Management's Discussion and Analysis of Operations and Financial Condition
For the three and nine months ended September 30, 2020 and 2019

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF OPERATIONS AND FINANCIAL CONDITION

This management's discussion and analysis of operations and financial condition ("MD&A") is as of November 12, 2020 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, 2020 (the "Interim Financial Statements"), the Company's audited consolidated financial statements for the year ended December 31, 2019 (the "Audited Financial Statements") and accompanying management's discussion and analysis of operations and financial condition for the year ended December 31, 2019 (the "Annual MD&A"). Unless otherwise specified, all figures in this MD&A are presented in thousands of US Dollars ("$") and in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and Interpretations issued by the International Financial Reporting Interpretations Committee applicable to the preparation of condensed interim financial statements, including International Accounting Standards 34 Interim Financial Reporting.

This MD&A considers both IFRS and certain non-IFRS measures that management considers to evaluate the Company's operational and financial performance. Non-IFRS measures are a numerical measure of a company's performance, that either include or exclude amounts that are not normally included or excluded from the most directly comparable IFRS measures. Management believes that the non-IFRS measures provide useful supplemental information to investors, analysts, lenders and others. In evaluating non-IFRS measures, investors, analysts, lenders and others should consider that non-IFRS measures do not have any standardized meaning under IFRS and that the methodology applied by the Company in calculating such non-IFRS measures may differ among companies and analysts. Non-IFRS measures should not be considered as a substitute for, nor superior to, measures of financial performance prepared in accordance with IFRS. Definitions and reconciliations of non-IFRS measures to the most directly comparable IFRS measures are included in Section 7 of this MD&A.

This MD&A contains ''forward-looking information" within the meaning of applicable Canadian securities legislation. Management believes that forward-looking information provides useful supplemental information to investors, analysts, lenders and others. In evaluating forward-looking information, investors, lenders and others should consider that forward looking information may not be appropriate for other purposes and are cautioned not to put undue reliance on forward-looking information. Forward-looking information contained in this MD&A is based on the opinions, assumptions and estimates of management set out herein, which management believes are reasonable as at the date the statements are made. Such opinions, assumptions and estimates are inherently subject to a variety of risks and uncertainties and other known and unknown factors that could cause actual events or results to differ materially from those projected in forward-looking information. Although the Company has attempted to identify crucial factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Cautionary statements regarding forward-looking information and risks and uncertainties affecting forward-looking information are included in Section 8 of this MD&A.

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

1. GENERAL COMPANY INFORMATION

OVERVIEW

Itafos (the "Company") is a pure play phosphate and specialty fertilizer platform with an attractive portfolio of strategic businesses and projects located in key fertilizer markets, including North America, South America and Africa.

The Company's businesses and projects are as follows:

- Conda – a vertically integrated phosphate fertilizer business with production capacity of approximately 550kt per year of monoammonium phosphate ("MAP"), MAP with micronutrients ("MAP+"), superphosphoric acid ("SPA"), merchant grade phosphoric acid ("MGA") and ammonium polyphosphate ("APP") located in Idaho, US;
- Arraias – a vertically integrated phosphate fertilizer business with production capacity of approximately 500kt per year of single superphosphate ("SSP"), SSP with micronutrients ("SSP+") and approximately 40kt per year of excess sulfuric acid located in Tocantins, Brazil;
- Farim – a high-grade phosphate mine project located in Farim, Guinea-Bissau;
- Paris Hills – a high-grade phosphate mine project located in Idaho, US;
- Santana – a vertically integrated high-grade phosphate mine and fertilizer plant project located in Pará, Brazil;
- Mantaro – a phosphate mine project located in Junin, Peru; and
- Araxá – a vertically integrated rare earth elements and niobium mine and extraction plant project located in Minas Gerais, Brazil.

The Company's principal shareholder is CL Fertilizers Holding LLC ("CLF"). CLF is an affiliate of Castlelake, L.P., a global private investment firm (see Notes 1 and 21 in the Interim Financial Statements).

The Company's shares trade on the TSX Venture Exchange ("TSX-V") under the trading symbol "IFOS". The Company's registered office is at Ugland House, Grand Cayman, Cayman Islands KY1-1104.

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BUSINESSES AND PROJECTS

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

Item	Conda[i]	Arraias[ii]	Farim	Paris Hills	Santana	Mantaro	Araxá
Ownership[iii]	100%	97.0%	100%	100%	99.4%	100%	100%
Location	Idaho, US	Tocantins, Brazil	Farim, Guinea-Bissau	Idaho, US	Pará, Brazil	Junin, Peru	Minas Gerais, Brazil
Status	Operating	Idled	Construction ready	Wind down in process	Development	Development	Development
Mineral Reserves[iv]	13.1Mt at avg. 26.6% P_2O_5	Under review	44.0Mt at avg. 30.0% P_2O_5	Under review	Under review	Under review	Under review
Measured and Indicated Mineral Resources[iv]	50.3Mt at avg. 25.5% P_2O_5	79.0Mt at avg. 4.9% P_2O_5	105.6Mt at avg. 28.4% P_2O_5	88.0Mt at avg. 24.9% P_2O_5	60.4Mt at avg. 12.0% P_2O_5	39.5Mt at avg. 10.0% P_2O_5	6.3Mt at avg. 5.0% TREO and at avg. 1.0% Nb_2O_5
Inferred Mineral Resources[iv]	0.7Mt at avg. 25% P_2O_5	12.7Mt at avg. 3.9% P_2O_5	37.6Mt at avg. 27.7% P_2O_5	10.4Mt at avg. 24.8% P_2O_5	26.6Mt at avg. 5.6% P_2O_5	376.3Mt at avg. 9.0% P_2O_5	21.9Mt at avg. 4.0% TREO and 0.6% Nb_2O_5
Mine life[iv]	Through mid-2026	Under review	25 years	Under review	Under review	Under review	Under review
Products	MAP, MAP+, SPA, MGA and APP	SSP, SSP+ and excess sulfuric acid	Phosphate rock	Phosphate rock	SSP and excess sulfuric acid	Phosphate rock	Rare earth oxides and niobium oxide
Annual production and sales capacity	550kt	500kt SSP and SSP+ and 40kt excess sulfuric acid	1.3Mt	1.0Mt	500kt SSP and 30kt excess sulfuric acid	Under review	8.7kt rare earth oxides and 0.7kt niobium oxide

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

ii. Arraias' key infrastructure consists of mine, beneficiation plant, sulfuric acid plant, acidulation plant and granulation plant. Arraias previously demonstrated capability to produce PK compounds as part of the repurpose plan, which was enabled by purchasing higher grade phosphate rock from third party producers.

iii. Non-controlling interests represented by preferred non-voting shares issued by the Company in 2018 upon exercise of warrants held by creditors under the 2016 Brazilian restructuring proceedings (see Note 2 in the Interim Financial Statements).

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

The Company's businesses and projects are described in greater detail in the Annual MD&A. The Company's latest respective technical reports are as follows:

- Conda – the technical report titled "NI 43-101 Technical Report on the Itafos Conda and Itafos Paris Hills Mineral Projects, Idaho, USA" and dated as of July 1, 2019 (the "Conda Technical Report") as announced in the Company's news releases dated October 30, 2019 and December 16, 2019;
- Arraias – the technical report titled "Updated Technical Report Itafos Arraias SSP Project, Tocantins State, Brazil" and dated as of March 27, 2013;
- Farim – the technical report titled "NI 43-101 Technical Report on the Farim Phosphate Project, Guinea-Bissau" and dated as of September 14, 2015;
- Paris Hills – the Conda Technical Report;
- Santana – the technical report titled "Feasibility Study – Santana Phosphate Project Pará State, Brazil" and dated as of October 28, 2013;
- Mantaro – the technical report titled "NI 43-101 Technical Report on Mantaro Phosphate Deposit" and dated as of February 21, 2010; and
- Araxá – the technical report titled "A Preliminary Economic Assessment in the form of an Independent Technical Report on MBAC Fertilizer Corp. – Araxá Project" and dated as of October 12, 2012.

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

2. HIGHLIGHTS

OVERALL HIGHLIGHTS

For the three months ended September 30, 2020

For the three months ended September 30, 2020, the Company's financial highlights were as follows:

- generated adjusted EBITDA of $(292) [Q3 2019: $(95)], representing largely consistent performance year-over-year primarily due to a disruption in sulfuric acid supply from its primary supplier at Conda, which was largely offset by cost savings following the idling of Arraias and implementation of aggressive corporate wide cost savings and deferral of spending initiatives (see Section 7);
- incurred net loss of $(13,788) [Q3 2019: $(20,778)], representing a 34% decrease year-over-year primarily due to higher gross margin at Conda and Arraias and lower corporate-wide selling, general and administrative expenses due to implementation of aggressive corporate wide cost savings and deferral of spending initiatives;
- closed a $20,000 secured working capital facility at Conda with JPMorgan Chase Bank, N.A. (the "Revolving Facility"), which refinanced the $20,000 secured working capital facility at Conda with Gavilon Fertilizer, LLC (the "Gavilon Facility") (see Notes 10 and 22 in the Interim Financial Statements);
- repaid the Gavilon Facility in full in connection with closing the Revolving Facility (see Notes 10 and 22 in the Interim Financial Statements);
- drew an additional $5,300 under the Company's unsecured and subordinated promissory note (the "CLF Promissory Note") with an additional $5,400 remaining available to be drawn by the Company at its sole discretion (see Notes 10 and 21 in the Interim Financial Statements); and
- advanced aggressive corporate wide cost savings and deferral of spending initiatives.

For the three months ended September 30, 2020, the Company's business highlights were as follows:

- continued corporate-wide risk mitigation measures to address potential impacts to employees, contractors and operations as a result of the coronavirus disease 2019 ("COVID-19") pandemic resulting in no material impact to operations;
- demonstrated sustained environmental, health and safety excellence at Conda and Arraias, including no environmental releases and one recordable injury and achievement of a notable milestone at Arraias by exceeding one year without a recordable injury;
- completed a reduced scope plant turnaround at Conda during July 2020 as part of its risk mitigation measures during the COVID-19 pandemic with no environmental releases or recordable injuries;
- experienced a significant disruption in sulfuric acid supply at Conda from its primary supplier and advanced efforts to mitigate potential adverse effects of the disruption, including procuring additional sulfuric acid volumes from other third party suppliers and opportunistically conducting certain maintenance activities during times of lower throughput;
- produced total production volumes at Conda of 97,547t [Q3 2019: 144,586t], representing a 33% decrease year-over-year primarily due to a disruption in sulfuric acid supply from its primary supplier;
- generated adjusted EBITDA at Conda of $4,259 [Q3 2019: $8,821], representing a 52% decrease year-over-year primarily due to a disruption in sulfuric acid supply from its primary supplier (see Section 7);
- incurred net loss at Conda of $(1,757) [Q3 2019: $(2,478)], representing a 29% decrease year-over-year primarily due to higher gross margin due to lower depreciation and depletion, which was partially offset by a disruption in sulfuric acid supply from its primarily supplier;
- advanced activities related to extending Conda's mine life through permitting and development of Husky 1/North Dry Ridge ("H1/NDR"), including advancing reclamation cap and cover alternatives analysis and updates to the Groundwater Fate and Transport Model associated with Environmental Impact Statement ("EIS") requirements;
- advanced activities related to optimizing Conda's EBITDA generation capability, including:
  - entered into a third party tolling agreement for a proprietary micronutrient enhanced dry product as an additional product in the new line of micronutrient enhanced dry products and completing an initial production run,

- advanced formulation development of MAP enhanced with zinc as an additional product in the new line of micronutrient enhanced dry products,
- advanced test work on magnesium oxide ("MgO") reduction with the use of enhanced grinding attrition scrubbing and flotation,
- advanced operations and cost to serve initiatives, including advancing freight cost reduction opportunities, implementing SPA rail car fleet optimization strategy and renegotiating pricing on key raw materials,
- launched pilot plant testing and a front-end engineering and design ("FEED") study related to anhydrous hydrogen fluoride and precipitated silica ("AHF/PS") by-product recovery,
- launched a feasibility study related to on-site ammonia production and
- launched a pre-feasibility study related to sulfuric acid plant expansion and cogeneration;

- maintained the idling of Arraias following best practices; and
- advanced the stage-gate restart program at Arraias, including advancing a test work campaign aimed at the metallurgical characterization of the Domingos ore as well as a detailed in-fill drilling program;

For the three months ended September 30, 2020, the Company's other highlights were as follows:

- maintained Farim at construction ready state while optimizing costs; and
- advanced the development of Farim, including advancing project financing, related permitting and offtake initiatives;
- advanced the wind down of Paris Hills, including issuing mineral lease termination letters to land owners, following the Company's decision to wind down the concession following completion of the Conda Technical Report, which defined H1/NDR as the Company's path forward for mine life extension at Conda;
- advanced corporate streamlining initiatives resulting in dissolution of one unutilized legacy entity (see Note 2 in the Interim Financial Statements);
- cash settled 27,154 restricted share units ("RSUs") for $6 under the company's restricted share unit plan (the "RSU Plan") (see Note 11 in the Interim Financial Statements); and
- amended the Company's RSU Plan to increase the maximum number of shares which may be reserved for issuance under the Company's RSU Plan from 14,207,030 to 18,546,282 (see Note 3 in the Interim Financial Statements).

For the nine months ended September 30, 2020

For the nine months ended September 30, 2020, the Company's financial highlights were as follows:

- generated adjusted EBITDA of $10,244 [9M 2019: $(295)], representing a 3,573% increase year-over-year primarily due to cost savings following the idling of Arraias and implementation of aggressive corporate wide cost savings and deferral of spending initiatives which was partially offset by a disruption in sulfuric acid supply from its primary supplier at Conda (see Section 7);
- recorded a write-off of mineral properties of $8,449 at Paris Hills following the Company's decision to wind down the concession following completion of the Conda Technical Report, which defined H1/NDR as the Company's path forward for mine life extension at Conda (see Note 6 in the Interim Financial Statements);
- incurred net loss of $(52,891) [9M 2019: $(55,706)] representing a 5% decrease year-over-year primarily due to the same factors that resulted in improved adjusted EBITDA, which were offset by a write-off of mineral properties at Paris Hills (see above);
- drew an additional $10,600 under the CLF Promissory Note with an additional $5,400 remaining available to be drawn by the Company at its sole discretion (see Notes 10 and 21 in the Interim Financial Statements);
- issued 5,000,000 shares to lenders of the Company's secured term credit facility (the "Facility") in exchange for eliminating additional interest of 1% per annum payable in cash for each quarter that the Company's consolidated secured leverage ratio is equal to or greater than 4.00:1.00 at the end of such quarter (see Notes 10, 12 and 21 in the Interim Financial Statements); and
- advanced aggressive corporate wide cost savings and deferral of spending initiatives.

For the nine months ended September 30, 2020, the Company's business highlights were as follows:

- implemented and continued corporate-wide risk mitigation measures to address potential impacts to employees, contractors and operations as a result of the COVID-19 pandemic resulting in no material impact to operations;
- demonstrated sustained environmental, health and safety excellence at Conda and Arraias, including no environmental releases and two recordable injuries and achievement of a notable milestone at Arraias by exceeding one year without a recordable injury;
- completed a reduced scope plant turnaround at Conda during July 2020 as part of its risk mitigation measures during the COVID-19 pandemic with no environmental releases or recordable injuries;
- experienced a significant disruption in sulfuric acid supply at Conda from its primary supplier and advanced efforts to mitigate potential adverse effects of the disruption, including procuring additional sulfuric acid volumes from other third party suppliers and opportunistically conducting certain maintenance activities during times of lower throughput;
- produced total production volumes at Conda of 370,834t [9M 2019: 435,265t], representing a 15% decrease year-over-year primarily due to a disruption in sulfuric acid supply from its primary supplier;
- generated adjusted EBITDA at Conda of $27,013 [9M 2019: $31,560], representing a 14% decrease year-over-year primarily due to a disruption in sulfuric acid supply from its primary supplier (see Section 7);
- realized net income at Conda of $2,627 [9M 2019: $3,314], representing a 21% decrease year-over-year primarily due to a disruption in sulfuric acid supply from its primary supplier;
- advanced activities related to extending Conda's mine life through permitting and development of H1/NDR, including securing support from the Idaho legislature via House Joint Memorial #11, which passed unanimously as well as numerous letters of support from local and state officials, preparing and submitting an updated Mine and Reclamation Plan to the Bureau of Land Management (the "BLM") as part of the National Environmental Policy Act ("NEPA") permitting process and advancing reclamation cap and cover alternatives analysis and updates to the Groundwater Fate and Transport Model associated with EIS requirements;
- advanced activities related to optimizing Conda's EBITDA generation capability, including:
  - completed the micronutrient addition to granulation project to support new line of micronutrient enhanced products,
  - entered into a third party tolling agreement for a proprietary micronutrient enhanced dry product as an additional product in the new line of micronutrient enhanced dry products and completing an initial production run,
  - advanced formulation development of MAP enhanced with zinc as an additional product in the new line of micronutrient enhanced dry products,
  - advanced test work on MgO reduction with the use of enhanced grinding attrition scrubbing and flotation,
  - advanced operations and cost to serve initiatives, including advancing freight cost reduction opportunities, implementing SPA rail car fleet optimization strategy and renegotiating pricing on key raw materials,
  - launched pilot plant testing and a FEED study related to AHF/PS by-product recovery,
  - launched a feasibility study related to on-site ammonia production and
  - launched a pre-feasibility study related to sulfuric acid plant expansion and cogeneration;
- safely completed and maintained the idling of Arraias following best practices, including completing associated employee and contractor terminations and monetizing inventory and raw materials to partially offset costs;
- secured important long-term tax incentives for Arraias;
- completed third party reports on Arraias' mine and beneficiation plant, which confirm that a restart is feasible and outline the respective timing and capex requirements; and
- launched and advanced a stage-gate restart program at Arraias, including designing and advancing a test work campaign aimed at the metallurgical characterization of the Domingos ore as well as a detailed in-fill drilling program and engaging a third party to conduct the metallurgical test work that will form the basis of the revised beneficiation process.

For the nine months ended September 30, 2020, the Company's other highlights were as follows:

- advanced Farim to construction ready state, including completing the in-pit geotechnical report, selecting preferred mining contractor, completing third party reviews of the mine dewatering design and flood study and achieving substantial completion of construction of the contractor's camp;
- maintained Farim at construction ready state while optimizing costs;
- advanced the development of Farim, including advancing project financing, related permitting and offtake initiatives;
- advanced the wind down of Paris Hills, including issuing mineral lease termination letters to land owners, following the Company's decision to wind down the concession following completion of the Conda Technical Report, which defined H1/NDR as the Company's path forward for mine life extension at Conda;
- advanced corporate streamlining initiatives resulting in dissolution of three unutilized legacy entities (see Note 2 in the Interim Financial Statements);
- announced the appointment of Dr. Mhamed Ibnabdeljalil as Chief Executive Officer ("CEO"), who had been serving as interim CEO since May 2019;
- announced the appointment of Anthony Cina as Chairman of the Company's Board of Directors, who had been serving as interim Chairman since November 2019;
- announced the appointment of Rory O'Neill and Ricardo De Armas to the Company's Board of Directors, as designated by CLF;
- issued 1,911,759 shares (net of 403,835 shares withheld to pay applicable taxes) due to vesting under the Company's RSU Plan (see Note 12 in the Interim Financial Statements);
- cash settled 128,082 RSUs for $45 due to vesting under the Company's RSU Plan (see Note 12 in the Interim Financial Statements);
- granted 5,009,348 RSUs under the Company's RSU Plan, including 621,279 RSUs granted to directors, 2,081,980 RSUs granted to management and 2,306,089 RSUs granted to employees and contractors (see Notes 3 and 12 in the Interim Financial Statements); and
- amended the Company's RSU Plan to increase the maximum number of shares which may be reserved for issuance under the Company's RSU Plan from 14,207,030 to 18,546,282 (see Note 3 in the Interim Financial Statements).

Subsequent Events

Subsequent to September 30, 2020, the Company received a request from the third party provider of surety bonds that guarantee Conda's obligations under its existing operating and environmental permits to post collateral to cover 20% of the bonded exposure in the form of letter of credit, cash and/or indemnity. As at September 30, 2020, the bonded exposure was $39,757. The Company is currently working with the third party provider and its stakeholders to implement the requested collateral (see Note 23 in the Interim Financial Statements).

FINANCIAL HIGHLIGHTS

For the three and nine months ended September 30, 2020 and 2019, the Company's financial highlights were as follows:

(unaudited in thousands of US Dollars except for per share amounts)	*For the three months ended September 30,* **2020**	**2019**	*For the nine months ended September 30,* **2020**	**2019**
Revenues	$ 47,638	$ 81,749	$ 185,110	$ 257,999
Gross margin	(1,701)	(6,416)	(14,434)	(13,528)
Adjusted EBITDA[i]	(292)	(95)	10,244	(295)
Net loss	(13,788)	(20,778)	(52,891)	(55,706)
Maintenance capex[i]	$ 2,719	$ 2,109	$ 6,220	$ 19,156
Growth capex[i]	2,158	9,327	5,027	15,507
Total Capex[i]	**$ 4,877**	**$ 11,436**	**$ 11,247**	**$ 34,663**
Basic loss per share	$ (0.07)	$ (0.15)	$ (0.29)	$ (0.40)
Fully diluted loss per share	$ (0.07)	$ (0.15)	$ (0.29)	$ (0.40)

i. Non-IFRS measure (see Section 7).

For the three months ended September 30, 2020 and 2019, the Company's financial highlights were explained as follows:

- revenues were down year-over-year primarily due to lower production and sales volumes due to a disruption in sulfuric acid supply from its primary supplier at Conda and the idling of Arraias;
- adjusted EBITDA was largely consistent year-over-year primarily due to a disruption in sulfuric acid supply from its primary supplier at Conda, which was largely offset by cost savings following the idling of Arraias and implementation of aggressive corporate wide cost savings and deferral of spending initiatives (see Section 7);
- net loss was down year-over-year primarily due to higher gross margin at Conda and Arraias and lower corporate-wide selling, general and administrative expenses due to implementation of aggressive corporate wide cost savings and deferral of spending initiatives;
- maintenance capex was up year-over-year primarily due to timing of maintenance activities following the Company's decision to conduct a reduced scope plant turnaround at Conda during July 2020 as part of its risk mitigation measures during the COVID-19 pandemic (see Section 7); and
- growth capex was down year-over-year primarily due to timing of activities related to extending Conda's mine life through permitting and development of H1/NDR, reduced spend at Farim upon reaching construction ready state and idling of Arraias (see Section 7).

For the nine months ended September 30, 2020 and 2019, the Company's financial highlights were explained as follows:

- revenues were down year-over-year primarily due to lower diammonium phosphate ("DAP") New Orleans ("NOLA") prices to which MAP sales prices are linked at Conda, a disruption in sulfuric acid supply from its primary supplier at Conda and the idling of Arraias;
- adjusted EBITDA was up year-over-year primarily due to cost savings following the idling of Arraias and implementation of aggressive corporate wide cost savings and deferral of spending initiatives, which was partially offset by a disruption in sulfuric acid supply from its primary supplier at Conda (see Section 7);
- net loss was down year-over-year primarily due to the same factors that resulted in improved adjusted EBITDA, which were offset by a write-off of mineral properties at Paris Hills (see above);
- maintenance capex was down year-over-year primarily due to the Company's decision to conduct a reduced scope plant turnaround at Conda during July 2020 as part of its risk mitigation measures during the COVID-19 pandemic and idling of Arraias (see Section 7); and
- growth capex was down year-over-year primarily due to timing of activities related to extending Conda's mine life through permitting and development of H1/NDR, reduced spend at Farim upon reaching construction ready state and idling of Arraias (see Section 7).

As at September 30, 2020 and December 31, 2019, the Company's financial highlights were as follows:

(unaudited in thousands of US Dollars)		**September 30, 2020**		**December 31, 2019**
Total assets	$	454,135	$	510,764
Total liabilities		362,297		368,505
Net debt[i]		228,936		187,319
Adjusted net debt[i]		163,159		136,900
Total equity		91,838		142,259

i. Non-IFRS measure (see Section 7).

As at September 30, 2020 and December 31, 2019, the Company's financial highlights were explained as follows:

- total assets were down period-over-period primarily due to lower inventory at Conda and Arraias and depreciation and depletion at Conda, which was partially offset by fixed assets additions primarily at Conda (see Note 5 in the Interim Financial Statements);
- total liabilities were down period-over-period primarily due to lower trade and taxes payable at Conda;
- net debt was up period-over-period primarily due to lower cash and cash equivalents and additional debt resulting from paid-in-kind interest related to the Facility and draw under the CLF Promissory Note;
- adjusted net debt was up period-over-period primarily due to lower cash and cash equivalents and additional debt resulting from paid-in-kind interest related to the Facility (see Section 7); and
- total equity was down period-over-period primarily due to net loss recorded during the period.

BUSINESS HIGHLIGHTS

Conda

COVID-19 Risk Mitigation Measures

The Company is closely monitoring potential risks to Conda's employees, contractors and operations as a result of the COVID-19 pandemic. Conda has been deemed an essential business as part of the fertilizer and agriculture sector and therefore has not been forced to shut down operations on account of the COVID-19 pandemic. The Company is not currently projecting any material impact on Conda's operations as a result of the COVID-19 pandemic.

In response to the COVID-19 pandemic, the Company has implemented and continued risk mitigation measures at Conda to address potential impacts to its employees, contractors and operations as follows:

- adopted temporary travel restrictions;
- established a daily COVID-19 emergency operations center to track and respond in real-time to regional and local developments;
- implemented measures to reduce on site presence and interaction of staff;
- increased cleaning and disinfecting measures;
- adopted new policies related to sick leave and isolation in case of symptoms;
- established ongoing dialogue with key business partners (customers, logistics providers, mining contractor, health insurance provider) to continually monitor the situation;
- requalified supervisors and staff on applicable critical operations in the event of an outbreak; and
- assessed business relief options.

As at September 30, 2020, there have been a number of confirmed cases of COVID-19 amongst employees and contractors at Conda. Following such confirmed cases, Conda implemented stringent quarantine and sanitation efforts to isolate such incidents and prevent further spread.

EHS Highlights

For the nine months ended September 30, 2020, Conda continued its strong track record of environmental, health, and safety excellence with no environmental releases and two recordable injuries.

Plant Turnaround

On July 10, 2020, the Company announced its decision to conduct a reduced scope plant turnaround at Conda during July 2020 as part of its risk mitigation measures during the COVID-19 pandemic. On August 20, 2020, the Company announced that Conda completed the reduced scope plant turnaround with no environmental releases or recordable injuries.

Sulfuric Acid Disruption

On August 20, 2020, the Company announced that Conda had been experiencing a significant disruption in sulfuric acid supply from Rio Tinto's Kennecott mine. Conda fulfills approximately 40% of its sulfuric acid requirements from volumes produced internally and approximately 60% from a combination of volumes received from Rio Tinto's Kennecott mine under a long-term supply agreement and volumes procured from other third party suppliers. On August 18, 2020, Rio Tinto announced that its Kennecott mine in Utah had experienced delays to the restart of the smelter. According to Rio Tinto's announcement, such delays to the restart of the smelter were due to unexpected issues that appeared following planned maintenance. Rio Tinto further announced that they were working closely with their customers to limit any disruptions and expected to have the smelter fully operational in two months. The Company has been taking measures to mitigate potential adverse effects of the disruption in sulfuric acid supply to Conda from Rio Tinto's Kennecott mine, including procuring additional sulfuric acid volumes from other third party suppliers and opportunistically conducting certain maintenance activities during times of lower throughput.

Business Highlights

For the three and nine months ended September 30, 2020 and 2019, Conda's business highlights were as follows:

(unaudited in thousands of US Dollars except for volumes and prices)	*For the three months ended September 30,* 2020	2019	*For the nine months ended September 30,* 2020	2019
Production volumes (t)				
MAP	55,213	94,323	230,779	285,326
MAP+	7,506	9,028	14,319	9,028
SPA[i]	22,432	36,523	99,870	109,054
MGA[i]	79	467	782	1,078
APP	12,317	4,245	25,084	30,779
Total production volumes	**97,547**	**144,586**	**370,834**	**435,265**
Total production volumes per tonne P_2O_5	**58,337**	**91,002**	**234,770**	**272,487**
Sales volumes (t)				
MAP	69,009	108,243	247,593	307,006
MAP+	9,546	—	16,010	—
SPA[i]	20,889	28,636	93,508	96,275
MGA[i]	500	397	1,203	1,078
APP	10,100	4,881	23,754	26,229
Total sales volumes	**110,044**	**142,157**	**382,068**	**430,588**
Total sales volumes per tonne P_2O_5	**64,431**	**86,979**	**237,780**	**265,914**
Realized price ($/t)[ii]				
MAP	$ 329	$ 360	$ 311	$ 396
MAP+	$ 359	$ —	$ 360	$ —
SPA[i]	$ 804	$ 938	$ 923	$ 982
MGA[i]	$ 122	$ 935	$ 616	$ 1,005
APP	$ 456	$ 463	$ 455	$ 471
Revenues ($)				
MAP	$ 22,696	$ 38,948	$ 76,892	$ 121,501
MAP+	$ 3,423	$ —	$ 5,760	$ —
SPA	$ 16,798	$ 26,869	$ 86,263	$ 94,584
MGA	$ 61	$ 371	$ 741	$ 1,083
APP	$ 4,610	$ 2,260	$ 10,813	$ 12,342
Total revenues	**$ 47,588**	**$ 68,448**	**$ 180,469**	**$ 229,510**
Revenues per tonne P_2O_5[ii]	**$ 739**	**$ 787**	**$ 759**	**$ 863**
Cash costs[ii]	**$ 42,342**	**$ 58,467**	**$ 150,716**	**$ 194,530**
Cash costs per tonne P_2O_5[ii]	**$ 657**	**$ 672**	**$ 634**	**$ 732**
Cash margin[ii]	**$ 5,246**	**$ 9,981**	**$ 29,753**	**$ 34,980**
Cash margin per tonne P_2O_5[ii]	**$ 81**	**$ 115**	**$ 125**	**$ 132**
Adjusted EBITDA[ii]	$ 4,259	$ 8,821	$ 27,013	$ 31,560
Maintenance capex[ii]	$ 2,719	$ 889	$ 6,220	$ 14,734
Growth capex[ii]	$ 1,952	$ 4,008	$ 5,105	$ 5,819
Total capex[ii]	**$ 4,671**	**$ 4,897**	**$ 11,325**	**$ 20,553**

i. Presented on a 100% P_2O_5 basis.
ii. Non-IFRS measure (see Section 7).

For the three months ended September 30, 2020 and 2019, Conda's business highlights were explained as follows:

- total production volumes were down year-over-year primarily due to a disruption in sulfuric acid supply from its primary supplier;
- total sales volumes were down year-over-year primarily due to timing of MAP lifting which was partially offset by higher MAP+ and volumes;
- cash margin per tonne P_2O_5 was down due to lower DAP NOLA prices to which MAP sales prices are linked and reduced liquid premium for SPA, which was partially offset by lower input costs (see Section 6);
- maintenance capex was up year-over-year primarily due to timing of maintenance activities following the Company's decision to conduct a reduced scope plant turnaround at Conda during July 2020 as part of its risk mitigation measures during the COVID-19 pandemic (see Section 6); and
- growth capex was down year-over-year primarily due to timing of growth initiatives to advance H1/NDR (see Section 6).

For the nine months ended September 30, 2020 and 2019, Conda's business highlights were explained as follows:

- total production volumes were down year-over-year primarily due to a disruption in sulfuric acid supply from its primary supplier;
- total sales volumes were down year-over-year due to timing of MAP lifting which was partially offset by higher MAP+ volumes;
- cash margin per tonne P_2O_5 was down due to lower DAP NOLA prices to which MAP sales prices are linked and reduced liquid premium for SPA, which was partially offset by lower input costs (see Section 6);
- maintenance capex was down year-over-year primarily due to the Company's decision to conduct a reduced scope plant turnaround at Conda during July 2020 as part of its risk mitigation measures during the COVID-19 pandemic (see Section 6); and
- growth capex was down year-over-year primarily due to timing of growth initiatives to advance H1/NDR (see Section 6).

Mine Life Extension

For the three months ended September 30, 2020, the Company advanced activities related to extending Conda's mine life through permitting and development of H1/NDR, including advancing reclamation cap and cover alternatives analysis and updates to the Groundwater Fate and Transport Model associated with EIS requirements.

For the nine months ended September 30, 2020, the Company advanced activities related to extending Conda's mine life through permitting and development of H1/NDR as follows:

- secured support from the Idaho legislature via House Joint Memorial #11, which passed unanimously as well as numerous letters of support from local and state officials;
- prepared and submitted an updated Mine and Reclamation Plan to the BLM as part of the NEPA permitting process; and
- advanced reclamation cap and cover alternatives analysis and updates to the Groundwater Fate and Transport Model associated with EIS requirements.

As at September 30, 2020, the Company has advanced activities related to extending Conda's mine life through permitting and development of H1/NDR as follows:

Area	Status	Highlights
Technical report	Completed	▪ Completed the Conda Technical Report, which concluded expected mine life through mid-2026 (considering resources and reserves from existing mines Rasmussen Valley and Lanes Creek, which represent an additional one and a half to two years of mine life over Conda's historical internal estimates) and which defined H1/NDR as the Company's path forward for mine life extension (considering resources from H1/NDR, which represent a 60% increase over Conda's historical internal estimates)
Exploration and development	Ongoing	▪ Completed 346 drill holes for H1 and 303 drill holes for NDR ▪ Conducting metallurgical testing on core samples gathered from H1 drilling ▪ Developing 2021 summer drilling strategy
Environmental	Ongoing	▪ Initiated NEPA permitting process ▪ Advancing combined EIS by the BLM, US Forest Service and US Army Corps of Engineers ▪ Completed environmental baselines ▪ Continuing surface water and groundwater monitoring
Permits	Ongoing	▪ Secured federal phosphate leases ▪ Advanced primary federal and state permitting process ▪ Secured support from the Idaho legislature via House Joint Memorial #11, which passed unanimously ▪ Secured numerous letters of support from local and state officials ▪ Advancing public outreach efforts
Studies and fieldwork	Ongoing	▪ Completed geotechnical slope stability analysis ▪ Advancing groundwater fate and transport modeling and stormwater management plan ▪ Advanced metallurgy analysis ▪ Prepared and submitted an updated Mine and Reclamation Plan to the BLM as part of the NEPA permitting process ▪ Advancing analysis of mining and facilities alternatives as part of the NEPA permitting process ▪ Advancing analysis of existing and new infrastructure ▪ Advancing cap and cover alternatives analysis and updates to the Groundwater Fate and Transport Model associated with EIS requirements

EBITDA Optimization

For the three months ended September 30, 2020, the Company advanced activities related to optimizing Conda's EBITDA generation capability as follows:

- entered into a third party tolling agreement for a proprietary micronutrient enhanced dry product as an additional product in the new line of micronutrient enhanced dry products and completed an initial production run;
- advanced formulation development of MAP enhanced with zinc as an additional product in the new line of micronutrient enhanced dry products;
- advanced test work on MgO reduction with the use of enhanced grinding attrition scrubbing and flotation;
- advanced operations and cost to serve initiative, including advancing freight cost reduction opportunities, implementing SPA rail car fleet optimization strategy and renegotiating pricing on key raw materials;
- launched pilot plant testing and a FEED study related to AHF/PS by-product recovery;
- launched a feasibility study related to on-site ammonia production; and
- launched a pre-feasibility study related to sulfuric acid plant expansion and cogeneration.

For the nine months ended September 30, 2020, the Company advanced activities related to optimizing Conda's EBITDA generation capability as follows:

- completed the micronutrient addition to granulation project to support new line of micronutrient enhanced products;
- entered into a third party tolling agreement for a proprietary micronutrient enhanced dry product as an additional product in the new line of micronutrient enhanced dry products and completed initial production run;
- advanced formulation development of MAP enhanced with zinc as an additional product in the new line of micronutrient enhanced dry products;
- advanced test work on MgO reduction with the use of enhanced grinding attrition scrubbing and flotation;
- advanced operations and cost to serve initiative, including advancing freight cost reduction opportunities, implementing SPA rail car fleet optimization strategy and renegotiating pricing on key raw materials;
- launched pilot plant testing and a FEED study related to AHF/PS by-product recovery;
- launched a feasibility study related to on-site ammonia production; and
- launched a pre-feasibility study related to sulfuric acid plant expansion and cogeneration.

As at September 30, 2020, the Company has advanced activities related to optimizing Conda's EBITDA generation capability as follows:

Area	Status	Highlights
Micronutrient enhanced dry products (MAP+)	Ongoing	▪ Launched new line of micronutrient enhanced products during Q3 2019 with initial production run of MAP enhanced with sulfur ▪ Completed micronutrient addition to granulation project during Q1 2020 ▪ Entered into a third party tolling agreement for a proprietary micronutrient enhanced dry product as an additional product and completed an initial production run during Q3 2020 ▪ Advancing formulation development of MAP enhanced with zinc as an additional product ▪ Advancing plans to further ramp up production and sales volumes during 2021 and beyond
Operations and cost to serve excellence	Ongoing	▪ Advancing freight cost reduction opportunities, including renegotiating rail freight contracts, optimizing freight lanes and optimizing between railcar and truck shipments ▪ Implemented SPA rail car fleet optimization strategy, including improving repair costs and procedures and actively managing turn times through customer information systems and detention policy ▪ Renegotiated pricing on key raw materials
Attrition scrubbing and flotation	Ongoing	▪ Completed tailings characterization by technical advisor ▪ Advancing test work on MgO reduction with the use of enhanced grinding attrition scrubbing and flotation to remove dolomite impurities on selected size fractions
AHF/PS by-product recovery	Ongoing	▪ Completed phase 0/1 concept engineering and bench-scale testing ▪ Launched pilot plant testing and FEED study ▪ Advancing offtake alternatives, including evaluating alternative intermediate product options
On-site ammonia production	Ongoing	▪ Completed desktop concept evaluation ▪ Launched feasibility study
Sulfuric acid plant expansion and cogeneration	Ongoing	▪ Completed review of original 2015 pre-feasibility study ▪ Launched pre-feasibility study
Increased P_2O_5 throughput	On hold	▪ Completed review by technical advisor ▪ Placed initiative on hold pending advancement of mine life extension
SPA expansion and APP integration	On hold	▪ Completed bench-scale test work and concept engineering study for MgO reduction using continuous ion exchange ("CIX") technology ▪ Placed initiative on hold pending outcome of attrition scrubbing test work, which will allow selection of MgO reduction technology pathway
Vanadium ("V") by-product recovery	On hold	▪ Completed phase 0/1 concept engineering and bench-scale testing ▪ Placed initiative on hold pending V market recovery

Revolving Facility

On August 10, 2020, Conda closed the Revolving Facility, which refinanced the Gavilon Facility. The Revolving Facility considers a commitment to loan up to $20,000, of which $10,000 was drawn at closing. The proceeds of the Revolving Facility were initially used to repay the Gavilon Facility and thereafter are being used for working capital and general purposes. As at September 30, 2020, an additional $10,000 remained available under the Revolving Facility to be drawn by Conda subject to certain terms and conditions (see Notes 10 and 22 in the Interim Financial Statements).

Arraias

COVID-19 Risk Mitigation Measures

The Company continues to monitor potential risks to Arraias' employees, contractors and operations as a result of the COVID-19 pandemic. Arraias has been deemed an essential business as part of the fertilizer and agriculture sector and therefore has not been forced to shut down operations or care and maintenance activities on account of the COVID-19 pandemic. The Company is not currently projecting any material impact on Arraias' stage-gate restart program or care and maintenance activities as a result of the COVID-19 pandemic.

In response to the COVID-19 pandemic, the Company has implemented and continued risk mitigation measures at Arraias to address potential impacts to its employees, contractors and operations as follows:

- adopted temporary travel restrictions;
- temporarily closed the São Paulo office and implemented measures to facilitate employees working from home;
- cancelled all non-critical site visits and implemented measures to safely continue critical activities (e.g., tailings dam inspections);
- increased safety measures related to screening site visitors;
- increased cleaning and disinfecting measures;
- adopted new policies related to sick leave and isolation in case of symptoms; and
- adopted the procedure to conduct COVID-19 tests to all employees and contractors in a weekly basis to ensure a safe and healthy environment during the in-fill drilling program (see below).

As at September 30, 2020, there have been no confirmed cases of COVID-19 amongst employees and one confirmed case amongst contractors at Arraias. Following such confirmed case, Arraias implemented stringent quarantine and sanitation efforts to isolate the incident and prevent further spread.

EHS Highlights

For the three and nine months ended September 30, 2020, Arraias continued its strong track record of environmental, health, and safety excellence with no environmental releases or recordable injuries. During Q3 2020, Arraias achieved a notable milestone by exceeding one year without a recordable injury.

Idling and Stage-Gate Restart Program

On November 21, 2019, the Company announced its decision to idle Arraias and suspend the previously announced repurpose plan as part of a disciplined approach to capital allocation considering the continued downward pressure on global fertilizer prices and the additional capital requirements to complete the repurpose plan.

For the three and nine months ended September 30, 2020, the Company safely completed and maintained the idling of Arraias following best practices to protect and preserve the value of the underlying assets. Following receipt of approval from the labor union, the Company completed the employee layoffs and contractor terminations at Arraias associated with the idling. Notwithstanding the idling of Arraias, the Company has continued to employ necessary personnel for the care and maintenance of the assets and has maintained all licenses and permits in good standing and compliance with existing regulations. In addition, the Company successfully monetized inventory and raw materials at Arraias to partially offset costs.

In parallel with its decision to idle Arraias, the Company engaged the services of Golder Associates Inc. ("Golder") and Jesa Technologies LLC ("Jesa") to conduct third party reports on Arraias' mine and beneficiation plant, respectively. The third party reports, which were completed in January 2020, confirm that restarting Arraias' mine and beneficiation plant is feasible and outline the respective timing and capex requirements.

During Q2 2020, the Company launched a stage-gate restart program at Arraias. Each stage-gate must be cleared before progressing to the next stage of the program, thereby limiting exposure and managing the risk. The first stage-gate is the development of a revised geological model and long-term mine plan of the Domingos pit, which is expected to be completed by Q2 2021. Accordingly, the Company designed and is advancing a test work campaign aimed at the metallurgical characterization of the Domingos ore as well as a detailed in-fill drilling program. The revised long-term mine plan will be developed to verify the ability to deliver constant ore grade to the beneficiation process, while the beneficiation plant process design will be revised to match the geometallurgical characterization of the ore. As part of this stage-gate, the Company engaged Jesa in June 2020 to conduct the metallurgical test work that will form the basis of the revised beneficiation process.

ITAFOS

Business Highlights

For the three and nine months ended September 30, 2020 and 2019, Arraias' business highlights were as follows:

(unaudited in thousands of US Dollars except for volumes and prices)	*For the three months ended September 30,* 2020	2019	*For the nine months ended September 30,* 2020	2019
Production volumes (t)				
SSP	—	34,502	3,879	61,013
SSP+	—	17,431	1,113	58,077
PK compounds[iv]	—	3,229	—	3,229
Total production volumes	**—**	**55,162**	**4,992**	**122,319**
Total production volumes per tonne P_2O_5	**—**	**10,401**	**910**	**22,389**
Excess sulfuric acid production volumes (t)[i]	—	16,248	—	35,642
Sales volumes (t)				
SSP	856	29,039	28,171	51,089
SSP+	—	21,064	2,459	54,277
PK compounds[iv]	—	119	—	119
Total sales volumes	**856**	**50,222**	**30,630**	**105,485**
Total sales volumes per tonne P_2O_5	**145**	**8,959**	**4,631**	**19,018**
Excess sulfuric acid sales volumes (t)	—	16,248	5,213	35,642
Realized price ($/t)[ii]				
SSP	$ 58	$ 193	$ 132	$ 197
SSP+	$ —	$ 288	$ 184	$ 263
PK compounds[iv]	$ —	$ 412	$ —	$ 412
Excess sulfuric acid	$ —	$ 98	$ 90	$ 116
Revenues ($)				
SSP, net	$ 50	$ 5,591	$ 3,720	$ 10,055
SSP+, net	$ —	$ 6,073	$ 453	$ 14,249
PK compounds[iv]	$ —	$ 49	$ —	$ 49
Total revenues	**$ 50**	**$ 11,713**	**$ 4,173**	**$ 24,353**
Revenues per tonne P_2O_5[ii]	**$ 345**	**$ 1,307**	**$ 901**	**$ 1,281**
Cash costs[iii]	**$ 512**	**$ 15,642**	**$ 9,337**	**$ 41,804**
Cash costs per tonne P_2O_5[ii]	**$ 3,531**	**$ 1,746**	**$ 2,016**	**$ 2,198**
Cash margin[iii]	**$ (462)**	**$ (3,929)**	**$ (5,164)**	**$ (17,451)**
Cash margin per tonne P_2O_5[iii]	**$ (3,186)**	**$ (439)**	**$ (1,115)**	**$ (918)**
Excess sulfuric acid revenues ($)	$ —	$ 1,588	$ 468	$ 4,136
Adjusted EBITDA[ii]	$ (1,040)	$ (4,359)	$ (7,642)	$ (19,741)
Maintenance capex[ii]	$ —	$ 1,191	$ —	$ 4,360
Growth capex[ii]	$ 101	$ 719	$ 101	$ 1,722
Total capex[ii]	**$ 101**	**$ 1,910**	**$ 101**	**$ 6,082**

i. Excess sulfuric acid production volumes (t) are presented net of production for internal consumption.
ii. Non-IFRS measure (see Section 7).
iii. Non-IFRS measure and excludes sulfuric acid (see Section 7).
iv. Arraias previously demonstrated capability to produce PK compounds as part of the repurpose plan, which was enabled by purchasing higher grade phosphate rock from third party producers.

For the three and nine months ended September 30, 2020 and 2019, Arraias' business highlights were explained as follows:

- total production and sales volumes were down year-over-year due to the idling of Arraias;
- overall realized prices were down year-over-year primarily due to lower fertilizer prices and implementation of an aggressive program to monetize remaining inventory and raw materials to partially offset costs;
- adjusted EBITDA was up year-over-year primarily due to the lower level of activities associated with the idling of Arraias and implementation of aggressive corporate wide cost savings and deferral of spending initiatives (see Section 6); and
- total capex was down year-over-year primarily due to the idling of Arraias, which was partially offset by activities related to the stage-gate restart program (see Section 6).

Tax Incentives

In February 2020, Arraias secured important long-term tax incentives. As Arraias is domiciled in Brazil, the business is subject to a federal tax rate of 34%, composed of a federal corporate income tax rate of 25% and other taxes at an aggregate rate of 9%. The location of Arraias' assets 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 federal tax rate of 34% to 15.25% by means of a 75% discount to the federal corporate income tax rate of 25%. In February 2020, SUDAM accepted Arraias' application, granting Arraias the tax incentives for a period of ten years with an opportunity to extend thereafter.

Farim

For the three months ended September 30, 2020, the Company advanced the development of Farim as follows:

- maintained the project at construction ready state while optimizing costs; and
- advanced project financing, related permitting and offtake initiatives.

For the nine months ended September 30, 2020, the Company advanced the development of Farim as follows:

- advanced project to construction ready state, including completing the in-pit geotechnical report, selecting preferred mining contractor, completing third party reviews of the mine dewatering design and flood study and achieving substantial completion of construction of the contractor's camp;
- maintained the project at construction ready state while optimizing costs; and
- advanced project financing, related permitting and offtake initiatives.

As at September 30, 2020, the Company had advanced the development of Farim as follows:

Area	Status	Highlights
Technical report	Completed	▪ Completed technical report titled "NI 43-101 Technical Report on the Farim Phosphate Project" and dated as of September 14, 2015
Environmental and social	Completed	▪ Completed Environment and Social Impact Assessment ("ESIA") based on International ▪ Finance Corporation guidelines and Equator principles ▪ Baseline air, noise and water quality measurements taken since 2016 and will continue through end of mine life ▪ Received approval for resettlement action plan from the Government of Guinea-Bissau ▪ Measuring baseline air, noise and water quality since 2016; expecting to continue taking quality measurements through end of mine life
Studies and fieldwork (detailed design and engineering inputs)	Completed	▪ Completed river bathymetry study and determined Supramax shipping route ▪ Completed geotech and hydrogeological drilling ▪ Performed four additional pilot plant tests that enabled completion of phosphate rock specification sheet ▪ Completed static and kinetic leach tests that confirmed that tailings do not produce acid drainage or leach metals
Detailed design and engineering	Completed	▪ Completed FEED study by Lycopodium Minerals Canada Ltd, including preparation of a definitive cost estimate and definitive schedule ▪ Completed detailed mine plan with optimized pit shell completed by Golder; completed in-pit geotechnical report; completed contract mining bid process and selected preferred contractor ▪ Completed mine dewatering design by Knight Piésold Ltd., including third party review ▪ Completed flood study by W.F. Baird & Associates Coastal Engineers Ltd. ("Baird"); including third party review ▪ Completed detailed design of mineral terminal by Baird; completed mineral terminal works contractor bid process and selected preferred contractor ▪ Finalized all major process equipment procurement packages ▪ Completed design of resettlement homes
Permits and licenses	Ongoing	▪ Executed mining agreement with the Government of Guinea-Bissau; advancing revisions to facilitate project financing and update tax incentives ▪ Obtained all required environmental and mine operating permits; expecting to obtain mineral terminal operating permit and certain construction permits (e.g, sanitation) prior to construction
Offtake agreements	Ongoing	▪ Advancing offtake alternatives; offtake agreements expected to be required to be executed prior to disbursement of project financing ▪ Executed memorandums of understanding for offtake with two counterparties ▪ Requested proposals for bulk sampling facilities in order to generate bulk samples for prospective offtakers
Project financing	Ongoing	▪ Advancing project financing alternatives ▪ Completed review of technical report and ESIA by independent technical consultant; expecting to complete review of detailed design and engineering prior to disbursement of project financing
Construction and resettlement	Ongoing	▪ Advanced mine and mineral terminal site and resettlement village to construction ready state; expecting to complete construction over a timeframe of 18 months from disbursement of project financing ▪ Substantially completed construction of contractor's camp ▪ Engineering, procurement and construction agreement(s) expected to be executed prior to disbursement of project financing

MARKET HIGHLIGHTS

Global Phosphate Fertilizer Supply and Demand Highlights

For the three months ended September 30, 2020, global phosphate fertilizer supply highlights were as follows:

- overall, the fertilizer and agriculture sectors have generally been deemed essential worldwide and therefore most producers have not been forced to shut down operations due to the COVID-19 pandemic;
- the commissioning of capacity additions in Tunisia (Mdhilla 2) and Morocco (Line F) were delayed to 2021, which significantly reduced supply growth;
- Chinese exports through July 2020 were down 21% year-over-year due to continued production and commercial discipline of major producers and reduced phosacid production by GPCG due to gypsum environmental constraints;
- excluding China, most producers were producing close to capacity, with reported production disruptions faced by GCT in Tunisia, NCIC in Egypt and Ma'aden in Saudi Arabia, with limited impact on global trade;
- US imports were down 45% year-over-year due to cautious stance of OCP, PhosAgro, Eurochem and US importers leading up to the expected preliminary determination on November 23, 2020 by the US Department of Commerce on Mosaic's petition for US countervailing duties on imports from Morocco and Russia; and
- global inventory levels continued to be drawn down due to the delay in supply capacity additions in Tunisia and Morocco, which was furthered by strong farm use in North American during spring 2020 and strong demand and lower domestic supply in India.

For the three months ended September 30, 2020, global phosphate fertilizer demand highlights were as follows:

- overall, global demand fundamentals were not materially impacted by the COVID-19 pandemic;
- Chinese demand remained stable despite local shortages of supply due to in-country logistical constraints;
- Indian demand increased due to an above-average monsoon and positive farmer economics;
- North American demand was generally positive due to recovering crop prices and government support to the farming community through federal aid packages related to the COVID-19 pandemic;
- Brazilian demand continued on track for a record year, driven by strong farmer economics supported by the devaluation of the Brazilian Real; and
- demand from other areas such as Russia, Pakistan, Australia and the European Union remained constructive.

Global Phosphate Fertilizer Pricing and Input Cost Highlights

For the three months ended September 30, 2020, global phosphate fertilizer pricing and input cost highlights were as follows:

- DAP NOLA prices averaged $369/t, up 14% year-over-year due to continued draw down of global inventory levels along with Mosaic's petition for US countervailing duties on imports from Morocco and Russia;
- MAP Brazil prices averaged $339/t, up 9% year-over-year due to continued draw down of global inventory levels;
- the price premium for liquid phosphate fertilizers over dry phosphate fertilizers in North America was down year-over-year due to the June 2020 price reset, which adjusted the premium back in line with historical averages;
- sulfur Vancouver and Brazil prices averaged down 18% year-over-year due to lower global demand; and
- ammonia Tampa and US Gulf prices averaged down 7% year-over-year due to ample supply availability across Trinidad, Russia, North Africa and the Middle East.

3. OUTLOOK

FINANCIAL OUTLOOK

The Company is closely monitoring potential risks to its operations as a result of the COVID-19 pandemic, including factors that could impact production or demand for its products. Despite near-term uncertainties, the Company is not currently projecting any material impact on its operations or financial outlook as a result of the COVID-19 pandemic. In response to the COVID-19 pandemic, the Company has implemented working practices at its businesses and projects to address potential impacts to its employees, contractors and operations and will take further measures in the future, if required.

The Company provides guidance on certain non-IFRS measures that management considers to evaluate the Company's operational and financial performance. Management believes that the non-IFRS measures provide useful supplemental information to investors, analysts, lenders and others. Definitions and reconciliations of non-IFRS measures to the most directly comparable IFRS measures are included in Section 7 of this MD&A.

The assumptions considered by the Company in preparing its guidance for 2020 are explained as follows:

- adjusted EBITDA considers latest outlook for pricing and key inputs at Conda, continuation of the idling of Arraias, development and exploration expenses and corporate costs (see Section 7);
- maintenance capex considers planned plant maintenance at Conda (see Section 7);
- growth capex considers advancement of activities related to extending Conda's mine life through permitting and development of H1/NDR, EBITDA optimization initiatives at Conda and the stage-gate restart program at Arraias (see Section 7); and
- adjusted net debt considers the projected balance as at December 31, 2020 and does not include potential additional financing (see Section 7).

The Company issued its original guidance for 2020 in the Annual MD&A and reiterated such original guidance in management's discussion and analysis of operations and financial condition as of May 28, 2020. The Company issued its previous guidance for 2020 in management's discussion and analysis of operations and financial condition as of August 26, 2020.

The Company's revised, previous and original guidance for 2020 is as follows:

(in millions of US Dollars)		revised		previous		original
Adjusted EBITDA[i]	$	15-20	$	10-20	$	10-20
Maintenance capex[i]		7-9		5-10		15-25
Growth capex[i]		8-10		8-13		5-10
Adjusted net debt[i]		170-180		170-180		170-180

i. Non-IFRS measure (see Section 7).

The Company's revised guidance compared to its previous guidance is explained as follows:

- increased lower end of adjusted EBITDA guidance due to increased pricing projections and mitigation efforts related to sulfuric acid supply disruption at Conda (see Section 7);
- tightened maintenance capex guidance due to completion of the Company's reduced scope plant turnaround at Conda during July 2020 (see Section 7);
- tightened growth capex guidance due to continued advancement of activities related to extending Conda's mine life through permitting and development of H1/NDR, EBITDA optimization initiatives at Conda and the stage-gate restart program at Arraias (see Section 7); and
- maintained adjusted net debt guidance (see Section 7).

BUSINESS OUTLOOK

The Company is executing its strategy by focusing on:

- extending Conda's current mine life through advancing permitting and development of H1/NDR;
- optimizing Conda's EBITDA generation capability;
- advancing the stage-gate restart program at Arraias as well as evaluating strategic alternatives;
- advancing the development of Farim, including project financing, related permitting and offtake initiatives as well as evaluating strategic alternatives;
- advancing the wind down of Paris Hills following the Company's decision to wind down the concession following completion of the Conda Technical Report, which defined H1/NDR as the Company's path forward for mine life extension at Conda;
- maintaining the integrity of the concessions for Santana, Mantaro and Araxá as well as evaluating strategic alternatives;
- advancing aggressive corporate-wide cost savings and deferral of spending initiatives; and
- advancing capital raising initiatives to support the Company's strategic initiatives and development objectives.

MARKET OUTLOOK

COVID-19 Pandemic Impact

The Company's outlook on the potential impact of the COVID-19 pandemic remains unchanged, as follows:

- overall agricultural demand fundamentals are not expected to be significantly impacted as global food demand should remain strong despite a potential reduction on agricultural demand for biofuels due to declining oil prices and fuel consumption;
- global fertilizer supply has been impacted, mainly in China and India, due to logistics constraints; however, fertilizer and agriculture were deemed essential businesses by most nations worldwide, which should prevent a significant supply shock; and
- global fertilizer demand has not been materially impacted to date, although disruptions of the supply chain are likely to have negative impact on demand in sub-Saharan Africa and South Asia.

Global Phosphate Fertilizer Supply and Demand Outlook

The Company's outlook on global phosphate fertilizer supply is as follows:

- global supply has not been impacted thus far by Mosaic's petition for US countervailing duties on imports from Morocco and Russia;
- Mosaic, OCP, Ma'aden, PhosAgro and Eurochem are expected to continue competing for global market share;
- US imports are expected to be lower than previous years with the extent of the decrease expected to be heavily influenced by the US Department of Commerce's preliminary determination on November 23, 2020 related to Mosaic's petition for US countervailing duties on imports from Morocco and Russia;
- in response to the Mosaic's petition for US countervailing duties on imports from Morocco and Russia, OCP, PhosAgro and Eurochem are likely to expand market share in traditional Mosaic's markets such as Latin America, particularly Brazil, while Mosaic is expected to reduce its exports significantly;
- other international suppliers are expected to increase exports to the US to partially offset the supply gap left by OCP, PhosAgro and Eurochem;
- Chinese production rates are expected to continue increasing as the price environment incentivizes higher production volumes;
- Indian production rates are expected to remain at current levels with no further expected disruptions caused by the COVID-19 pandemic; and
- no significant new production capacity is expected to be commissioned in 2020 as a result of voluntary postponement of project schedules and COVID-19 related delays.

The Company's outlook on global phosphate fertilizer demand is as follows:

- overall, Q4 tends to be a seasonally weaker period globally for fertilizer consumption, with the fall application season ending in North America and Brazil's soybean crop application ending in late October;
- North American demand is expected to remain strong for last-minute in-season purchases during early Q4 2020;
- Brazilian demand is expected to remain strong driven by supportive farmer economics in the long-term; however, dry weather conditions might hamper second crop safrinha through March 2021;
- Chinese demand is expected to stabilize after several years of reductions in application rates; and
- Indian demand for Kharif season is expected to be higher year-over-year due to a better-than-average monsoon and lower inventories.

Global Phosphate Fertilizer Pricing and Input Cost Outlook

The Company's outlook on global phosphate fertilizer pricing and input costs is as follows:

- overall, the COVID-19 pandemic is not expected to have a material impact on supply and demand going forward; however, the COVID-19 pandemic continues to represent uncertainty both to supply and demand;
- prices are anticipated to be higher year-over-year for the remainder of 2020 due to lower global inventory levels;
- prices are expected to continue an upward trend in 2021 as supply growth stalls due to delays in new capacity commissioning and demand growth continues to draw down global inventory levels;
- North American markets are expected to trade at a price premium due to lower supply triggered by Mosaic's petition for US countervailing duties on imports from Morocco and Russia;
- sulfur prices are expected to remain at current levels as supply remains tight due to low refinery operating rates; and
- ammonia prices are expected to reverse their previous downward trajectory and increase as supply reduces due to closure and mothballing of ammonia plants as a result of lower industrial ammonia demand caused by the COVID-19 pandemic.

4. SUMMARY OF QUARTERLY RESULTS

For the three months ended September 30, 2020, June 30, 2020, March 31, 2020 and December 31, 2019, the Company's summary of quarterly results was as follows:

(unaudited in thousands of US Dollars except for per share amounts)	**September 30, 2020**	**June 30, 2020**	**March 31, 2020**	**December 31, 2019**
Net loss	$ (13,788)	$ (20,814)	$ (18,289)	$ (88,465)
Basic loss per share	(0.07)	(0.10)	(0.10)	(0.63)
Diluted loss per share	(0.07)	(0.10)	(0.10)	(0.63)
Total assets	$ 454,135	$ 450,713	$ 461,499	$ 510,764

For the three months ended September 30, 2019, June 30, 2019, March 31, 2019 and December 31, 2018, the Company's summary of quarterly results was as follows:

(unaudited in thousands of US Dollars except for per share amounts)	**September 30, 2019**	**June 30, 2019**	**March 31, 2019**	**December 31, 2018**
Net loss	$ (20,778)	$ (21,597)	$ (13,331)	$ (155,157)
Basic loss per share	(0.15)	(0.15)	(0.09)	(1.09)
Diluted loss per share	(0.15)	(0.15)	(0.09)	(1.09)
Total assets	568,630	566,575	575,339	576,419

5. STATEMENTS OF OPERATIONS

For the three and nine months ended September 30, 2020 and 2019, the Company's statements of operations were as follows:

(unaudited in thousands of US Dollars except for per share amounts)	*For the three months ended September 30,* 2020	2019	*For the nine months ended September 30,* 2020	2019
Revenues	$ 47,638	$ 81,749	$ 185,110	$ 257,999
Cost of goods sold	49,339	88,165	191,095	271,527
Write-off of mineral properties	—	—	8,449	—
	$ (1,701)	(6,416)	$ (14,434)	(13,528)
Expenses				
Selling, general and administrative expenses	4,336	7,927	14,422	20,904
Operating loss	$ (6,037)	$ (14,343)	$ (28,856)	$ (34,432)
Foreign exchange gain (loss)	279	303	(5,352)	(1,513)
Other income (expense), net	(393)	(741)	894	(2,513)
Loss on asset disposal	(2)	—	(637)	—
Finance expense	(7,400)	(8,349)	(20,429)	(19,411)
Loss before income taxes	$ (13,553)	$ (23,130)	$ (54,380)	$ (57,869)
Current and deferred income tax expense (recovery)	235	(2,352)	(1,489)	(2,163)
Net loss attributable to shareholders of the parent	$ (13,788)	(20,778)	$ (52,891)	(55,706)
Net loss attributable to non-controlling interest	—	—	—	—
Net loss	$ (13,788)	$ (20,778)	$ (52,891)	$ (55,706)
Basic loss per share	$ (0.07)	$ (0.15)	$ (0.29)	$ (0.40)
Fully diluted loss per share	$ (0.07)	$ (0.15)	$ (0.29)	$ (0.40)

For the three months ended September 30, 2020 and 2019, the Company's statements of operations were explained as follows:

- revenues were down year-over-year primarily due to lower sales volumes at Conda, continued downward pressure on DAP NOLA prices to which MAP sales prices are linked and the idling of Arraias;
- cost of goods sold was down year-over-year primarily due to the idling of Arraias and lower input costs at Conda;
- selling, general and administrative expenses were down year-over-year due to the implementation of aggressive corporate wide cost savings and deferral of spending initiatives;
- foreign exchange gain was largely consistent year-over-year;
- finance expense was up year-over-year primarily due to increased interest from additional debt from the CLF Promissory Note; and
- current and deferred income tax expense (recovery) was down year-over-year due to a lower net loss.

For the nine months ended September 30, 2020 and 2019, the Company's statements of operations were explained as follows:

- revenues were down year-over-year primarily due to lower sales volumes at Conda, continued downward pressure on DAP NOLA prices to which MAP sales prices are linked and the idling of Arraias;
- cost of goods sold was down year-over-year primarily due to the idling of Arraias and lower input costs at Conda;
- write-off of mineral properties was up year-over-year due to a write-off of mineral properties at Paris Hills following the Company's decision to wind down the concession following completion of the Conda Technical Report, which defined H1/NDR as the Company's path forward for mine life extension at Conda (see Note 6 in the Interim Financial Statements);
- selling, general and administrative expenses were down year-over-year due to the implementation of aggressive corporate wide cost savings and deferral of spending initiatives;
- foreign exchange loss was up year-over-year primarily due to further depreciation of the Brazilian Real against the US Dollar;
- other income was up year-over-year primarily due to higher tax credits recognized at Arraias;
- loss on asset disposal was up year-over-year due to sale of equipment at Arraias;
- finance expense was up year-over-year primarily due to increased interest from additional debt from the CLF Promissory Note; and
- current and deferred income tax expense (recovery) was down year-over-year due to a lower net loss.

6. FINANCIAL CONDITION

LIQUIDITY

As at September 30, 2020 and December 31, 2019, the Company had cash and cash equivalents of $10,180 and $29,109, respectively and working capital of $84,382 and $84,106, respectively (see Section 7). The Company will continue to require additional capital to support its strategic initiatives and development objectives. In addition to cash flows from Conda, the Company intends to raise additional capital through a combination of equity and debt financings.

On December 31, 2019, the Company completed a $36,000 capital raise with CLF through a non-brokered private placement financing of $15,000 and an amendment to increase the availability of the CLF Promissory Note by $21,000. As at September 30, 2020, an additional $5,400 remaining available under the CLF Promissory Note to be drawn by the Company at its sole discretion (see Notes 10, 21 and 22 in the Interim Financial Statements).

On August 10, 2020, Conda closed the Revolving Facility, which refinanced the Gavilon Facility. As at September 30, 2020, an additional 10,000 remained available under the Revolving Facility to be drawn by Conda subject to certain terms and conditions (see Notes 10 and 22 in the Interim Financial Statements).

In November 2020, the Company received a commitment from CLF to invest up to an incremental $18,000, if required, for the Company to meet its liabilities as and when they become due to ensure business continuity and ongoing operations through September 30, 2021. The investment amount may be reduced by any amount of new capital raised by the Company from investors other than CLF (see Note 2 in the Interim Financial Statements).

While the Company has a demonstrated track record of raising capital, there can be no assurance of the Company's ability to do so going forward. Failure to obtain sufficient financing could result in a delay or indefinite postponement of the Company's strategic initiatives and development objectives. Additional financing may not be available when needed, or if available, the terms of such financing might not be favorable to the Company and might involve substantial dilution to existing members. Failure to raise capital when needed could have a material adverse effect on the Company's business, financial condition and results of operations.

The Company is not currently projecting any material impact on its operations or financial outlook as a result of the COVID-19 pandemic. However, the Company is closely monitoring potential risks to its operations including factors that could impact production or demand for its products as such factors could have a material impact on the Company's cash flow from operations, which could result in a cash shortfall unless otherwise remedied (see Note 2 in the Interim Financial Statements).

The Facility includes restrictive financial covenants that require the Company not to exceed certain ratios as at the end of each fiscal quarter. The financial covenants considered in the Facility include requirements for the Company to maintain a consolidated secured leverage ratio and achieve a minimum level of EBITDA at Conda. The Company is currently projecting compliance with its financial covenants through September 30, 2021; however, in certain cases with minimal headroom, reaching as low as 9%. Any reductions to global fertilizer pricing trends, or other factors that could reduce cash flow from operations, including, but not limited to, potential operational disruptions due to sulfuric acid supply or resulting from the COVID-19 pandemic, could result in a financial covenant default, unless otherwise remedied. While the Company has a demonstrated track record of amending its financial covenants, there can be no assurance of the Company's ability to do so going forward (see Notes 2 and 10 in the Interim Financial Statements).

SUMMARY BALANCE SHEETS

As at September 30, 2020 and December 31, 2019, the Company's summary balance sheets were as follows:

(unaudited in thousands of US Dollars)		**September 30, 2020**		**December 31, 2019**
Cash and cash equivalents	$	10,180	$	29,109
Current assets (including cash and cash equivalents)	$	135,079	$	164,157
Non-current assets		319,056		346,607
Total assets	**$**	**454,135**	**$**	**510,764**
Current liabilities (excluding current portion of debt)	$	49,090	$	77,592
Non-current liabilities (excluding long-term debt)		77,866		79,603
Debt (current and long-term)		235,341		211,310
Total liabilities	**$**	**362,297**	**$**	**368,505**
Equity attributable to shareholders of the parent	$	82,776	$	133,197
Non-controlling interest		9,062		9,062
Total equity	**$**	**91,838**	**$**	**142,259**

As at September 30, 2020 and December 31, 2019, the Company's summary balance sheets were explained as follows:

- current assets were down period-over-period primarily due to lower cash and cash equivalents and reduced inventory levels at Conda and Arraias;
- non-current assets were down period-over-period primarily due to a write-off of mineral properties at Paris Hills and depreciation and depletion at Conda, which was partially offset by fixed assets additions at Conda (see Note 5 in the Interim Financial Statements);
- current liabilities were down period-over-period primarily due to lower trade and tax payables at Conda, payroll payables at corporate and provisions at Arraias;
- non-current liabilities were down period-over-period primarily due to lower taxes payable at Arraias and share-based payments due to vesting under the Company's RSU Plan;
- debt was up period-over-period primarily due to paid-in-kind interest related to the Facility and additional debt from the CLF Promissory Note (see Note 10 in the Interim Financial Statements); and
- total equity was down period-over-period primarily due to higher net loss.

As at September 30, 2020 and December 31, 2019, the Company did not have any significant off-balance sheet arrangements.

CAPITAL RESOURCES

As at September 30, 2020 and December 31, 2019, the Company's capital resources were as follows:

(unaudited in thousands of US Dollars)		September 30, 2020		December 31, 2019
Total equity	$	91,838	$	142,259
Net debt[i]		228,936		187,319
Capital resources	**$**	**320,774**	**$**	**329,578**

i. Non-IFRS measure (see Section 7).

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

SUMMARY CASH FLOWS

For the three and nine months ended September 30, 2020 and 2019, the Company's summary cash flows were as follows:

	For the three months ended September 30,				*For the nine months ended September 30,*			
(unaudited in thousands of US Dollars)		2020		2019		2020		2019
Cash and cash equivalents, beginning of period	**$**	**15,721**	**$**	**13,932**	**$**	**29,109**	**$**	**9,919**
Cash flows from (used by) operating activities		(3,477)		13,507		(8,814)		35,993
Cash flows used by investing activities		(7,012)		(16,598)		(12,051)		(28,707)
Cash flows from financing activities		4,699		10,853		1,967		4,516
Effect of foreign exchange of non-US Dollar denominated cash		249		86		(31)		59
Cash and cash equivalents, end of period	**$**	**10,180**	**$**	**21,780**	**$**	**10,180**	**$**	**21,780**

For the three months ended September 30, 2020 and 2019, the Company's summary cash flows were explained as follows:

- cash flows from (used by) operating activities were down year-over-year primarily due to lower trade payables at Conda, which was partially offset by lower accounts receivable and inventory at Conda and Arraias;
- cash flows used by investing activities were down year-over-year primarily due to reduced spend at Farim upon reaching construction ready state and idling of Arraias; and
- cash flows from financing activities were down year-over-year primarily due to proceeds from the CLF Promissory Note (see Notes 10 and 21 in the Interim Financial Statements).

For the nine months ended September 30, 2020 and 2019, the Company's summary cash flows were explained as follows:

- cash flows from (used by) operating activities were down year-over-year primarily due to lower trade and tax payables at Conda, which was partially offset by lower accounts receivable and inventory at Conda and Arraias;
- cash flows used by investing activities were down year-over-year primarily due to the Company's decision to conduct a reduced scope plant turnaround at Itafos Conda during July 2020 as part of its risk mitigation measures during the COVID-19 pandemic; and
- cash flows from financing activities were down year-over-year primarily due to proceeds from the CLF Promissory Note (see Notes 10 and 21 in the Interim Financial Statements).

CONTRACTUAL OBLIGATIONS

As at September 30, 2020, the Company's contractual obligations were as follows:

(unaudited in thousands of US Dollars)	Within 1 year	Years 2 and 3	Years 4 and 5	After 5 years	Total
Debt	$ 1,225	$ 275,020	$ 10,050	$ —	**$ 286,295**
Accounts payable and accrued liabilities	45,617	—	—	—	**45,617**
Provisions	809	—	—	58,436	**59,245**
Leases	2,195	5,674	4,495	945	**13,309**
Canadian debentures	657	125	125	124	**1,031**
Brazilian debentures	316	239	239	204	**998**
Contractual obligations	**$ 50,819**	**$ 281,058**	**$ 14,909**	**$ 59,709**	**$ 406,495**

The Company's provisions are representative of the environmental and asset retirement obligations as well as legal contingencies that exist as at September 30, 2020. As at September 30, 2020, Conda, Arraias and Paris Hills had environmental and asset retirement obligations of $48,533, $9,796 and $490, respectively. Liabilities for costs are recorded when it is probable that obligations have been incurred and the amounts can be reasonably estimated (see Note 11 in the Interim Financial Statements).

7. NON-IFRS MEASURES

DEFINITIONS

The Company defines its non-IFRS measures as follows:

Non-IFRS measure	Definition	Most directly comparable IFRS measure
EBITDA	Earnings before interest, taxes, depreciation, depletion and amortization	Net income (loss) and operating income (loss)
Adjusted EBITDA	EBITDA adjusted for non-cash, extraordinary, non-recurring and other items unrelated to the Company's core operating activities	Net income (loss) and operating income (loss)
Total capex	Additions to property, plant, and equipment and mineral properties adjusted for additions to asset retirement obligations, additions to right of use assets and capitalized interest	Additions to property, plant and equipment and mineral properties
Maintenance capex	The Company's portion of total capex relating to the maintenance of ongoing operations	Additions to property, plant and equipment and mineral properties
Growth capex	The Company's portion of total capex relating to development of growth opportunities	Additions to property, plant and equipment and mineral properties
Net debt	Debt less cash and cash equivalents plus deferred financing costs	Current debt, long-term debt and cash and cash equivalents
Related party debt	The Company's portion of debt held by a related party	Current debt and long-term debt
Adjusted net debt	Net debt adjusted for related party debt	Current debt, long-term debt and cash and cash equivalents
Working capital	Current assets less current liabilities	Current assets and current liabilities
Realized price	Revenues divided by sales volumes	Revenues
Revenues per tonne P_2O_5	Revenues divided by sales volumes presented on P_2O_5 basis	Revenues
Cash costs	Cost of goods sold less net realizable value adjustments, depreciation, depletion and amortization	Cost of goods sold
Cash costs per tonne P_2O_5	Cash costs divided by sales volumes presented on P_2O_5 basis	Cost of goods sold
Cash margin	Revenues less cash costs	Gross margin
Cash margin per tonne P_2O_5	Revenues per tonne P_2O_5 less cash costs per tonne P_2O_5	Gross margin

EBITDA AND ADJUSTED EBITDA

For the three months ended September 30, 2020 and 2019

For the three months ended September 30, 2020 the Company had EBITDA and adjusted EBITDA by segment as follows:

(unaudited in thousands of US Dollars)		Conda		Arraias		Development and exploration		Corporate		Total
Net loss	$	(1,757)	$	(1,467)	$	(218)	$	(10,346)	$	(13,788)
Finance (income) expense, net		(58)		13		3		7,442		7,400
Current and deferred income tax expense		49		—		—		186		235
Depreciation and depletion		6,454		31		23		32		6,540
EBITDA	$	4,688	$	(1,423)	$	(192)	$	(2,686)	$	387
Unrealized foreign exchange gain		(443)		(87)		(751)		(67)		(1,348)
Share-based payment expense		—		—		—		274		274
Other (income) expense, net		14		470		(89)		—		395
Adjusted EBITDA	$	4,259	$	(1,040)	$	(1,032)	$	(2,479)	$	(292)

(unaudited in thousands of US Dollars)		Conda		Arraias		Development and exploration		Corporate		Total
Operating loss	$	(1,934)	$	(1,071)	$	(423)	$	(2,609)	$	(6,037)
Depreciation and depletion		6,454		31		23		32		6,540
Foreign exchange loss - realized		(261)		—		(632)		(176)		(1,069)
Share-based payment expense		—		—		—		274		274
Adjusted EBITDA	$	4,259	$	(1,040)	$	(1,032)	$	(2,479)	$	(292)

For the three months ended September 30, 2019, the Company had EBITDA and adjusted EBITDA by segment as follows:

(unaudited in thousands of US Dollars)	Conda	Arraias	Development and exploration	Corporate	Total
Net loss	**$ (2,478)**	**$ (4,571)**	**$ (3,099)**	**$ (10,630)**	**$ (20,778)**
Finance (income) expense, net	25	(18)	17	8,325	8,349
Current and deferred income tax expense (recovery)	(2,620)	—	—	268	(2,352)
Depreciation and depletion	12,390	2,736	74	58	15,258
EBITDA	**$ 7,317**	**$ (1,853)**	**$ (3,008)**	**$ (1,979)**	**477**
Unrealized foreign exchange (gain) loss	74	(747)	(204)	(17)	(894)
Net realizable value adjustments to inventory	289	(1,359)	—	—	(1,070)
Share-based payment expense	—	—	—	651	651
Other (income) expense, net	1,141	(400)	—	—	741
Adjusted EBITDA	**$ 8,821**	**$ (4,359)**	**$ (3,212)**	**$ (1,345)**	**$ (95)**

(unaudited in thousands of US Dollars)	Conda	Arraias	Development and exploration	Corporate	Total
Operating loss	**$ (3,910)**	**$ (5,827)**	**$ (2,587)**	**$ (2,019)**	**$ (14,343)**
Depreciation and depletion	12,390	2,736	74	58	15,258
Foreign exchange gain (loss) - realized	52	91	(699)	(35)	(591)
Net realizable value adjustments to inventory	289	(1,359)	—	—	(1,070)
Share-based payment expense	—	—	—	651	651
Adjusted EBITDA	**$ 8,821**	**$ (4,359)**	**$ (3,212)**	**$ (1,345)**	**$ (95)**

For the nine months ended September 30, 2020 and 2019

For the nine months ended September 30, 2020, the Company had EBITDA and adjusted EBITDA by segment as follows:

(unaudited in thousands of US Dollars)	Conda	Arraias	Development and exploration	Corporate	Total
Net income (loss)	**$ 2,627**	**$ (17,040)**	**$ (9,311)**	**$ (29,167)**	**$ (52,891)**
Finance (income) expense, net	(79)	26	7	20,475	20,429
Current and deferred income tax expense (recovery)	(2,098)	—	—	609	(1,489)
Depreciation and depletion	26,191	4,039	68	105	30,403
EBITDA	**$ 26,641**	**$ (12,975)**	**$ (9,236)**	**$ (7,978)**	**$ (3,548)**
Unrealized foreign exchange (gain) loss	(455)	5,517	(802)	(77)	4,183
Write-off of mineral properties	—	—	8,449	—	8,449
Net realizable value adjustments to inventory	812	—	—	—	812
Share-based payment expense	—	—	—	605	605
Other (income) expense, net	15	(184)	(85)	(3)	(257)
Adjusted EBITDA	**$ 27,013**	**$ (7,642)**	**$ (1,674)**	**$ (7,453)**	**$ 10,244**

(unaudited in thousands of US Dollars)	Conda	Arraias	Development and exploration	Corporate	Total
Operating income (loss)	**$ 130**	**$ (10,696)**	**$ (10,177)**	**$ (8,113)**	**$ (28,856)**
Depreciation and depletion	26,191	4,039	68	105	30,403
Foreign exchange loss - realized	(120)	(985)	(14)	(50)	(1,169)
Write-off of mineral properties	—	—	8,449	—	8,449
Net realizable value adjustments to inventory	812	—	—	—	812
Share-based payment expense	—	—	—	605	605
Adjusted EBITDA	**$ 27,013**	**$ (7,642)**	**$ (1,674)**	**$ (7,453)**	**$ 10,244**

For the nine months ended September 30, 2019, the Company had EBITDA and adjusted EBITDA by segment as follows:

(unaudited in thousands of US Dollars)	Conda	Arraias	Development and exploration	Corporate	Total
Net income (loss)	**$ 3,314**	**$ (26,059)**	**$ (3,462)**	**$ (29,499)**	**$ (55,706)**
Finance expense, net	214	63	38	19,096	19,411
Current and deferred income tax expense (recovery)	(3,011)	—	—	848	(2,163)
Depreciation and depletion	29,490	6,503	117	157	36,267
EBITDA	**$ 30,007**	**$ (19,493)**	**$ (3,307)**	**$ (9,398)**	**(2,191)**
Unrealized foreign exchange (gain) loss	60	(566)	(199)	(24)	(729)
Net realizable value adjustments to inventory	1,203	(2,003)	—	—	(800)
Share-based payment expense	—	—	—	912	912
Other (income) expense, net	290	2,321	3	(101)	2,513
Adjusted EBITDA	**$ 31,560**	**$ (19,741)**	**$ (3,503)**	**$ (8,611)**	**$ (295)**

(unaudited in thousands of US Dollars)	Conda	Arraias	Development and exploration	Corporate	Total
Operating income (loss)	**$ 682**	**$ (22,499)**	**$ (3,008)**	**$ (9,607)**	**$ (34,432)**
Depreciation and depletion	29,490	6,503	117	157	36,267
Foreign exchange gain (loss) - realized	185	(1,742)	(612)	(73)	(2,242)
Net realizable value adjustments to inventory	1,203	(2,003)	—	—	(800)
Share-based payment expense	—	—	—	912	912
Adjusted EBITDA	**$ 31,560**	**$ (19,741)**	**$ (3,503)**	**$ (8,611)**	**$ (295)**

CAPEX

For the three months ended September 30, 2020 and 2019

For the three months ended September 30, 2020, the Company had capex by segment as follows:

(unaudited in thousands of US Dollars)	Conda	Arraias	Development and exploration	Corporate	Total
Additions to property, plant and equipment	$ 6,792	$ (15)	$ —	$ —	$ 6,777
Additions to mineral properties	1,443	—	105	—	1,548
Additions to property, plant and equipment related asset retirement obligations	(1,397)	116	—	—	(1,281)
Additions to right of use assets	(1,251)	—	—	—	(1,251)
Capitalized interest	(916)	—	—	—	(916)
Total capex	**$ 4,671**	**$ 101**	**$ 105**	**$ —**	**$ 4,877**
Maintenance capex	2,719	—	—	—	2,719
Growth capex	1,952	101	105	—	2,158

For the three months ended September 30, 2019, the Company had capex by segment as follows:

(unaudited in thousands of US Dollars)	Conda	Arraias	Development and exploration	Corporate	Total
Additions to property, plant and equipment	$ 1,271	$ 1,910	$ 166	$ 29	$ 3,376
Additions to mineral properties	6,388	—	4,434	—	10,822
Additions to property, plant and equipment related asset retirement obligations	(2,204)	—	—	—	(2,204)
Additions to right of use assets	—	—	—	—	—
Capitalized interest	(558)	—	—	—	(558)
Total capex	**$ 4,897**	**$ 1,910**	**$ 4,600**	**$ 29**	**$ 11,436**
Maintenance capex	889	1,191	—	29	2,109
Growth capex	4,008	719	4,600	—	9,327

For the nine months ended September 30, 2020 and 2019

For the nine months ended September 30, 2020, the Company had capex by segment as follows:

(unaudited in thousands of US Dollars)	Conda	Arraias	Development and exploration	Corporate	Total
Additions to property, plant and equipment	$ 16,137	$ (3,300)	$ —	$ —	$ 12,837
Additions to mineral properties	5,524	—	(179)	—	5,345
Additions to asset retirement obligations	(6,555)	3,401	—	—	(3,154)
Additions to Right of Use assets	(1,251)	—	—	—	(1,251)
Capitalized interest	(2,530)	—	—	—	(2,530)
Total capex	**$ 11,325**	**$ 101**	**$ (179)**	**$ —**	**$ 11,247**
Maintenance capex	6,220	—	—	—	6,220
Growth capex	5,105	101	(179)	—	5,027

For the nine months ended September 30, 2019, the Company had capex by segment as follows:

(unaudited in thousands of US Dollars)	Conda	Arraias	Development and exploration	Corporate	Total
Additions to property, plant and equipment	$ 20,271	$ 6,082	$ 431	$ 62	$ 26,846
Additions to mineral properties	7,991	—	7,535	—	15,526
Additions to asset retirement obligations	(5,940)	—	—	—	(5,940)
Additions to Right of Use assets	(370)	—	—	—	(370)
Capitalized interest	(1,399)	—	—	—	(1,399)
Total capex	**$ 20,553**	**$ 6,082**	**$ 7,966**	**$ 62**	**$ 34,663**
Maintenance capex	14,734	4,360	—	62	19,156
Growth capex	5,819	1,722	7,966	—	15,507

NET DEBT, RELATED PARTY DEBT AND ADJUSTED NET DEBT

As at September 30, 2020 and December 31, 2019, the Company had net debt as follows:

(unaudited in thousands of US Dollars)		September 30, 2020		December 31, 2019
Current debt	$	2,199	$	2,459
Long-term debt		233,142		208,851
Cash and cash equivalents		(10,180)		(29,109)
Deferred financing costs related to the Facility		3,775		5,118
Net debt	**$**	**228,936**	**$**	**187,319**

As at September 30, 2020 and December 31, 2019, the Company had related party debt as follows:

(unaudited in thousands of US Dollars)		September 30, 2020		December 31, 2019
CLF participation in the Facility	$	30,835	$	29,274
CLF Promissory Note		34,466		20,689
Canadian debentures issued to CLF		476		456
Related party debt	**$**	**65,777**	**$**	**50,419**

As at September 30, 2020 and December 31, 2019, the Company had adjusted net debt as follows:

(unaudited in thousands of US Dollars)		September 30, 2020		December 31, 2019
Net debt	$	228,936	$	187,319
Related party debt		(65,777)		(50,419)
Adjusted net debt	**$**	**163,159**	**$**	**136,900**

WORKING CAPITAL

As at September 30, 2020 and December 31, 2019, the Company had working capital as follows:

(unaudited in thousands of US Dollars)		September 30, 2020		December 31, 2019
Cash and cash equivalents	$	10,180	$	29,109
Accounts receivable		15,696		23,446
Inventories, net		102,634		105,039
Other current assets		6,569		6,563
Accounts payable and accrued liabilities		(45,617)		(72,062)
Provisions		(809)		(2,382)
Current debt		(2,199)		(2,459)
Contract liabilities		(469)		(702)
Other current liabilities		(2,195)		(2,446)
Working capital	**$**	**83,790**	**$**	**84,106**

ITAFOS

REVENUES PER TONNE P_2O_5

For the three months ended September 30, 2020 and 2019

For the three months ended September 30, 2020, the Company had revenues per tonne P_2O_5 by segment as follows:

(unaudited in thousands of US Dollars except for per tonne amounts)		**Conda**		**Arraias**
Revenues	$	47,588	$	50
Total sales volumes per tonne P_2O_5		64,431		145
Revenues per Tonne P_2O_5	**$**	**739**	**$**	**345**

For the three months ended September 30, 2019, the Company had revenues per tonne P_2O_5 by segment as follows:

(unaudited in thousands of US Dollars except for per tonne amounts)		**Conda**		**Arraias**
Revenues	$	68,448	$	11,713
Total sales volumes per tonne P_2O_5		86,979		8,959
Revenues per Tonne P_2O_5	**$**	**787**	**$**	**1,307**

For the nine months ended September 30, 2020 and 2019

For the nine months ended September 30, 2020, the Company had revenues per tonne P_2O_5 by segment as follows:

(unaudited in thousands of US Dollars except for per tonne amounts)		**Conda**		**Arraias**
Revenues	$	180,469	$	4,173
Total sales volumes per tonne P_2O_5		237,780		4,631
Revenues per Tonne P_2O_5	**$**	**759**	**$**	**901**

For the nine months ended September 30, 2019, the Company had revenues per tonne P_2O_5 by segment as follows:

(unaudited in thousands of US Dollars except for per tonne amounts)		**Conda**		**Arraias**
Revenues	$	229,510	$	24,353
Total sales volumes per tonne P_2O_5		265,914		19,018
Revenues per Tonne P_2O_5	**$**	**863**	**$**	**1,281**

CASH COSTS AND CASH COSTS PER TONNE P_2O_5

For the three months ended September 30, 2020 and 2019

For the three months ended September 30, 2020, the Company had cash costs and cash costs per tonne P_2O_5 by segment as follows:

(unaudited in thousands of US Dollars except for per tonne amounts)	Conda	Arraias
Cost of goods sold	$ 48,796	$ 543
Net realizable value adjustments	—	—
Depreciation and depletion	(6,454)	(31)
Cash costs	**$ 42,342**	**$ 512**
Total sales volumes per tonne P_2O_5	64,431	145
Cash costs per tonne P_2O_5	**$ 657**	**$ 3,531**

For the three months ended September 30, 2019, the Company had cash costs and cash costs per tonne P_2O_5 by segment as follows:

(unaudited in thousands of US Dollars except for per tonne amounts)	Conda	Arraias
Cost of goods sold	$ 71,146	$ 17,019
Net realizable value adjustments	(289)	1,359
Depreciation and depletion	(12,390)	(2,736)
Cash costs	**$ 58,467**	**$ 15,642**
Total sales volumes per tonne P_2O_5	86,979	8,959
Cash costs per tonne P_2O_5	**$ 672**	**$ 1,746**

For the nine months ended September 30, 2020 and 2019

For the nine months ended September 30, 2020, the Company had cash costs and cash costs per tonne P_2O_5 by segment as follows:

(unaudited in thousands of US Dollars except for per tonne amounts)	Conda	Arraias
Cost of goods sold	$ 177,719	$ 13,376
Net realizable value adjustments	(812)	—
Depreciation and depletion	(26,191)	(4,039)
Cash costs	**$ 150,716**	**$ 9,337**
Total sales volumes per tonne P_2O_5	237,780	4,631
Cash costs per tonne P_2O_5	**$ 634**	**$ 2,016**

For the nine months ended September 30, 2019 the Company had cash costs and cash costs per tonne P_2O_5 by segment as follows:

(unaudited in thousands of US Dollars except for per tonne amounts)	Conda	Arraias
Cost of goods sold	$ 225,223	$ 46,304
Net realizable value adjustments	(1,203)	2,003
Depreciation and depletion	(29,490)	(6,503)
Cash costs	**$ 194,530**	**$ 41,804**
Total sales volumes per tonne P_2O_5	265,914	19,018
Cash costs per tonne P_2O_5	**$ 732**	**$ 2,198**

ITAFOS

CASH MARGIN AND CASH MARGIN PER TONNE P_2O_5

For the three months ended September 30, 2020 and 2019

For the three months ended September 30, 2020, the Company had cash margin and cash margin per tonne P_2O_5 by segment as follows:

(unaudited in thousands of US Dollars except for per tonne amounts)		Conda		Arraias
Revenues	$	47,588	$	50
Cash costs		42,342		512
Cash margin	**$**	**5,246**	**$**	**(462)**
Total sales volumes per tonne P_2O_5		64,431		145
Cash margin per tonne P_2O_5	**$**	**81**	**$**	**(3,186)**

For the three months ended September 30, 2019, the Company had cash margin and cash margin per tonne P_2O_5 by segment as follows:

(unaudited in thousands of US Dollars except for per tonne amounts)		Conda		Arraias
Revenues	$	68,448	$	11,713
Cash costs		58,467		15,642
Cash margin	**$**	**9,981**	**$**	**(3,929)**
Total sales volumes per tonne P_2O_5		86,979		8,959
Cash margin per tonne P_2O_5	**$**	**115**	**$**	**(439)**

For the nine months ended September 30, 2020 and 2019

For the nine months ended September 30, 2020, the Company had cash margin and cash margin per tonne P_2O_5 by segment as follows:

(unaudited in thousands of US Dollars except for per tonne amounts)		Conda		Arraias
Revenues	$	180,469	$	4,173
Cash costs		150,716		9,337
Cash margin	**$**	**29,753**	**$**	**(5,164)**
Total sales volumes per tonne P_2O_5		237,780		4,631
Cash margin per tonne P_2O_5	**$**	**125**	**$**	**(1,115)**

For the nine months ended September 30, 2019, the Company had cash margin and cash margin per tonne P_2O_5 by segment as follows:

(unaudited in thousands of US Dollars except for per tonne amounts)		Conda		Arraias
Revenues	$	229,510	$	24,353
Cash costs		194,530		41,804
Cash margin	**$**	**34,980**	**$**	**(17,451)**
Total sales volumes per tonne P_2O_5		265,914		19,018
Cash margin per tonne P_2O_5	**$**	**132**	**$**	**(918)**

8. BUSINESS RISKS AND UNCERTAINTIES

FORWARD-LOOKING INFORMATION

This MD&A contains "forward-looking information" within the meaning of applicable Canadian securities legislation.

Except for statements of historical fact relating to the Company, information contained in this MD&A may constitute forward-looking information, including any information as to the Company's mission, strategy, outlook, plans or future operational and financial 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:

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

RISKS AND UNCERTAINTIES

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:

- commodity price risks;
- operating risks;
- safety risks;
- mineral reserves and mineral resources risks;
- mine development and completion risks;
- foreign operations risks;
- regulatory risks;
- environmental risks;
- weather risks;
- climate change risks;
- currency risks;
- competition risks;
- counterparty risks;
- financing risks;
- additional capital risks;

- credit risks;
- key personnel risks;
- impairment risks;
- cybersecurity risks;
- transportation risks;
- infrastructure risks;
- equipment and supplies risks;
- concentration risks;
- litigation risks;
- permitting and licensing risks;
- land title and access rights risks;
- insurance and uninsured risks;
- acquisitions and integration risks;
- malicious acts risks;
- stock price volatility risks;
- limited operating history risks;
- technological advancement risks;
- tax risks;
- foreign subsidiaries risks;
- reputation damage risks;
- controlling shareholder risks; and
- conflicts of interest 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 as anticipated, estimated or intended. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. 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 operational and financial performance and the Company's plans and objectives and may not be appropriate for other purposes. The Company's risks and uncertainties are described in greater detail in the Annual MD&A.

For the three and nine months ended September 30, 2020, there have been no changes to the risks and uncertainties that have materially affected, or are reasonably likely to materially affect, the Company's forward-looking information, except for concentration risks. The Company relies primarily on Conda to sustain its operations. In turn, Conda relies on key suppliers and customers. With respect to suppliers, Conda's ammonia requirements and a majority of its sulfuric acid requirements have historically been met by one supplier under respective long-term supply agreements. With respect to customers, a majority of Conda's sales have historically been to one key customer under a long-term MAP offtake agreement. Consequently, any material disruption to the operations of such key suppliers or key customer, or Conda's inability to maintain its business relationship with any such suppliers or customer, has the potential of materially adversely affecting the Company's overall production, sales or results of operations.

9. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with IFRS requires the Company to make estimates and judgments that affect the reported amounts of the assets, liabilities, 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. Evaluations of estimates and judgments occur continuously. Estimates and judgments are based on historical experience and other factors including expectations of future events that are considered reasonable under the circumstances. If the Company's financial condition, change in financial condition or results of operations would be materially impacted by a different estimate or a change in estimate from period to period, estimates are deemed critical. By their nature, these estimates are subject to measurement uncertainty, and changes in these estimates may affect the financial statements of future periods (see Note 3 in the Audited Financial Statements).

10. CONTROLS AND PROCEDURES

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

There are inherent limitations to the effectiveness of any system of DC&P and ICFR, including the possibility of human error, circumvention of controls and procedures, collusion of two or more people, or unauthorized overriding of controls. Accordingly, even properly designed and effective controls and procedures can only provide reasonable, not absolute, assurance of achieving their objectives.

The Company has identified certain risks in its controls and procedures related to segregation of duties resulting from limited administrative staffing and manual processes. The Company is mitigating such risks through various measures, including automated processes and increased oversight.

The Company is closely monitoring potential risks to its controls and procedures as a result of the COVID-19 pandemic. While the Company's businesses have been deemed essential and therefore have not been forced to shut down operations on account of the COVID-19 pandemic, the majority of the Company's management, administrative and support activities are being conducted by working remotely. While the Company has not experienced and is not currently projecting any material impact on its controls and procedures as a result of the COVID-19 pandemic, the Company continues to monitor and assess the impact, if any, of the COVID-19 pandemic on its controls and procedures in order to minimize any potential impacts on their design and operating effectiveness.

For the three months ended September 30, 2020, there were no changes to the Company's controls and procedures that have materially affected, or are reasonably likely to materially affect, the Company's DC&P and ICFR.

11. OTHER DISCLOSURES

RELATED PARTY TRANSACTIONS

The Company's related party transactions include key management compensation and debt from CLF, its principal shareholder (see Note 22 in the Interim Financial Statements).

QUALIFIED PERSON

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

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

Unless otherwise indicated, the responsible Qualified Person, as defined by NI 43-101, who has reviewed and approved the scientific and technical information contained in this MD&A regarding Arraias, Santana and Araxá is Carlos Guzmán, FAusIMM (229036), Mining Engineer, RM (Chilean Mining Commission).

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