures mature in 10 years and, with respect to the principal amount thereof only, are convertible into shares of the Company at a price per share equal to the greater of: (i) C$25.00; and (ii) if applicable, the closing market price of shares on the TSXV for the most recent trading day preceding the eleventh business day following the date on which shares commence trading on the TSXV, subject to TSXV approval.

On July 28, 2017, Zaff assigned to Modal C$1,753 of the C$2,584 convertible debenture issued by the Company to Zaff on October 27, 2016 (the "Zaff Debenture"). Following the assignment, the parties agreed to amend, restate and break into two separate instruments the Zaff Debenture to reflect (i) Modal as the holder of C$1,753, and (ii) Zaff as the holder of C$831. In addition, the Company and Modal agreed to further amend and restate the C$1,107 convertible debenture issued by the Company to Modal on October 27, 2016 and the C$1,753 convertible debenture assigned by Zaff to Modal to reduce the term from 10 years to 4 years and to reduce the interest rate from 10% to 7.5% with expiration date in 2021.

FOREIGN EXCHANGE

During the quarter ended March 31, 2017, the Brazilian subsidiaries changed their functional currency from R$ to $ based on Itafos Arraias Project recommencing development activities and based on the financing of the entity. The parent entity and other subsidiaries have changed from C$ to $ based on the location of the principal administrative office and financing of the entity. The C$ to $ exchange rate no longer has a significant impact on the Company, and as such, this metric will not be presented in the table below.

The following is a summary of the changes in foreign exchange rates during the respective periods and the related impact on the financial statements:

	For the three months ended September 30,		*For the nine months ended September 30,*	
	2017	2016	**2017**	2016
R$ strengthening (weakening) against $	**4.61%**	1.40%	**2.93%**	22.10%
Unrealized foreign exchange gain (loss)	**$ (392)**	$ (1,923)	**$ (1,286)**	$ 22,352
Cumulative translation gain (loss)	**$ 730**	$ 135	**$ 1,356**	$ (3,626)

The total foreign exchange loss of $392 and $1,286 for the three and nine months ended September 30, 2017, respectively, was primarily comprised of unrealized foreign exchange loss resulting from translating monetary items denominated in R$.

CASH FLOW INFORMATION

	For the three months ended September 30,		*For the nine months ended September 30,*	
(in thousands of United States Dollars)	**2017**	2016	**2017**	2016
Cash flows used in operating activities	**$ (8,083)**	$ (2,164)	**$ (19,476)**	$ (4,790)
Cash flows provided by (used in) investing activities	**(14,932)**	62	**(29,949)**	(238)
Cash flows from financing activities	**14,500**	2,363	**47,340**	5,377
Foreign currency effect on cash	**38**	(39)	**105**	(84)
Increase (decrease) in cash	**$ (8,477)**	$ 222	**$ (1,980)**	$ 265

For the three months ended September 30, 2017 (in thousands of United States Dollars)

Operating activities

Cash flows used in operating activities amounted to $8,083 and $2,164 for the three months ended September 30, 2017 and 2016, respectively, were primarily due to higher SG&A expense, fees, and payroll during the ramp-up period.

Investing activities

Cash flows used in investing activities amounted to $14,932 and cash flows provided by investing activities amounted to $62 for the three months ended September 30, 2017 and 2016, respectively, were primarily due to recommissioning and ramp-up of Itafos Arraias Project.

Financing activities

During the three months ended September 30, 2017 and 2016, the Company generated $14,500 and $2,363, respectively, from financing activities due to promissory notes financing.

For the nine months ended September 30, 2017 (in thousands of United States Dollars)

Operating activities

Cash flows used in operating activities amounted to $19,476 and $4,790 for the nine months ended September 30, 2017 and 2016, respectively, were primarily due to higher SG&A expense, fees and payroll during the ramp-up period.

Investing activities

Cash flows used in investing activities amounted to $29,949 and $238 for the nine months ended September 30, 2017 and 2016, respectively, were primarily due to recommissioning and ramp-up of Itafos Arraias Project.

Financing activities

During the nine months ended September 30, 2017 and 2016, the Company generated $47,340 and $5,377, respectively, from financing activities due to net proceeds from the issuance of shares and promissory notes financing.

CONTRACTUAL OBLIGATIONS

The table below provides a breakdown of the Company's contractual obligations as at September 30, 2017:

(in thousands of United States Dollars)		Within 1 year		Years 2 and 3		Years 4 and 5		After 5 years		Total
Accounts payable and accrued liabilities	$	17,622	$	-	$	-	$	-	$	17,622
Provisions		797		-		-		1,490		2,287
Canadian debentures		830		728		728		862		3,148
Brazilian debentures and warrants		3,800		412		412		762		5,386
Current debt		14,741		-		-		-		14,741
Other non-current liabilities		-		85		-		-		85
	$	37,790	$	1,225	$	1,140	$	3,114	$	43,269

6. INCOME TAXES

On October 27, 2016, the Company re-domiciled to the Cayman Islands, which resulted in a 0% Cayman statutory tax rate. Prior to October 27, 2016, the Company's combined Canadian federal and provincial statutory tax rate was 26.5%. Several factors affect the Company's effective tax rate. Those factors include the rate differential and proportion of income earned in each jurisdiction, tax benefits that were not recognized, foreign currency gains and losses and changes in tax rates. Thus, the Company's effective tax rate may fluctuate from period to period.

Brazilian Tax Assessments

In Q3 2017, the Company elected to participate in a program to settle various significant outstanding income tax assessments associated with its subsidiaries in Brazil. This commercial resolution creates immediate financial certainty during a time of political volatility and economic reform in country. In coming to the decision to participate, the Company analyzed the costs and risks involved in continued litigation versus the potential financial burden that would be incurred by not participating in the program and then being unsuccessful in reducing the income assessment via other means. Also contributing to the Company's decision is that access to governance by judicial courts has limitations, including the financial burden imposed on those who take their disputes through the courts, which requires a bond or other collateral to be posted. The Company believes these financial resources, along with management's time and effort, are better allocated to value-creating opportunities. The judicial process in Brazil may require years to resolve, often as long as a decade, during which legal fees escalate and interest accrues.

On October 25, 2017, the program was formally enacted into law, substantially in the form passed by the legislature. The final program is a mix of the original provisional measure suggested by the executive branch and the proposed amendments by certain members of the legislative branch. The final program creates an option to either pay one lump sum next year or much smaller installment payments per year for approximately twelve years. The Company has elected to proceed with the installment payments option.

The interpretation of tax regulations and legislation and their application to the Company's business is complex and subject to change. Accordingly, the Company's ability to realize future income tax assets could significantly affect net income or cash flow in future periods.

7. ECONOMIC TRENDS IN THE PHOSPHATE FERTILIZER MARKETS

During the Q3 2017, the temporary downward trend for DAP prices continued as international phosphate exports attempted to secure sales within a relatively subdued demand market. There was increased volatility driven by supply side disruptions in both finished product and key inputs due to Hurricanes Irma/Harvey in the United States. As a result of Hurricane Irma, Mosaic, one of the world's largest producer, lost an estimated 400,000 tons of production and the NOLA benchmark increased due to the lower supply availability. Mosaic is a key supplier of MAP to Brazil and prices spiked in September due to supply disruption. The Brazilian demand, which had been strong, slowed toward the end of Q3 2017 as purchases were deferred until Q4 2017. That demand is expected to pick back up in late Q4 2017/early Q1 2018 as purchases for *safrinha* (little harvest) season peak. Meanwhile, there was strong demand in Asia (in particular India) due to lower fertilizer taxes. At the same time, Chinese availability has remained tight as producers have been focusing on the domestic market and reducing exports. Unfavorable FX and higher sulfur prices have impacted Chinese producer costs. Urea prices (a proxy for value of Nitrogen as fertilizer input) also spiked up in Q3 2017 as Chinese plants increased prices due to high production costs and environmental checks. Sulfur prices spiked in Q2 2017 and reached 2-year highs in China. Although such tight fundamentals may support DAP/MAP spot price increases in the short-term, the new supply coming from Morocco and Saudi Arabia should continue to keep a ceiling on prices in the medium-term. Nonetheless, the long-term outlook for phosphates holds a promising return to stability as demand growth is expected to absorb, or even outpace, new capacity coming on-line.

SSP prices are driven off import SSP cost parity and nutrient parity. SSP prices also follow prices for TSP or MAP in Brazil, although there is a premium embedded in the SSP prices related to the calcium and gypsum content. Typically, the farmers will calculate the equivalent cost of delivering nutrients to their farms across a mix of products. In the Cerrado region of Brazil, where soil conditions put a premium on products that contain Sulfur, SSP has been in steady demand. The market participants (farmers, producers, and industrial customers) are closely following the recent spike in Sulfur prices, which will increase production cost for phosphate based fertilizers. It should also increase the value of sulfur based fertilizers such as SSP.

According to the National Association of Fertilizer Producers – Brazil (ANDA), total consumption of fertilizer in Brazil for 2016 was 34.1 million tons. This represents an increase of 12.8% over the 30.2 million tons consumed in 2015. ANDA forecasts that fertilizer consumption for 2017 will grow to 34.9 million tons. Fertilizers delivered to end consumers from January to September in 2017 reached levels not recorded since 2014. Deliveries accounted for 24.7 million tons during this period in 2017 compared to an average of 23.5 million tons for the same period in the previous three years.

One key driver of fertilizer consumption in Brazil is the growth of the agriculture sector. According to the Ministry of Agriculture (MAPA), Brazilian agribusiness exports from January to September 2017 totaled $74.0 billion compared to $67.4 billion for the same period in 2016. That represents an increase of approximately 9.8%. The trade balance surplus through September 2017 stands at a $63.3 billion, an increase of approximately 9.9%

compared to 2016 (when the trade surplus was at $57.6 billion). Consistent with 2016, the main five contributors of Brazilian agribusiness exports for January to September were soy, meat, sugar (including ethanol), forest products and coffee. The latest grain survey, conducted by Brazil National Supply Company (CONAB) in October 2017, for 2016-2017 indicated that Brazil's annual soybean production is estimated to decrease from its 114.1 million tons in 2016/2017 to 107.1 million tons in 2017/2018. That represents a decline of 6.1%. According to CONAB, the historically high 2016/2017 grain harvest was driven by the highly favorable climate of the period and such a condition will hardly repeat itself. As such, the 2017/2018 soybean production is expected to be the second largest since 1997/1998. The total planted area for grains in Brazil continues an upward trend and is forecasted to reach 61.1 million hectares for the 2017/2018 harvest, slightly up from 60.1 million in 2016/2017. Soybean crop is estimated to occupy the most area with 56.7% of total area, a slight decrease from 55.7% recorded in 2016. Overall, the figures continue to demonstrate the strength of the Brazilian agribusiness sector and its competitiveness internationally. The Brazilian economy depends on agribusiness as a major revenue earner and contributor of surplus to the economy. Exports from the sector representing an average of 40% of total Brazil exports since 1997.

The ability of farmers to access financing at affordable levels is another key driver for fertilizer demand. Crop financing, known as" Plano Agricola e Pecuario," will amount R$200 billion for the period 2017/2018, increasing from the previous year's R$185.5 billion. Although negative macroeconomics and politics headlines in Brazil have recently attenuated, the country still appears to be on a long recovery path. Nonetheless, the importance of the agricultural sector for the Brazilian economy remains intact as it is responsible for approximately 20% of the country's GDP. The Plano Agricola e Pecuario initiative allows credit lines to be available for Brazilian farmers to invest in food production and supplies. The money can be used for the purchases of fertilizers, equipment and the improvement of infrastructure in rural properties. Current interest rates for such loans are set at 7.5% annually for medium-sized producers and infrastructure development at 8.5% annually for large producers. Interest rates have decreased when compared to last year's plan as the Brazilian central bank continues to ease its monetary policy. At present, the country's lending rate is currently at 9.25%. The funds are provided by governmental lending institutions to assist in the funding, investment and marketing of the agricultural sector. According to the former Agriculture Minister Abreu, in the next ten years, Brazil will increase crop production by 50 million tons and meat production by 8 million tons "without any pressure on resources natural such as land and water." Increased access of financing, coupled with lower cost of financing, should help bolster support for farmers who require credit for their input purchasing needs.

8. BUSINESS RISKS AND UNCERTAINTIES

There were no significant changes to the Company's exposure to risks and other uncertainties as described in this MD&A and for the year ended December 31, 2016.

9. CONTINGENCIES

Due to the size, complexity and nature of the Company's operations, various legal and tax matters arise in the ordinary course of business. The Company accrues for such items when a liability is both probable and the amount can be reasonably estimated. Based on the Company's knowledge and assessment of events, the Company does not believe that the outcome of any of the matters not recorded in the financial statements, individually or in aggregate, would have a material adverse effect on the financial condition of the Company. The Company continues to monitor its legal contingencies for proper and accurate reporting.

10. CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of financial statements in conformity with IFRS requires the Company's management to make estimates and assumptions that affect the reported amounts of the assets, liabilities, revenue and expenses reported each period. Each of these estimates varies with respect to the level of judgment involved and the potential impact on the Company's reported financial results. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Estimates are deemed critical if the Company's financial condition, change in financial condition or results of operations would be materially impacted by a different estimate or a change in estimate from period to period. By their nature, these estimates are subject to measurement uncertainty, and changes in these estimates may affect the consolidated financial statements of future periods. Please refer to Notes 2 and 3 within the interim financial statements for further details.

11. DISCLOSURE CONTROLS AND PROCEDURES

Disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed by the Company in its filings under Canadian securities legislation is recorded, processed, summarized and reported in a timely manner. The system of disclosure controls and procedures includes, among other things, the Company's Code of Business Conduct and Ethics policies, the review and approval procedures of the Disclosure Committee and continuous review and monitoring procedures by senior management. Both the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO") have evaluated the design of the Company's disclosure controls and procedures as at September 30, 2017, pursuant to the requirements of National Instrument 52-109. There has been no change in the Company's disclosure controls and procedures during the period from January 1, 2017 to September 30, 2017 that has materially affected, or is reasonably likely to materially affect, the Company's internal controls over financial reporting.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management of the Company is responsible for establishing and maintaining effective internal control over financial reporting as defined in the rules of the Canadian Securities Administrators. The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of the Company's financial reporting for external purposes in accordance with accounting principles generally accepted in Canada for external purposes.

LIMITATIONS OF CONTROLS AND PROCEDURES

The Company's management, including the President and CEO and the CFO, believe that any disclosure controls and procedures or internal controls over financial reporting, no matter how well conceived and operated, can provide only reasonable, and not absolute, assurance that the objectives of the control system are met. Further, 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. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. These inherent limitations include the realities that judgments in decision making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of the control.

The design of any systems of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

QUALIFIED PERSON

Unless otherwise indicated, the responsible qualified person, within the guidelines set forth in NI 43-101, who has reviewed and approved the scientific and technical information contained in this MD&A is Carlos Guzmán, FAusIMM (229036), Mining Engineer, RM (Chilean Mining Commission).

12. OTHER DISCLOSURES

CAUTIONARY NOTE REGARDING 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, including any information as to the Company's strategy, vision, plans or future financial or operating performance. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects", "is expected", "estimates", "intends", 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".

In particular, forward-looking information included in this MD&A includes, without limitation, statements with respect to:

- the Company's vision and goal to become an integrated producer of phosphate based fertilizers and related products;
- the Company's current estimate of mine life stipulated in the Itafos Arraias Technical Report and its potential increase;
- the Company's expectations related to resources and reserves stipulated in the Itafos Arraias Technical Report;
- the Company's ability and evaluation efforts towards increasing the mine life at Itafos Arraias and respective expansion strategy;
- the Company's ability to carry out any action plan;
- the Company's ability to get into production from development phase;
- the Company's expectations around the growth of Brazilian and global fertilizer markets in the foreseeable future and changes in fertilizer and phosphate prices;
- the Company's expectations that the Itafos Santana Project, together with Itafos Arraias, have the potential to make the Company one of the largest SSP producers in Northern Brazil and the second largest SSP producer in Brazil;
- the Company's expectation that consumption of SSP in the Company's target area for Itafos Arraias will be sufficient to absorb competitively the entirety of the Company's output and the Company's expectations of higher average selling price; and
- the Company's expectation about the review of the strategic initiatives regarding other Itafos' projects.

The forward-looking information contained in this MD&A is based on the opinions, assumptions and estimates of management set out herein, which are reasonable as at the date the statements are made. Those 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 the forward-looking information. These factors include:

- future agricultural imports and exports and fertilizer market in Brazil;
- general economic and industry growth rates;
- exploration, development and operating risks;
- environmental risks and hazards;
- risks regarding current global financial conditions;
- uncertainty with respect to the estimation of mineral reserves and mineral resources;
- uncertainty with respect to inferred mineral resources;
- fluctuations in commodity prices, fertilizer market strength and SSP prices; infrastructure risks;
- the Company's ability to obtain all necessary permits;
- insurance and uninsured risks;
- risks relating to potential disputes to the Company's title to its properties;
- the possibility that the Company's concessions may be terminated in certain circumstances;
- competition with other companies possessing greater financial and technical resources than the Company;
- risks relating to additional capital requirements;
- currency fluctuations;
- potential write-downs and impairments;
- litigation risks;
- risks relating to a potential sale or disposition or dilution of ownership of certain assets by the Company;
- risks relating to governmental regulation of the mining industry;
- risks relating to the Company's foreign operations;
- risks relating to labor, employment and other workforce matters;
- risks relating to the transfer of cash and assets to and from the Company's foreign subsidiaries;
- the Company's dependence upon key management personnel and executives;
- possible conflicts of interests of the Company's directors and executive officers;
- risks relating to potential malicious acts of destruction to the Company's property;
- risks relating to weather and climate change;
- volatility with respect to the Company's stock price and the ability to maintain a listing on a stock exchange;
- uncertainty with respect to current or pending litigation;
- uncertainty with respect to the commercial viability of phosphate ore deposits;
- uncertainty with respect to mine development and completion;
- uncertainty with respect to the accuracy of estimates and findings for the Itafos Arraias SSP Operations; and
- operating risks, political risks and credit risks.

Although the Company has attempted to identify important 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 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. The reader is cautioned not to place undue reliance on forward-looking information. The forward-looking information contained herein is presented for the purpose of assisting investors in understanding the Company's expected financial and operational performance and the Company's plans and objectives and may not be appropriate for other purposes.

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