Management Discussion and Analysis of Operations and Financial Condition
For the three months ended March 31, 2018

ITAFOS

TABLE OF CONTENTS

1. GENERAL COMPANY INFORMATION 3
2. HIGHLIGHTS 4
3. PROJECTS 6
4. STRATEGY AND OUTLOOK 10
5. OVERVIEW OF RESULTS 11
6. STATEMENTS OF OPERATIONS 12
7. FINANCIAL CONDITION 13
8. INCOME TAXES 18
9. ECONOMIC TRENDS IN THE PHOSPHATE FERTILIZER MARKETS 19
10. BUSINESS RISKS AND UNCERTAINTIES 20
11. CONTINGENCIES 21
12. CRITICAL ACCOUNTING POLICIES AND ESTIMATES 21
13. DISCLOSURE CONTROLS AND PROCEDURES 21
14. OTHER DISCLOSURES 23

MANAGEMENT DISCUSSION AND ANALYSIS OF OPERATIONS AND FINANCIAL CONDITION

All figures are in thousands of US Dollars ("$"). Unless otherwise specified, all financial information in this Management Discussion and Analysis of Operations and Financial Condition ("MD&A") is prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and is presented in accordance with International Accounting Standard 34 – Interim Financial Reporting and Interpretations issued by the International Financial Reporting Interpretations Committee. This MD&A is effective as of May 15, 2018 and should be read in conjunction with the Company's condensed consolidated interim financial statements for the three months ended March 31, 2018 (the "Consolidated Financial Statements"). A copy of this MD&A and additional information relating to the Company is available online under the Company's profile on the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com. Cautionary statements regarding forward-looking information, mineral reserves and mineral resources are included in this MD&A (see Section 13).

1. GENERAL COMPANY INFORMATION

Itafos (TSXV: IFOS) (the "Company") is a vertically integrated phosphate based fertilizers and specialty products company with an attractive portfolio of long-term strategic businesses located in key fertilizer markets worldwide. The Company has fertilizer production capacity of approximately 1.1Mt per year and total resources of 870.1Mt with contained P_2O_5 resources of 119.7Mt[1].

The Company owns, operates and is developing the following projects:

- Itafos Conda – a vertically integrated phosphate fertilizer business which produces approximately 550kt per year of mono-ammonium phosphate ("MAP"), super phosphoric acid ("SPA"), merchant grade phosphoric acid ("MGA") and specialty products ("APP") located in Idaho, US;
- Itafos Arraias – a vertically integrated phosphate fertilizer business with production capacity of approximately 500kt per year of single super phosphate ("SSP") located in Tocantins, Brazil;
- Itafos Paris Hills – a phosphate mine project located in Idaho, US;
- Itafos Farim – a phosphate mine project located in Farim, Guinea Bissau;
- Itafos Santana – a vertically integrated phosphate fertilizer project located in Pará, Brazil;
- Itafos Araxá – a rare earth oxide and other elements mine project located in Minas Gerais, Brazil; and
- Itafos Mantaro – a phosphate mine project located in Junin, Peru.

Key highlights of the Company's projects are as follows (see Section 3):

Item	Itafos Conda	Itafos Arraias	Itafos Paris Hills	Itafos Farim	Itafos Santana	Itafos Araxá	Itafos Mantaro
Location	Idaho, US	Tocantins, Brazil	Idaho, US	Farim, Guinea Bissau	Pará, Brazil	Minas Gerais, Brazil	Junin, Peru
Stage	Operations	Ramp-up in progress	Feasibility	Feasibility	Feasibility	Pre-feasibility	Pre-feasibility
Total resources[2]	Under review	91.7Mt at avg. 4.8% P_2O_5	104.1Mt at avg. 25.1% P_2O_5	143.2Mt at avg. 28.2% P_2O_5	87.0Mt at avg. 10.1% P_2O_5	28.3Mt at avg. 8.0% P_2O_5	415.8Mt at avg. 9.1% P_2O_5
Mine life	Under review	19 years	19 years	25 years	32 years	Pending feasibility	Pending feasibility
Product	MAP, SPA, MGA, APP	SSP and excess sulfuric acid	Phosphate rock	Phosphate rock	SSP and excess sulfuric acid	Rare earth oxides and other elements	Phosphate rock
Annual production	550kt	500kt	1.0Mt	1.3Mt	500kt	Pending feasibility	Pending feasibility

[1] Does not include Itafos Conda total resources.

[2] Total resources inclusive of reserves, measured and indicated resources and inferred resources. Latest respective NI 43-101 reports are filed under the Company's profile on SEDAR.

The Company's principal shareholder is CL Fertilizers Holding, LLC ("CLF"), formerly known as Zaff LLC (see CAPITAL RESOURCES in Section 6). CLF is an affiliate of Castlelake L.P ("Castlelake"), a global private investment firm managing more than $13 billion in assets[3].

On January 6, 2017, the Company's shares commenced trading on the Toronto Stock Exchange Venture (TSXV) under the trading symbol "IFOS" following the change of the Company's name from MBAC Fertilizer Corp. to Itafos in Q4 2016. The Company's registered office is at Ugland House, Grand Cayman, Cayman Islands KY1-1104.

2. HIGHLIGHTS

ITAFOS CONDA ACQUISITION

On January 12, 2018, the Company completed the acquisition of Itafos Conda from Agrium, Inc. ("Agrium"), a wholly-owned subsidiary of Nutrien Ltd. The transaction included a MAP offtake agreement whereby Agrium will purchase 100% of MAP produced by Itafos Conda through 2023 and an ammonia supply agreement whereby Agrium will supply 100% of ammonia required by Itafos Conda's through 2023.

The purchase price for the acquisition was $115,140 and is subject to a working capital adjustment based on working capital value at closing. $66,500 of the purchase price was paid in cash at closing with the balance to be settled against 25% of all receivables from the MAP offtake agreement from the closing until such time as the payable is satisfied. To the extent that the working capital value at closing is adjusted pursuant to the terms of the asset purchase agreement, the amount of the payable would be adjusted accordingly. The final determination of the working capital value at closing is expected to occur by the end of Q3 2018. The Company accounted for the acquisition of Itafos Conda as a business combination.

Details of the preliminary purchase consideration and net assets acquired on the transaction are as follows:

(unaudited in thousands of US Dollars)		January 12, 2018
Cash	$	66,500
Other liabilities (subject to working capital adjustment)		48,640
Total consideration for net assets	**$**	**115,140**
Fair value of assets acquired		
Property, plant and equipment	$	6,500
Inventories and other assets		108,640
Net assets acquired	**$**	**115,140**

The Company is currently in the process of fair valuing its acquisition of Itafos Conda. As of the date of approval of the Consolidated Financial Statements, this process is not yet complete and as such the Company has currently stated the values of the assets and liabilities on an estimated basis. The Company will finalize the fair values of the assets and liabilities on or before December 31, 2018 (see Note 4 in the Consolidated Financial Statements).

DIRECTOR APPOINTMENT

On January 12, 2018, the Company appointed Ron Wilkinson to the Board of Directors of the Company. Mr. Wilkinson retired from Agrium in February 2016 after a career spanning 40 years in the fertilizer industry. He served as Senior Vice President and President of Agrium's Wholesale Business Unit from 2004 through September 2015. In this role Mr. Wilkinson was responsible for manufacturing operations for 12 production sites, along with the associated supply chain, sales, marketing and distribution. Prior to this role, he held various positions of increasing responsibility with Agrium, Viridian, Sherritt and Imperial Oil/Exxon Chemical. Mr. Wilkinson has served on various boards, including the Canadian Fertilizer Institute, Profertil S.A. and Canpotex. Mr. Wilkinson holds a Bachelor of Science Degree in Chemical Engineering from the University of Alberta.

[3] As of December 31, 2017.

GBL ACQUISITION

On February 27, 2018, the Company completed the acquisition of all of the issued and outstanding common shares not previously owned directly or indirectly by Itafos of GB Minerals Ltd. ("GBL"), the owner of Itafos Farim.

The purchase price for the acquisition, executed through a plan of arrangement (the GBL Arrangement") under the Business Corporations Act (British Columbia) was $48,874. $25,539 of the purchase price was paid in cash in Canadian Dollars at closing (C$32,363) and $23,335 of the purchase price was paid with an issuance of 11,301,732 ordinary shares of the Company. The Company accounted for the acquisition of GBL as an asset acquisition.

Details of the purchase consideration and net assets acquired on the transaction are as follows:

(unaudited in thousands of US Dollars)		February 27, 2018
Cash	$	25,539
Shares		23,335
747,948,785 common shares of GBL or 68.7% interest	$	48,874
Total consideration for net assets (100%)	**$**	**71,185**
Fair value of assets acquired and liabilities assumed		
Mineral properties	$	81,224
Cash and cash equivalents		2,898
Other current assets		488
Property, plant & equipment		206
Notes payable		(11,976)
Accounts receivable and accrued liabilities		(1,547)
Other long-term liabilities		(108)
Net assets acquired	**$**	**71,185**

Of the notes payable mentioned above $9,268 were notes payable by GBL to the Company, which were subsequently eliminated upon consolidation.

FINANCINGS

In Q1 2018, the Company received funding from various lenders (including CLF) in the aggregate amount of $61,421. The Company documented these financings through the issuance of unsecured promissory notes from the Company to each of the various lenders (including CLF). The outstanding notes continue to accrue interest at the rate of 15% annually. The maturity date of the promissory notes has been subject to extensions with the current maturity date being May 31, 2018. As at March 31, 2018, the promissory notes payable balance including accrued interest was $93,562 (see Note 12 in the Consolidated Financial Statements).

ITAFOS ARRAIAS RAMP UP

In Q1 2018, the ramp up of full production at Itafos Arraias continued. In July 2017, the Company completed the recommissioning of Itafos Arraias on schedule with the objective of ramping up production to achieve commercial production by year end 2017. Although Itafos Arraias has been producing SSP since the second half of 2017 and technical issues identified during the ramp up have been resolved, there have been delays in the achievement of commercial production primarily due to a longer and harder than expected rainy season and related power outages in the region. The Company anticipates that Itafos Arraias will achieve commercial production by the end of Q2 2018 (see Note 2 of the Consolidated Financial Statements).

CHIEF FINANCIAL OFFICER RESIGNATION AND APPOINTMENT

On April 4, 2018, the Company announced the resignation of Rafael Rangel as Chief Financial Officer ("CFO") and the appointment, by the Board of Directors of the Company, of George Burdette to serve as CFO. Mr. Burdette comes to Itafos with over 12 years of corporate development, financial, commercial and investment management experience. Mr.

Burdette led or supported over $8 billion of acquisitions, divestitures, mergers and financings in the US and in various emerging markets. Prior to joining Itafos, he was head of Americas project finance at First Solar where he was responsible for project financing and commercial initiatives in the U.S., Latin America, and South Africa. Prior to First Solar, Mr. Burdette had a range of experience in private equity and corporate roles at both Zaff Capital and AEI. Mr. Burdette holds a Bachelor of Arts in International Business and French from Wofford College and an International Master of Business Administration from the University of South Carolina.

3. PROJECTS

OPERATING

The Company owns and operates the following operating projects:

Itafos Conda

Itafos Conda is a vertically integrated phosphate rock mine and fertilizer business located in Idaho, US. Itafos Conda is 100% owned by the Company and has been operating for over 30 years. Itafos Conda has capacity to produce approximately 550kt per year of MAP, SPA, MGA and APP serving the North American fertilizer markets.

Itafos Conda owns phosphate ore mines located within approximately 15 miles from the production facilities with a combined reserve life through 2024 and intends to extend the mine life through the development of Itafos Paris Hills (located within approximately 35 miles from Itafos Conda) and other alternatives. Phosphate ore is conventionally open pit mined by a third party operator on a cost plus basis and transported by truck and rail to the production facilities. Approximately 40% of sulfuric acid is produced internally with the remainder purchased from third parties together with sulfur at pricing tied to respective benchmarks. Ammonia is purchased from Agrium pursuant to a five year ammonia supply agreement at pricing tied to a phosphate benchmark.

Itafos Conda's operational flexibility offers multiple options to deliver P_2O_5 value to the North American fertilizer markets. Itafos Conda partners with leading crop services companies that have the trust of the grower market and who have the infrastructure to reach the maximum number of growers within the target sales region. Itafos Conda sells 100% of its MAP production to Agrium pursuant to a five year MAP offtake agreement with pricing tied to a phosphate benchmark. Itafos Conda is one of three key US producers of SPA. SPA is sold to crop input retailers who re-sell to end users. MGA and APP are sold for industrial applications.

Itafos Conda has 275 employees and over 250 contractors (mostly from third party mining operator).

Itafos Arraias

Itafos Arraias is a vertically integrated phosphate rock mine and fertilizer business located in Tocantins, Brazil. Itafos Arraias is 96.8% owned by the Company, has been recommissioned and is expected to commence commercial production by the end of Q2 2018. Itafos Arraias has capacity to produce approximately 500kt per year of SSP serving the Brazilian fertilizer markets. Itafos Arraias also sells its excess sulfuric acid production.

Itafos Arraias owns phosphate ore mines located within approximately 10 miles from production facilities with approximately 91.7Mt[4] of total resources at 4.8% P_2O_5 and reserves representing a 19 year mine life. Phosphate ore is conventionally open pit mined by a third party operator on a cost per ton basis and transported by truck to the production facilities. Sulfuric acid is produced internally with sulfur purchased from third parties at pricing tied to sulfur benchmarks. Ammonia is purchased from third parties at pricing tied to ammonia benchmarks.

[4] The latest NI 43-101 for Itafos Arraias titled "Updated Technical Report Itafos Arraias SSP Project" and dated as of March 27, 2013 is filed under the Company's profile on SEDAR. Measured and indicated resources are inclusive of reserves.

Itafos Arraias' resource highlights are detailed as follows:

Itafos Arraias	Tons (Mt)	Grade (%)	P_2O_5 (Mt)
Reserves	64.8	5.1	3.3
Measured and indicated resources	79.0	4.9	3.9
Inferred resources	12.7	3.9	0.5
Total resources	**91.7**	**4.8**	**4.4**

Itafos Arraias is strategically positioned in the Cerrado region of Brazil, one of the fastest growing fertilizer markets in the world. Itafos Arraias sells 100% of its SSP domestically to various national and regional blenders, trading companies and large farmers. SSP is a sulfur-based phosphate fertilizer that is widely used in Brazil. The total SSP market in Brazil is estimated to be approximately 5.0Mt per year, of which approximately 2.5Mt are estimated to be consumed within the Cerrado region[5]. Excess sulfuric acid production is sold into local sulfuric acid markets.

Itafos Arraias has 287 employees and over 250 contractors (mostly from third party mining operator).

NEAR-TERM PIPELINE

The Company owns and is developing the following near-term projects:

Itafos Paris Hills

Itafos Paris Hills is a high grade phosphate rock mine project located in Idaho, US. Itafos Paris Hills is 100% owned by the Company and is currently in feasibility stage. Itafos Paris Hills is expected to produce 1.0Mt of phosphate rock per year and to be integrated into Itafos Conda.

Itafos Paris Hills owns phosphate ore mines located within approximately 35 miles from Itafos Conda with approximately 104.1Mt[6] of total resources at 25.1% P_2O_5 and reserves representing a 19 year mine life. The property encompasses an area of approximately 1,010 hectares and consists of three patented lode mining claims and 21 contiguous fee parcels. The property is located near the center of the western phosphate field, which comprises the most extensive phosphorite beds in the US and has one of the highest-grade phosphate deposits in the world.

Itafos Paris Hill's resource highlights are detailed as follows:

Itafos Paris Hills - Lower Zone	Tons (Mt)	Grade (%)	P_2O_5 (Mt)
Reserves	16.7	29.5	4.9
Measured and indicated resources	29.8	30.0	8.9
Inferred resources	4.6	29.9	1.4
Total resources	**34.4**	**30.0**	**10.3**

Itafos Paris Hills - Upper Zone	Tons (Mt)	Grade (%)	P_2O_5 (Mt)
Measured and indicated resources	60.3	22.7	13.7
Inferred resources	9.4	22.6	2.1
Total resources	**69.7**	**22.7**	**15.8**

Given the early stage of Itafos Paris Hills, fluctuations in commodity prices and lapse in time since the latest NI 43-101 for the project was prepared on January 18, 2013, the realizable value of the project may differ from the conclusions drawn in such latest NI 43-101.

[5] Source: Sindicato Nacional da Indústria de Matérias-Primas para Fertilizantes as of July 14, 2017.
[6] The latest NI 43-101 for Itafos Paris Hills titled "NI 43-101 Technical Paris Hills Project" and dated as of January 18, 2013 is filed under the Stonegate Agricom Ltd.'s profile on SEDAR. Measured and indicated resources are inclusive of reserves.

Itafos Farim

Itafos Farim is a high grade phosphate rock mine project located in Farim, Guinea Bissau. Itafos Farim is 100% owned by the Company and is currently in feasibility stage. Itafos Farim is expected to produce 1.3Mt of phosphate rock per year for global export.

Itafos Farim owns phosphate ore mines with approximately 143.2Mt[7] of total resources at 28.2% P_2O_5 and reserves representing a 19 year mine life. The property consists of a high grade sedimentary phosphate deposit of one continuous phosphate bed extending over a known surface area of approximately 40km2. The project has access to existing infrastructure including 70km of paved road covering majority of route from the site to a port that will be constructed and owned by the Company.

Itafos Farim's resource highlights are detailed as follows:

Itafos Farim	Tons (Mt)	Grade (%)	P_2O_5 (Mt)
Reserves	44.0	30.0	13.2
Measured and indicated resources	105.6	28.4	30.0
Inferred resources	37.6	27.7	10.4
Total resources	**143.2**	**28.2**	**40.4**

Given the early stage of Itafos Farim, fluctuations in commodity prices and lapse in time since the latest NI 43-101 for the project was prepared on September 14, 2015, the realizable value of the project may differ from the conclusions drawn in such latest NI 43-101.

MID-TERM PIPELINE

The Company owns and is developing the following mid-term projects:

Itafos Santana

Itafos Santana is a high grade integrated phosphate rock mine and SSP fertilizer project located Pará, Brazil. Itafos Santana is 99.4% owned by the Company and is in feasibility stage. Itafos Santana is expected to produce 500kt per year of SSP to serve the Brazilian fertilizer markets.

Itafos Santana owns phosphate ore mines with approximately 87.0Mt[8] of total resources at 10.1% P_2O_5 and reserves representing a 25 year mine life. The property consists of approximately 235,150 hectares in close proximity to existing infrastructure.

Itafos Santana's resource highlights are detailed as follows:

Itafos Santana	Tons (Mt)	Grade (%)	P_2O_5 (Mt)
Reserves	45.5	12.9	5.9
Measured and indicated resources	60.4	12.0	7.2
Inferred resources	26.6	5.6	1.5
Total resources	**87.0**	**10.1**	**8.7**

Given the early stage of Itafos Santana, fluctuations in commodity prices and lapse in time since the latest NI 43-101 for the project was prepared on October 28, 2013, the realizable value of the project may differ from the conclusions drawn in such latest NI 43-101.

[7] The latest NI 43-101 for Itafos Farim titled "NI 43-101 Technical Report on the Farim Phosphate Project" and dated as of September 14, 2015 is filed under GBL's profile on SEDAR. Measured and indicated resources are inclusive of reserves.

[8] The latest NI 43-101 for Itafos Santana titled "Feasibility Study – Santana Phosphate Project Pará State, Brazil" and dated as of October 28, 2013 is filed under the Company's profile on SEDAR. Measured and indicated resources are inclusive of reserves.

Itafos Araxá (Brazil)

Itafos Araxá is a unique rare earth oxide and other elements mine project located Minas Gerais, Brazil. Itafos Araxá is 100% owned by the Company and is in pre-feasibility stage. Itafos Araxá is expected to produce rare earth oxides to serve the Brazilian fertilizer markets.

Itafos Araxá owns phosphate ore mines with approximately 28.3Mt[9] of total resources at 8.0% P_2O_5 and reserves representing a 32 year mine life. The property consists of approximately 214 hectares in close proximity to existing infrastructure.

Itafos Araxá's resource highlights are detailed as follows:

Itafos Araxá	Tons (Mt)	Grade (%)	P_2O_5 (Mt)
Measured and indicated resources	6.4	8.4	0.5
Inferred resources	21.9	7.9	1.7
Total resources	**28.3**	**8.0**	**2.3**

Given the early stage of Itafos Araxá, fluctuations in commodity prices and lapse in time since the latest NI 43-101 for the project was amended and restated on January 25, 2013, the realizable value of the project may differ from the conclusions drawn in such latest NI 43-101.

Itafos Mantaro (Peru)

Itafos Mantaro is a large phosphate rock mine project located in Junin, Peru. Itafos Mantaro is 100% owned by the Company and is in pre-feasibility stage. Itafos Mantaro is expected to produce phosphate rock to serve producers of phosphate based fertilizers.

Itafos Mantaro owns phosphate ore mines with approximately 415.8Mt[10] of total resources at 9.1% P_2O_5. The property consists of approximately 12,800 hectares in close proximity to existing infrastructure.

Itafos Mantaro's resource highlights are detailed as follows:

Itafos Mantaro - West Zone	Tons (Mt)	Grade (%)	P_2O_5 (Mt)
Measured and indicated resources	39.5	10.0	4.0
Inferred resources	376.3	9.0	33.9
Total resources	**415.8**	**9.1**	**37.8**

Itafos Mantaro - East/Far East Zone	Tons (Mt)	Grade (%)	P_2O_5 (Mt)
East resources	425-435	9.0	38.3-39.2
Far east resources	280-290	9.0	25.2-26.2
Total resources	**705-725**	**9.0**	**63.5-65.3**

Given the early stage of Itafos Mantaro, fluctuations in commodity prices and lapse in time since the latest NI 43-101 for the project was amended and restated on February 21, 2010, the realizable value of the project may differ from the conclusions drawn in such latest NI 43-101.

[9] The latest NI 43-101 for Itafos Araxá titled "A Preliminary Economic Assessment in the form of an Independent Technical Report on MBAC Fertilizer Corp. – Araxa Project" dated October 1, 2012 as amended and restated January 25, 2013 is filed under the Company's profile on SEDAR.

[10] The latest NI 43-101 for Itafos Mantaro titled "NI 43-101 Technical Report on Mantaro Phosphate Deposit" dated February 21, 2010 is filed under the Stonegate Agricom Ltd.'s profile on SEDAR.

4. STRATEGY AND OUTLOOK

STRATEGY

The Company is a vertically integrated phosphate based fertilizers and specialty products company with an attractive portfolio of long-term strategic businesses located in key fertilizer markets worldwide. The Company's mission is to be a leading pure-play, geographically diverse and vertically integrated phosphate based fertilizers and specialty products company creating value for all its stakeholders in a responsible and economically sustainable manner.

The Company will achieve its mission by executing the following strategy:

- owning and operating vertically integrated phosphate based fertilizers and specialty products businesses that produce and sell products that its customers need;
- optimizing its underlying portfolio, including mitigating its critical risks and maximizing cash flow over the life of the businesses; and
- positioning the Company to meet its markets' increasing demand for phosphate based fertilizers and specialty products.

In executing this strategy, the Company will focus on:

- applying and maintaining technical, environmental, health, safety and governance best practices and excellence;
- producing, marketing and selling its phosphate based fertilizers and specialty products through a combination of short to long-term contracts and wholesale market spot sales to crop retailers, farmers, producers and other offtakers;
- managing its key inputs and other fixed expenses to reduce overall costs to produce, market and sell its phosphate based fertilizers and specialty products;
- developing and maintaining, together with its management teams, market knowledge and strong relationships with local governments, regulators, communities, employees, offtakers, suppliers, etc.;
- maintaining a flexible capital structure with moderate levels of debt; and
- investing capital at attractive rates of return into brownfield and greenfield development projects and acquisitions of new businesses.

OUTLOOK

Itafos Conda

On January 12, 2018, the Company completed the acquisition of Itafos Conda from Agrium. The acquisition of Itafos Conda is a unique investment opportunity consistent with the Company's strategy and is immediately transformational. Itafos Conda has been operating for over 20 years and further diversifies the Company's portfolio through geography, project development stage and business characteristics. Itafos Conda currently owns phosphate ore mines with a combined reserve life through 2024 and has clear line of site to extend the mine life through development of Itafos Paris Hills and other alternatives. Currently, the Company is focused on the integration and optimization of Itafos Conda and preparing for its planned bi-annual plant turnaround scheduled for June 2018.

Itafos Arraias

In July 2017, the Company completed the recommissioning of Itafos Arraias. Currently, the Company is ramping up production at Itafos Arraias with the expectation of achieving commercial production by the end of Q2 2018. The Company defines the commencement of commercial production as the date that an asset has achieved a consistent level of production, evidenced by 30 consecutive days of sustainable production at 75% capacity utilization. Once fully operational, Itafos Arraias will be the largest fully integrated SSP operation in Brazil.

Itafos Paris Hills

The Company owns 100% of Itafos Paris Hills, a high grade phosphate rock mine project located approximately 35 miles from Itafos Conda. Itafos Paris Hills is one of the highest grade undeveloped phosphate rock mine projects in the world located in a mining friendly jurisdiction. The Company intends to produce phosphate rock at Itafos Paris Hills to supply Itafos Conda, which would extend the mine life of Itafos Conda by 19 years. Currently, the Company is finalizing permitting for Itafos Paris Hills and advancing integration efforts with Itafos Conda.

Itafos Farim

On February 27, 2018, the Company completed the acquisition of all of the issued and outstanding common shares not previously owned directly or indirectly by Itafos of GBL, the owner of Itafos Farim. Itafos Farim is a West African construction ready high-grade and low-cost phosphate rock mining project. Itafos Farim is one of the highest grade undeveloped phosphate rock mine projects in the world located near key infrastructure. Currently, the Company is finalizing permitting, pursuing offtake alternatives, selecting contractors and securing project financing.

Mid-Term Pipeline

The Company's mid-term pipeline consists of Itafos Santana, Itafos Araxá and Itafos Mantaro. The Company is currently advancing the Itafos Santana project development including preparing a project development plan and finalizing permitting activities. The Company is currently evaluating strategic alternatives for Itafos Araxá and Itafos Mantaro.

Corporate

As at March 31, 2018, the Company had corporate level debt including accrued interest of $93,562 with short-term maturities. Currently, the Company is evaluating various financing alternatives to optimize its capital structure.

5. OVERVIEW OF RESULTS

SUMMARY OF QUARTERLY RESULTS

For the three months ended March 31, 2018 and the prior three quarters, the Company's summary of quarterly results are as follows:

(unaudited in thousands of US Dollars except for per share amounts)	**March 31, 2018**	December 31, 2017	September 30, 2017	June 30, 2017
Net income (loss)	**$ 10,843**	$ (7,936)	$ (8,963)	$ (6,943)
Basic and diluted income (loss) per share	**0.08**	(0.09)	(0.11)	(0.09)
Total assets	**$ 599,642**	$ 421,291	$ 341,702	$ 328,305

The increase in total assets during 2018 is due to the acquisitions of Itafos Conda and Itafos Farim in Q1 2018 (see Section 2).

For the three months ended March 31, 2017 and the prior three quarters, the Company's summary of quarterly results are as follows:

(unaudited in thousands of US Dollars except for per share amounts)	March 31, 2017	December 31, 2016	September 30, 2016	June 30, 2016
Net income (loss)	$ (6,569)	$ (40,413)	$ (46,743)	$ (9,398)
Basic and diluted income (loss) per share[11]	(0.10)	(0.69)	(25.74)	(5.17)
Total assets	$ 337,880	$ 304,758	$ 345,613	$ 371,121

[11] During 2016, the Company had a 1/100 share consolidation whereby the number of shares outstanding were reduced from 181,607,492 to 1,816,066.

Net losses for the periods ending in September 30, 2016 and December 31, 2016 were primarily attributable to the Company's restructuring process during that same period. The significant increases in total assets during 2017 are primarily attributed to the increase in cash from the issuance of shares and short-term debt financing, as well as the increase in assets under construction.

6. STATEMENTS OF OPERATIONS

For the three months ended March 31, 2018 and March 31, 2017, the Company's statements of operations were as follows:

(unaudited in thousands of US Dollars except for shares and per share amounts)		**March 31, 2018**		March 31, 2017
Revenues, net	**$**	**58,116**	$	–
Cost of goods sold		**43,643**		–
	$	**14,473**	$	–
Expenses				
Selling, general and administrative expenses	**$**	**5,222**	$	3,469
Operating income (loss)		**9,251**		(3,469)
Unrealized foreign exchange gain/(loss)		**(29)**		(767)
Other income (expense), net		**(191)**		(1,608)
Finance income (expense), net		**(1,985)**		(79)
Gain (loss) from investment in associates		**7,909**		(337)
Income (loss) before income taxes	**$**	**14,955**	$	(6,260)
Current and deferred income tax expense		**4,112**		309
Net Income (loss) attributable to parent	**$**	**10,843**	$	(6,569)
Net income (loss) attributable to non-controlling interest		**–**		–
Net Income (loss)	**$**	**10,843**	$	(6,569)
Basic earnings per share	**$**	**0.08**	$	(0.10)
Fully diluted earnings per share	**$**	**0.08**	$	(0.10)

Revenues and costs of goods sold for the period were attributed to Itafos Conda operations (see Notes 5 and 19 in the Consolidated Financial Statements).

The increase in selling, general and administrative expenses for the period was due to the following:

- employee based compensation
- sales and marketing expenses due to the addition of Itafos Conda and ramp up of Itafos Arraias;
- professional services related to acquisition and financing activities;
- insurance; and
- other administrative expenses stemming from normal operations.

The increase in finance expense for the period is primarily attributable to the interest on short term promissory notes secured by the Company during the latter part of 2017 and Q1 2018. The increase is net of $1,953 of capitalized interest due to Itafos Arraias recommissioning in progress (see Note 17 in the Consolidated Financial Statements).

The gain from investments in associates for the period represents a gain on the equity investment of GBL for the 31.3% of GBL owned prior to completing the GBL Arrangement and considers the transaction valuation over the carrying value (see Notes 4 and 10 in the Consolidated Financial Statements). The loss from investments in associates for the three months ended March 31, 2017 was primarily related to equity losses from previous equity investments that the Company had in GBL and Stonegate Agricom Ltd., the owner of Itafos Paris Hills and Itafos Mantaro.

The increase in current and deferred income tax expenses for the period is primarily attributed to an increase in estimated tax payable provision for Itafos Conda (see Note 19 in the Consolidated Financial Statements).

7. FINANCIAL CONDITION

LIQUIDITY

The Company continues to focus on improved efficiencies in operations to maximize margins as well as fund development activities and further growth. In addition to the equity financing raised in its private placements, management is pursuing further equity and/or debt financing to support the funding of strategic, general corporate and working capital requirements. Based on the Company's 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 capital.

For the three months ended March 31, 2018 and December 31, 2017, the Company's liquidity and capital resource balances were as follows:

(unaudited in thousands of US Dollars)		**March 31, 2018**		December 31, 2017
Cash	$	**10,795**	$	63,677
Accounts receivable		**28,815**		116
Inventories		**114,185**		8,277
Other current assets		**20,585**		9,005
Accounts payable and accrued liabilities		**(89,185)**		(16,937)
Current debt		**(93,562)**		(25,530)
Contract liabilities		**(352)**		–
Other current liabilities		**(224)**		(184)
Current debentures		**(873)**		(960)
Provisions		**(750)**		(542)
Working Capital	$	**(10,566)**	**$**	**36,922**

The Company is in the process of securing a long-term debt financing structure and is in advanced discussions with interested potential investors. During Q1 2018 and in 2017, the Company continued to generate net financing proceeds from the issuance of shares and debt financing to bridge its short-term financing needs until long-term financing is obtained. As at March 31, 2018, the Company has received net proceeds of $95,171 from debt financing (including $9,750 conversion of debt financing), of which $61,421 was received during Q1 2018. During Q1 2017, the Company received $29,840 from the issuance of shares through private placement and converted debt worth $3,000 to equity (see Note 15 in the Consolidated Financial Statements).

With the acquisition of Itafos Conda (a cash flow generating facility) on January 12, 2018, the Company has further consolidated its operating as well as financial position. Based on the current operating plan and potential growth initiatives, the Company expects to raise additional equity funding. Furthermore, the Company has received a commitment from Castlelake to continue to provide financial support as required to meet its liabilities as and when they became due to ensure business continuity and ongoing operations over the next 12 months.

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.

BALANCE SHEETS

For the three months ended March 31, 2018 and December 31, 2017, the Company's balance sheets were as follows:

(unaudited in thousands of US Dollars)		**March 31, 2018**		December 31, 2017
Assets				
Cash	$	**10,795**	$	63,677
Accounts receivable		**28,815**		116
Inventories		**114,185**		8,277
Other current assets		**20,585**		9,005
Total current assets	$	**174,380**	$	81,075
Property, plant and equipment (net)		**283,299**		263,427
Mineral properties		**128,763**		47,195
Investments in associates		**-**		15,074
Other long-term assets		**13,200**		14,520
Total non-current assets	$	**425,262**	$	340,216
Total assets	$	**599,642**	$	421,291
Liabilities				
Accounts payable and accrued liabilities	$	**89,185**	$	16,937
Current debt		**93,562**		25,530
Contract liabilities		**352**		-
Other current liabilities		**224**		184
Current debentures		**873**		960
Provisions		**750**		542
Total current liabilities	$	**184,946**	$	44,153
Other long-term liabilities		**9,659**		8,733
Long-term portion of debentures		**2,305**		2,240
Other liabilities		**1,641**		1,614
Provisions		**5,984**		2,952
Total long-term liabilities	$	**19,589**	$	15,539
Total liabilities	$	**204,535**	$	59,692
Equity				
Share capital		**509,897**		486,562
Contributed surplus		**246,626**		246,626
Cumulative translation adjustment reserve		**7,785**		8,455
Deficit		**(378,263)**		(389,106)
Equity attributable to shareholders of the parent	$	**386,045**	$	352,537
Non-controlling interest		**9,062**		9,062
Total equity	$	**395,107**	$	361,599
Total liabilities and equity	$	**599,642**	$	421,291

The increase in total current assets during the period is due to the following:

- $105,908 increase in inventories, of which $101,036 is due to scale of operations at Itafos Conda and remainder is due to Itafos Arraias ramp up (See Note 6 in the Consolidated Financial Statements);
- $52,882 decrease in cash (see CASH FLOWS in this Section below);
- $28,699 increase in accounts receivable primarily due to Itafos Conda revenues;
- $13,902 increase in short term assets at Itafos Conda such as mining prepaid expenses, other receivables and deposits (See Note 9 Consolidated Financial Statements);

- $5,145 decrease due elimination of promissory notes receivable from GBL upon consolidation (see Note 9 in the Consolidated Financial Statements); and
- $2,823 increase in tax credits, advances to suppliers and other (see Note 9 in the Consolidated Financial Statements).

The increase in total non-current assets during the period is due to the following:

- $81,568 increase in mineral properties related to acquiring the remaining interests in GBL (see Note 8 in the Consolidated Financial Statements);
- $19,872 increase in plant, property and equipment related to acquisition of Itafos Conda and Itafos Farim and additions (see Note 7 in the Consolidated Financial Statements);
- $15,074 decrease of investments in associates related to acquiring the remaining interests in GBL (see Note 10 in the Consolidated Financial Statements); and
- timing differences stemming from normal operations.

The increase in total current liabilities during the period is due to the following:

- $68,032 additional promissory note financings including interest accruals and acquisition of a note as part of the GBL Arrangement (see Note 12a in the Consolidated Financial Statements);
- $39,914 increase in payables representing the balance of the Itafos Conda purchase price payable to Agrium. This balance is subject to adjustment based on the working capital adjustment based on the final determination of the working capital value at closing (see Note 4 in the Consolidated Financial Statements);
- $4,401 increase in payables related to the phosphate ore supply agreement between Itafos Conda and a subsidiary of Agrium (see Note 11 in the Consolidated Financial Statements);
- $22,980 increase in trade payables and accrued liabilities and other represents increase in payables due to the normal scale of operations at Itafos Conda and includes $5,044 payable related to the mining services agreement between Itafos Conda and a subsidiary of Agrium (see Note 11 in the Consolidated Financial Statements);
- $4,589 increase in tax provisions and tax related liabilities (see Note 11 in the Consolidated Financial Statements);
- $364 increase in rebates payable to Itafos Conda customers (see Note 11 in the Consolidated Financial Statements);
- $352 increase in contract liabilities at Itafos Conda (see Note 15 in the Consolidated Financial Statements); and
- timing differences stemming from normal operations.

The increase in total long-term liabilities during the period is due to the following:

- $3,032 increase in asset restoration obligations at Itafos Conda and Itafos Farim (see Note 14 in the Consolidated Financial Statements);
- $616 increase in share based payments (see Note 13 in the Consolidated Financial Statements); and
- timing differences stemming from normal operations.

The increase in total equity during the period is due to the following:

- $23,335 issuance of shares related to acquiring the remaining interests in GBL (see Section 2);
- $10,843 net income generated for the period quarter (see Section 5); and
- currency translation adjustments.

As at March 31, 2018 and March 31, 2017, the Company did not have any off-balance sheet arrangements.

CAPITAL RESOURCES

For the period ended March 31, 2018, the Company's shares, debentures and restricted share units were as follows:

	Expiry date	Exercise price	Securities outstanding	Shares on exercise
Shares	–	$ –	139,320,301	139,320,301
Canadian debentures	October 27, 2016	C$25.00	147,648	147,648
Restricted share units	–	$ –	2,846,183	2,846,183

The Company's principal shareholder is CLF, a Delaware limited liability company with offices in Minnesota, US. As at December 31, 2017, CLF beneficially owned and controlled 81,452,992 shares of the Company, representing approximately 63.6% of the issued and outstanding shares of the Company on an undiluted basis. As at March 31, 2018, CLF beneficially owned and controlled 81,452,992 shares of the Company, representing approximately 58.46% of the issued and outstanding shares of the Company on an undiluted basis. CLF is a related party (see Note 21 of the Consolidated Financial Statements).

On February 27, 2018, the Company issued 11,301,732 ordinary shares to GBL shareholders in connection with the acquisition of the remaining interests in GBL (see Section 2).

On July 28, 2017, CLF assigned to Modal C$1,753 of the C$2,584 convertible debenture issued by the Company to CLF on October 27, 2016 (the "CLF Debenture"). Following the assignment, the parties agreed to break the CLF Debenture into two separate instruments to reflect (i) Modal as the holder of C$1,753 and (ii) CLF as the holder of C$831. In addition, the Company and Modal agreed to amend its convertible debentures of C$1,107 and C$1,753. The amendments reduced the term from 10 years to four years and reduced the interest rate from 10% to 7.5% (see Note 12 in the Consolidated Financial Statements).

FOREIGN EXCHANGE

Itafos and various of its subsidiaries have changed functional currencies from Canadian Dollars to US Dollars based on the change in location of the principal administrative office and the financing of the entities.

On January 1, 2017, the Brazilian subsidiaries changed their functional currency from Brazilian Reals to US Dollars based on Itafos Arraias re-commencing development activities and considering the financing of the entities.

On February 27, 2018, the Company completed the acquisition of all of the issued and outstanding common shares not previously owned directly or indirectly by Itafos of GBL, the owner of Itafos Farim (see Section 2). GBL's functional currency is Canadian Dollars and the functional currency of its subsidiary GBM Minerais Sarl is Central African Francs. The currency translation impact of such non-US Dollar currencies has been minimal and has been recorded in the Consolidated Financial Statements.

CASH FLOWS

For the three months ended March 31, 2018 and March 31, 2017, the Company's cash flows were as follows:

(unaudited in thousands of US Dollars)		March 31, 2018		March 31, 2017
Operating activities				
Net income (loss)	$	10,843	$	(6,569)
Adjustments for the following items:				
Depreciation and depletion		39		–
Share-based payment (recovery) expense		616		196
Current and deferred income tax expense		4,112		309
(Gain) loss from investment in associates		(7,909)		337
Unrealized foreign exchange (gain) loss		29		767
Financial expense		1,985		79
Net change in non-cash working capital		(22,649)		2,200
Cash flows from operating activities	$	(12,934)	$	(2,681)
Investing activities				
Addition of property, plant and equipment and mineral properties	$	(8,455)	$	(5,919)
Acquisition of Itafos Conda		(66,500)		–
Cash received from Itafos Conda at acquisition		725		–
Acquisition of GBL		(25,539)		–
Issuance of note to GBL		(4,500)		–
Cash received from GBL at acquisition		2,898		–
Cash flows from investing activities	$	(101,371)	$	(5,919)
Financing activities				
Proceeds from debt financing	$	61,421	$	3,000
Net proceeds from issuance of shares		–		29,840
Cash flows from financing activities	$	61,421	$	32,840
Effect of foreign exchange of non-US Dollar denominated cash	$	2	$	(97)
Increase (decrease) in cash		(52,882)		24,143
Cash, beginning of period		63,677		2,875
Cash, end of period	$	10,795	$	27,018

The increased use of cash from operations was primarily driven by Itafos Conda operations (see Section 5) and net change in non-cash working capital (see Note 20 in the Consolidated Financial Statements).

The increased use of cash from investing activities was primarily driven by the acquisitions of Itafos Conda and Itafos Farim (see Section 2) and additions to plant, property and equipment.

The increased cash generated from financing activities was driven by the promissory notes financing (see Note 12a in the Consolidated Financial Statements).

CONTRACTUAL OBLIGATIONS

For the three months ended March 31, 2018, 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
Accounts payable and accrued liabilities	$	89,185	$	–	$	–		–	$	89,185
Provisions		750		–		–		5,984		6,734
Canadian debentures		873		619		1,238		448		3,178
Brazilian debentures		224		399		399		758		1,780
Current debt		93,562		–		–		–		93,562
Other non-current liabilities		–		85		–		–		85
Total contractual obligations	$	184,594	$	1,103	$	1,637	$	7,190	$	194,524

The Company's provisions are representative of the asset retirement obligations as well as legal obligations that exist as at March 31, 2018. Liabilities for costs are recorded when it is probable that obligations have been incurred and the amounts can be reasonably estimated.

8. INCOME TAXES

OVERVIEW

The Company calculates tax provisions for each of the jurisdictions in which it operates. Current tax expense is based on the results for the period as adjusted for items that are not currently taxable or not deductible. Current tax expense is calculated using tax rates and laws that are prevailing at the end of the reporting period (see Note 19 in the Consolidated Financial Statements).

The Company is domiciled in the Cayman Islands and is subject a statutory income tax rate of 0%.

Itafos Conda is domiciled in the US and subject to a statutory income tax rate of 26.8%, comprised of federal corporate income tax of 21% and state corporate income tax of 7.4%.

Itafos Arraias is domiciled in Brazil and subject to a statutory income tax rate of 34%, comprised of federal corporate income tax of 25% and social contribution of 9%. The location of Itafos Arraias makes it eligible to participate in a regional development program administered by the Superintendência do Desenvolvimento da Amazônia ("SUDAM"). Created in 1966 to promote development of the Amazon region in Brazil, SUDAM offers tax incentives that allow eligible companies to reduce the statutory income tax rate of 34% to 15.25% by means of a 75% discount to the 25% federal corporate income tax. The Company has commenced preparations to complete the application process and as of March 31, 2018 the Company is on track to complete the process by the end of 2018.

The Company's effective tax rate may fluctuate from period to period due to factors including, but not limited to, 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. 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.

BRAZILIAN TAX ASSESSMENTS

During the latter part of 2017, the Company elected to participate in the Brazilian Special Program for Tax Regularization ("PERT") 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 judicial process in Brazil may require years to resolve, during which legal fees escalate and interest accrues. The Company believes these financial resources, along with management's time and effort, are better allocated to value-creating opportunities.

On October 25, 2017, the PERT 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 in early 2018 or monthly installment payments over 12 years. The Company has elected to proceed with the installment payments option.

9. ECONOMIC TRENDS IN THE PHOSPHATE FERTILIZER MARKETS

GLOBAL MARKET

Supply and demand balance in benchmark phosphate fertilizer products, such as diammonium phosphate ("DAP") and MAP, is a key trend that the Company follows as these products are the basis for domestic pricing of phosphate-based fertilizers both in the US and in Brazil. Prices for DAP and MAP stayed low for most of 2017 due to relatively weak global consumption but have bounced back supported by demand from the US, Europe, Africa and Australia along with turnarounds/port closures in Morocco, stoppage in Tunisia and slow ramp up for Ma'aden.

In addition, the input pricing of sulfur is also important as it not only impacts the cost of production but also determines the value of sulfur contained in SSP products. Sulfur prices spiked in late 2017 due to supply side shocks in the Gulf resulting from lower output due to Hurricane Harvey but have entered a downtrend since the beginning of the year as demand continues flat worldwide. Some additional pressure on sulfur prices could arise throughout the year on exports ramp up from Kashagan oilfield and full impact of Mosaic's Plant City idling (production of approximately 150kt per year of DAP, MAP, and nitrogen phosphates).

As Q1 2018 ended, US and China exchanged threats of tariffs on imported goods from each other's country. China's retaliatory threat included placing a tariff on US soybeans. This has created increased volatility on soybean pricing outlook. The acres planted may not change that much this spring, but there is risk that farmers cut fertilizer application rates if corn/bean prices continue to drop and there are tight credit conditions for farmers. On the other hand, the tariffs on US soybeans could end up being a positive for Brazilian soybean farmers as Brazil is the largest exporter of soybeans to China. Yields are already up to record levels in the country and this could provide healthy cash flow support for farmers, bolstering increased fertilizer demand.

US MARKET

The average benchmark price for DAP at New Orleans was approximately $408.6/t in Q1 2018 versus $376.4/t in Q4 2017. The increased prices also helped lift price for SPA in the Company's target sales regions in the US. Moreover, prices should continue firm through September 2018 driven by demand from India, Brazil and Pakistan. Regarding India, acid pricing jumped $100/t in January 2018 and expectations are that another $50/t could be added in Q3 2018. In the US, the forward markets also appear that there will be a normal reset for next contract year. If current swaps are indicative, the reality, the summer 2018 reset seems to be around $380-385/t versus 2017's reset of approximately $335/t. On the supply side, the impact of regulatory changes in China that have taken volume off the export flow will be important to monitor along with the Tunisian phosphate production which has been down for a period of around six weeks and although is resuming, the situation remains sluggish. On the demand side, an increase in demand from India back to historical levels could provide tailwinds to lift prices in early 2018. India's phosphate demand is 2Mt lower today than it was several years ago.

BRAZILIAN MARKET

A key driver of fertilizer consumption in Brazil is the growth of the agriculture sector. In Brazil, the highly favorable climate conditions contributed to a record grain output in 2017. Although Brazil's 2018 grain production is not expected to exceed the record in 2017, the Companhia Nacional de Abastecimento estimates that volume could be the second largest ever produced with approximately 229.5Mt. Moreover, the total planted area is expected to increase by 0.82% compared with the previous harvest, reaching around 61.4M hectares in total. For soybeans, production is forecasted to grow 0.78% to 115Mt which could be revised upwardly depending on how Chinese tariffs on US soybeans end up impacting Brazilian soybean farmers. Overall, Mato Grosso state should continue to be the largest national producer of grains, with a share of 26.7%, followed by Paraná (16.3%) and Rio Grande do Sul (13.7%). Combined, these states account for 56.7% of the national total. The combination of these factors should lead to an increase in fertilizer demand. According to the Associação Nacional para Difusão de Adubos, deliveries of fertilizers in Brazil in 2018 are estimated at 35.1Mt, representing a projected 2% increase over 34.4Mt in 2017. Imports should continue to meet the majority of national consumption, accounting for 76% of total demand.

The outlook for 2018 is favorable on expectations of good growing climate and increased credit availability to farmers. 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 to R$200M for the period 2017/2018, increasing by more than 10% compared to the previous period. The Plano Agricola e Pecuario initiative allows credit lines to be available for Brazilian farmers to invest in food production and supplies. Credit can be used to purchase fertilizers, equipment and to improve infrastructure in rural properties. Current interest rates for such loans are set at 7.5% annually for medium-sized producers and infrastructure development and at 8.5% annually for large producers. Increased access to financing, coupled with lower costs of financing, should help bolster support for farmers who require credit to meet their input purchasing needs.

SSP prices are driven off import SSP cost parity and nutrient parity. SSP prices also follow prices for triple super phosphate 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 costs for phosphate based fertilizers. The Company anticipates that if sulfur prices remain high in 2018, there could be an increase in domestic SSP prices in Brazil. The other domestic producers do import most of their sulfur needs as well. The integration of Vale’s assets into Mosaic in 2018 will also be a key factor in the domestic market supply with an impact on pricing of SSP and other phosphate fertilizer products.

US MACRO-ECONOMIC OUTLOOK

In Q1 2018, the US macro-economic condition continued to strengthen as the labor market continues to improve and economic activity has been moderately rising. According to the Federal Reserve, job gains have been strong in recent months and the unemployment rate has stayed low. After a period of low to negative inflation in 2015, the Consumer Price Index gradually increased in 2016 and has been stable at around 2% since December of that year. On a 12-month basis, inflation is approximately 2% and it is expected to average 1.9% in 2018. The federal funds rate has followed suit, having averaged less than 0.2% in 2015 and currently set at 1.5% to 1.75%. The Federal Reserve expects that economic conditions will evolve in a manner that will justify further gradual increases in the federal funds rate. According to the latest forecast released at the Federal Market Committee meeting, the economy should grow by 2.7% in 2018, 2.4% in 2019 and 2.0% in 2020. It is worth noting that the growth outlook hinges significantly on whether tax cuts set on the recent Tax Cuts and Jobs Act, which decreased the corporate tax rate from 35% to 21%, will stimulate the economy. Uncertainty over US trade policies pose as a potential threat to the economy.

BRAZIL MACRO-ECONOMIC OUTLOOK

Brazil macro-economic conditions should continue to improve throughout 2018 with GDP growth anticipated to reach 2.75%, the largest increase since 2013. Key factors supporting the GDP growth include pickup in internal consumption, low interest rates, recovering business sentiment and improving labor market. The benchmark interest rate, SELIC tax, has reached an all-time low at 6.50%, close to a 600 bps reduction from one year ago. The rolling 12 month Inflation rate reached the lowest point in history at 2.7% and is expected to remain under 4% in 2018. During the same period last year, the rolling 12 month inflation rate was at 4.6%. On the other end of the spectrum, the lack of definition of the electoral framework (presidential elections to take place in October 2018) leaves uncertainty with regards to the direction of important economic policy measures such as social security reform. As such, it is expected that the currency should remain volatile throughout 2018. In addition to domestic dynamics, ongoing tightening monetary cycle in the US combined with international commercial tariffs being implemented in the US and China should play an important role in the direction of the Brazilian Real.

10. BUSINESS RISKS AND UNCERTAINTIES

The information presented in Section “Business Risks and Uncertainties” of the Company’s 2017 Annual MD&A is representative of the various risks facing the Company. Except as noted below, there has been no significant changes in the Company’s risks since December 31, 2017.

With the acquisition of Itafos Conda and Itafos Farim, the Company is now operating in new jurisdictions. The Company may face compliance risk relating to regulations and new laws applicable to the new jurisdictions. Denials or delays in receiving permits and approvals or imposition of restrictive conditions with respect to these permits and approvals may impact the development of the project.

The Company is exposed to concentration of revenues as 100% of Itafos Conda's MAP revenues are currently generated from Agrium and approximately 60% of its SPA revenues are currently generated from three key customers.

11. CONTINGENCIES

Due to the size, complexity and nature of the Company's operations, various legal, environmental, tax and other matters arise in the ordinary course of business. The Company accrues for such items when a liability is both probable and the reasonable estimates of the liability are available. Legal, environmental and other matters are inherently complex requiring significant judgement in probable outcomes. Therefore, future adjustments to liabilities as well as costs and estimates may occur. Based on the Company's knowledge and assessment of the status of its operations, the Company does not believe that the outcome of any of the matters not recorded in the Consolidated 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 to present them fairly in the Consolidated Financial Statements.

12. CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of consolidated 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 judgement involved and the potential impact on the Company's reported financial results. Evaluations of estimates and judgements occur continuously. Estimates and judgements are based on historical experience and other factors including expectations of future events that are considered reasonable under the circumstances. If the Company's financial condition, change in financial condition or results of operations would be materially impacted by a different estimate or a change in estimate from period to period, estimates are deemed critical. By their nature, these estimates are subject to measurement uncertainty, and changes in these estimates may affect the consolidated financial statements of future periods.

For further information on the Company's critical accounting estimates, see Notes 2 and 3 of the the Company's last annual consolidated financial statements as at and for the year ended December 31, 2017 and Note 2 of the Consolidated Financial Statements. The accounting policies applied in the Consolidated Financial Statements are consistent with those applied in the the Company's last annual consolidated financial statements as at and for the year ended December 31, 2017, with the exception of changes in accounting policies, effective January 1, 2018, described in Note 3 of the Consolidated Financial Statements.

13. 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.

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. 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 of procedures by management.

The Company's internal control over financial reporting includes:

- maintaining records that, in reasonable detail, accurately and fairly reflect the Company's transactions and dispositions of the assets of the Company;
- providing reasonable assurance that transactions are recorded as necessary for preparation of the Company's financial statements in accordance with generally accepted accounting principles;
- providing reasonable assurance that receipts and expenditures are made in accordance with authorizations of management and the directors of the Company; and
- providing reasonable assurance that unauthorized acquisition, use or disposition of company assets that could have a material effect on the Company's financial statements would be prevented or detected on a timely basis.

The Company has limited administrative staffing, and in many instances, the implementation of internal controls relying on segregation of duties is not always possible. During 2016, the restructuring measures undertaken by management as well as the continuation of the strategic review process resulted in higher than normal staff reductions and turnover. The Company continues to rely on management review and approval to ensure that the controls are effective.

Due to the acquisitions made in Q1 2018, new manual disclosure controls and procedures were designed to address new processes from the acquisitions. Management is currently in the process of instituting automated controls and aligning control processes across the organization. In the meantime, management is mitigating risks related to manual processes through increased oversight.

Except as noted above, there has been no change in the Company's disclosure controls and procedures during the period covered by this MD&A that has materially affected, or is reasonably likely to materially affect, the Company's internal controls over financial reporting.

Both the Chief Executive Officer ("CEO") and the CFO have evaluated the design of the Company's disclosure controls and procedures as at the end of the period covered by this MD&A, pursuant to the requirements of National Instrument 52-109, and have concluded that as of such date, the Company's disclosure controls and procedures are effective at that reasonable assurance level. The Company's previous internal controls over financial reporting provided for the complexities of consolidating controlled entities and during the three months ended March 31, 2018, was tailored to provide further assurance that the consolidating and reporting of Itafos Conda and Itafos Farim was effected accordingly.

LIMITATIONS OF CONTROLS AND PROCEDURES

The Company's management, including the CEO and 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 system 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 may not be detected.

14. OTHER DISCLOSURES

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 regarding Itafos Arraias, Itafos Santana and Itafos Araxa is Carlos Guzmán, FAusIMM (229036), Mining Engineer, RM (Chilean Mining Commission).

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 regarding Itafos Paris Hills is Dan Thompson, P.E.

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 regarding Itafos Farim is Dan Markovik, P.E.

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”.

Forward-looking information contained in this MD&A may include, without limitation, statements with respect to:

- the Company’s strategy and outlook;
- the Company’s ability to carry out any action plan;
- the Company’s ability to secure financing;
- the Company’s current estimate and potential increase of mine life of its projects;
- the Company’s expectations around resources and reserves, including those stipulated in technical reports;
- the Company’s ability to continue to own and operate its operating projects;
- the Company’s ability to sell its products;
- the Company’s ability to develop its development projects;
- the Company’s ability to obtain necessary permits and licenses;
- the Company’s expectations around global macro factors;
- the Company’s expectations around global fertilizer markets;
- the Company’s expectations around asset retirement obligations and associated costs and credit risks
- the Company’s ability and evaluation efforts to extend Itafos Conda’s mine life;
- the Company’s ability to complete the Itafos Arraias ramp up;
- the Company’s expectations around Itafos Arraias’ production potential;
- the Company’s ability to complete the development of Itafos Paris Hills;
- the Company’s ability to complete the development of Itafos Farim;
- the Company’s expectations about its intentions around its mid-term development pipeline;
- the Company’s expectations around fair valuing Itafos Conda.

The forward-looking information contained in this MD&A is based on the opinions, assumptions and estimates of management set out herein, which management believes are reasonable as at the date the statements are made. 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 risks and uncertainties relating to:

- future commodity prices;
- general economic and industry growth rates;
- exploration, development and operating risks;
- environmental risks and hazards;
- global financial conditions;
- uncertainty with respect to the estimation of mineral reserves and mineral resources;
- uncertainty with respect to inferred mineral resources;
- changes in the agriculture, fertilizer, commodity, raw material, energy, transportation and financial market conditions and prices;
- infrastructure risks;
- permitting and licensing;
- insurance and uninsured risks;
- 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;
- additional capital requirements;
- fluctuations in currency exchange rates;
- potential write-downs and impairments;
- timing and outcome of current and pending government and third party claims or lawsuits and other litigation risks;
- a potential sale or disposition or dilution of ownership of certain assets by the Company;
- changes in governmental policy and in environmental and other governmental regulation;
- the Company's foreign operations;
- labor, employment and other workforce matters;
- 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;
- potential malicious acts of destruction to the Company's property;
- weather and climate change;
- volatility of the Company's stock price and the Company's ability to maintain a listing on a stock exchange;
- current or pending litigation;
- the commercial viability of phosphate ore deposits;
- mine development and completion;
- the accuracy of estimates and findings for the Company's projects; and
- operating risks, political risks and credit risks.

Although the Company has attempted to identify crucial factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results not to be 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.

****