ITAFOS

Consolidated Financial Statements
for the years ended December 31, 2020 and 2019

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION

The consolidated financial statements of Itafos (the "Company") and other financial information contained in the management's discussion and analysis ("MD&A") are the responsibility of management and have been approved by the Company's Board of Directors. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"). The consolidated financial statements, where necessary, include amounts which reflect management's best estimates and judgments based on current available information. To provide reasonable assurance regarding the reliability of financial reporting and preparation of financial statements, management maintains internal control over financial reporting.

The Company's Board of Directors, through its Audit Committee, is responsible for ensuring that management fulfills its responsibilities for financial reporting. The Company's Board of Directors is ultimately responsible for reviewing and approving the consolidated financial statements and MD&A.

The Audit Committee meets periodically with management and the independent auditors to review internal accounting controls, critical audit matters, financial reporting issues and to satisfy itself that all parties are properly discharging their responsibilities. The Audit Committee also reviews the consolidated financial statements, MD&A and the independent auditor's report. The Audit Committee also considers and recommends the engagement or reappointment of the independent auditors to the shareholders. The Audit Committee reports its findings to the Company's Board of Directors for its approval of the consolidated financial statements for issuance to the shareholders.

The consolidated financial statements have been audited, on behalf of the shareholders, by the Company's independent auditors, PricewaterhouseCoopers LLP, in accordance with Canadian generally accepted auditing standards. PricewaterhouseCoopers LLP has full and free access to the Audit Committee to discuss their audit and related matters.

Signed "G. David Delaney"
G. DAVID DELANEY
Chief Executive Officer

Signed "George Burdette"
GEORGE BURDETTE
Chief Financial Officer

March 25, 2021

Independent auditor's report

To the Shareholders of Itafos

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Itafos and its subsidiaries (together, the Company) as at December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

What we have audited

The Company's consolidated financial statements comprise:

- the consolidated balance sheets as at December 31, 2020 and 2019;
- the consolidated statements of operations for the years then ended;
- the consolidated statements of comprehensive income (loss) for the years then ended;
- the consolidated statements of changes in equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis.

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Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is James Lusby.

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
March 25, 2021

ITAFOS

CONSOLIDATED BALANCE SHEETS
AS AT DECEMBER 31, 2020 AND 2019

(in thousands of US Dollars)	As at December 31, 2020	2019[1]
Assets		
Cash and cash equivalents *(Note 13)*	$ 9,539	$ 29,109
Accounts receivable	21,949	23,446
Inventories, net *(Note 6)*	93,435	105,039
Other current assets *(Note 10)*	9,568	6,563
Total current assets	**$ 134,491**	**$ 164,157**
Long-term inventories, net *(Note 6)*	1,551	1,551
Property, plant and equipment, net *(Note 8)*	205,069	214,817
Mineral properties, net *(Note 9)*	127,930	117,790
Deferred tax assets, net *(Note 21)*	1,204	858
Other long-term assets *(Note 10)*	7,059	11,591
Total non-current assets	**$ 342,813**	**$ 346,607**
Total assets	**$ 477,304**	**$ 510,764**
Liabilities		
Accounts payable and accrued liabilities *(Note 11)*	$ 50,986	$ 72,062
Provisions *(Note 12)*	760	2,382
Current debt *(Note 13)*	2,437	2,459
Contract liabilities	21	702
Other current liabilities *(Note 14)*	2,812	2,446
Total current liabilities	**$ 57,016**	**$ 80,051**
Long-term debt *(Note 13)*	237,756	208,851
Deferred tax liabilities, net *(Note 21)*	—	6,980
Long-term provisions *(Note 12)*	82,743	54,952
Other long-term liabilities *(Note 14)*	17,366	17,671
Total long-term liabilities	**$ 337,865**	**$ 288,454**
Total liabilities	**$ 394,881**	**$ 368,505**
Equity		
Share capital *(Note 15)*	531,647	529,177
Contributed surplus	246,626	246,626
Cumulative translation adjustment reserve	4,660	4,660
Deficit	(701,264)	(638,204)
Shareholders' equity *(Notes 2 and 15)*	**$ 81,669**	**$ 142,259**
Non-controlling interest *(Notes 2 and 15)*	754	—
Total equity	**$ 82,423**	**$ 142,259**
Total liabilities and equity	**$ 477,304**	**$ 510,764**

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

Approved by the Company's Board of Directors

Signed "Anthony Cina"
ANTHONY CINA
Chairman

Signed "G. David Delaney"
G. DAVID DELANEY
Director

[1] See Note 2.

CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(in thousands of US Dollars except for per share amounts)	*For the years ended December 31,* 2020	2019
Revenues *(Note 17)*	**$ 260,185**	**$ 339,430**
Cost of goods sold	267,957	362,248
Impairments *(Note 7)*	—	65,094
Write-off of mineral properties *(Note 9)*	8,449	—
Gross margin	**$ (16,221)**	**$ (87,912)**
Expenses		
Selling, general and administrative expenses *(Note 18)*	19,435	27,137
Operating loss	**$ (35,656)**	**$ (115,049)**
Foreign exchange loss *(Notes 19 and 26)*	(5,394)	(2,473)
Other expense	(1,759)	(2,230)
Finance expense, net *(Note 20)*	(28,030)	(28,659)
Gain (loss) on asset disposal	(1,209)	170
Loss before income taxes	**$ (72,048)**	**$ (148,241)**
Current and deferred income tax recovery *(Note 21)*	(9,742)	(4,070)
Net loss	**$ (62,306)**	**$ (144,171)**
Net loss attributable to non-controlling interest *(Notes 2 and 15)*	754	—
Net loss attributable to shareholders of the Company *(Notes 2 and 15)*	**$ (63,060)**	**$ (144,171)**
Basic loss per share *(Note 16)*	**$ (0.34)**	**$ (1.02)**
Fully diluted loss per share *(Note 16)*	**$ (0.34)**	**$ (1.02)**

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(in thousands of US Dollars)	*For the years ended December 31,* 2020	2019
Net loss	**$ (62,306)**	**$ (144,171)**
Other comprehensive income (loss)		
Items that may be reclassified subsequently to profit or loss:		
Cumulative translation adjustment *(Notes 2 and 26)*	—	1,005
Total comprehensive loss	**$ (62,306)**	**$ (143,166)**
Total comprehensive loss attributable to non-controlling interest	754	—
Total comprehensive loss attributable to shareholders of the Company	$ (63,060)	$ (143,166)

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(in thousands of US Dollars except for number of shares)	Number of shares	Amount	Contributed surplus	Cumulative translation adjustment reserve	Deficit	Shareholders' equity[2]	Non-controlling interest[2]	Total equity
Balance as at December 31, 2018 *(Note 2)*	**142,070,301**	**$ 515,029**	**$ 246,626**	**$ 3,655**	**$ (493,531)**	**$ 271,779**	**$ —**	**$ 271,779**
Adjustment on initial application of IFRS 16 *(Note 3)*	—	—	—	—	(502)	(502)	—	(502)
Adjusted balance as at January 1, 2019	**142,070,301**	**515,029**	**246,626**	**3,655**	**(494,033)**	**271,277**	**—**	**271,277**
Net loss	—	—	—	—	(144,171)	(144,171)	—	(144,171)
Cumulative translation adjustment *(Note 26)*	—	—	—	1,005	—	1,005	—	1,005
Issuance of shares under RSU Plan *(Notes 3 and 15)*	184,841	179	—	—	—	179	—	179
Issuance of shares from private placement *(Note 15)*	38,076,923	15,000	—	—	—	15,000	—	15,000
Repurchase of shares through the NCIB *(Note 15)*	(1,781,000)	(1,031)	—	—	—	(1,031)	—	(1,031)
Balance as at December 31, 2019 *(Note 2)*	**178,551,065**	**$ 529,177**	**$ 246,626**	**$ 4,660**	**$ (638,204)**	**$ 142,259**	**$ —**	**$ 142,259**
Net loss	—	—	—	—	(63,060)	(63,060)	754	(62,306)
Issuance of shares under RSU Plan *(Notes 3 and 15)*	1,911,759	732	—	—	—	732	—	732
Issuance of shares to lenders of the Facility *(Notes 13 and 15)*	5,000,000	1,738	—	—	—	1,738	—	1,738
Balance as at December 31, 2020	**185,462,824**	**531,647**	**246,626**	**4,660**	**(701,264)**	**81,669**	**754**	**82,423**

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

[2] See Note 2.

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(in thousands of US Dollars)	*For the years ended December 31,* **2020**	**2019**
Operating activities		
Net loss	$ (62,306)	$ (144,171)
Adjustments for the following items:		
Depreciation and depletion	38,985	50,028
Cash settlement of share-based payments *(Note 14)*	(45)	(12)
Share-based payment expense *(Note 14)*	446	204
Current and deferred income tax recovery *(Note 21)*	(9,742)	(4,070)
Income tax payments	(11,728)	—
Unrealized foreign exchange (gain) loss	4,118	(367)
Impairments *(Note 7)*	—	65,094
Write-off of mineral properties *(Note 9)*	8,449	—
Finance expense, net *(Note 20)*	28,030	28,659
Net change in non-cash working capital *(Note 24)*	351	39,671
Cash flows from operating activities	**$ (3,442)**	$ 35,036
Investing activities		
Addition of property, plant and equipment and mineral properties *(Notes 8 and 9)*	$ (13,965)	$ (46,551)
Maturity of short-term investments	—	2,106
Cash flows from investing activities	**$ (13,965)**	$ (44,445)
Financing activities		
Proceeds from debt *(Note 13)*	$ 21,185	$ 30,000
Repayment of debt *(Note 13)*	(10,838)	(1,563)
Repayment of principal portion of lease liabilities *(Note 14)*	(3,284)	(4,176)
Payment of interest expense *(Note 13)*	(9,222)	(9,640)
Repurchase of shares through the NCIB *(Note 15)*	—	(1,031)
Net proceeds from issuance of shares from private placement *(Note 15)*	—	15,000
Cash flows from financing activities	**$ (2,159)**	$ 28,590
Effect of foreign exchange of non-US Dollar denominated cash	$ (4)	$ 9
Increase (decrease) in cash	(19,570)	19,190
Cash, beginning of period	29,109	9,919
Cash, end of period	**$ 9,539**	**$ 29,109**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

The amounts contained in these consolidated financial statements are in thousands of US Dollars except for number shares, per share amounts, number of restricted share units ("RSUs") and as otherwise noted.

1. GENERAL COMPANY INFORMATION

The Company is a phosphate and specialty fertilizer platform with strategic businesses and projects located in key fertilizer markets.

The Company's businesses and projects are as follows:

- Conda – a vertically integrated phosphate fertilizer business with capacity to produce monoammonium phosphate ("MAP"), MAP with micronutrients ("MAP+"), superphosphoric acid ("SPA"), merchant grade phosphoric acid ("MGA") and ammonium polyphosphate ("APP") located in Idaho, US;
- Arraias[3] – a vertically integrated phosphate fertilizer business with capacity to produce 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;
- Santana – a vertically integrated high-grade phosphate mine and fertilizer plant project located in Pará, Brazil;
- Araxá – a vertically integrated rare earth elements and niobium mine and extraction plant project located in Minas Gerais, Brazil.
- Paris Hills – a high-grade phosphate mine project located in Idaho, US; and
- Mantaro – a phosphate mine project located in Junin, Peru.

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 Note 25). CLF is a Delaware limited liability company with offices in Minnesota, US. As at December 31, 2020, CLF beneficially owned and controlled 124,961,722 shares of the Company, representing approximately 67.4% of the issued and outstanding shares on an undiluted basis. As at December 31, 2019, CLF beneficially owned and controlled 124,149,216 shares of the Company, representing approximately 69.5% of the issued and outstanding shares on an undiluted basis (see Note 15). CLF is a related party (see Note 25).

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.

2. BASIS OF PREPARATION AND PRESENTATION

STATEMENT OF COMPLIANCE

These consolidated financial statements have been prepared in accordance with IFRS as issued by the IASB and were authorized for issuance by the Company's Board of Directors on March 25, 2021.

GOING CONCERN BASIS

These consolidated financial statements have been prepared and presented under the historical cost convention and on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future (see Note 4).

BASIS OF PRESENTATION

[3] In 2019, Arraias produced PK compounds from third party rock.

As at December 31, 2020, the Company reclassified certain items to conform with current period presentation as follows:

- As at December 31, 2019, the Company had $1,059 of current debentures presented as a separate line item on the consolidated balance sheets, which are now presented within current debt (see Note 13); and
- As at December 31, 2019, the Company had $1,702 of long-term debentures presented as a separate line item on the consolidated balance sheets, which are now presented within long-term debt (see Note 13).

Also as at December 31, 2020, the Company reclassified equity between shareholders' equity and non-controlling interest ("NCI") as at December 31, 2019 and 2018 in the Company's consolidated statements of changes in equity to conform with the basis used to calculate NCI in the current period (see NCI in this Note 2 below and Note 15).

CONSOLIDATION

Subsidiaries are those entities which the Company controls by having the power to govern their financial and operating policies. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. Subsidiaries are fully consolidated from the date on which the Company obtained control and are deconsolidated from the date on which the Company ceases to have control. These consolidated financial statements include the accounts of the Company and its subsidiaries. All intercompany balances and intercompany transactions are eliminated on consolidation.

As at December 31, 2020 and 2019, the Company had subsidiaries located in Brazil, the British Virgin Islands, the Cayman Islands, Guinea-Bissau, the Netherlands, Peru, Switzerland and the US. As at December 31, 2019, the Company also had two wholly-owned subsidiaries located in Barbados and a wholly-owned subsidiary located in Portugal, which were dissolved in April 2020, August 2020 and May 2020, respectively. Also during 2020, the Company merged two of its wholly-owned subsidiaries located in the Netherlands.

In December 2020, the Company capitalized certain intercompany loans related to the Company's funding of Arraias. As a result of the capitalization of intercompany loans, the Company increased its ownership interest in Arraias from 97.0% to 98.3% (see Note 15).

NCI

As at December 31, 2020, the Company had NCI as follows:

	Company interests	NCI
Itafos Arraias Mineracao e Fertilizantes S.A.	98.3%	1.7%
Itafos Santana Mineracao e Fertilizantes S.A.	99.4%	0.6%

As at December 31, 2019, the Company had NCI as follows:

	Company interests	NCI
Itafos Arraias Mineracao e Fertilizantes S.A.	97.0%	3.0%
Itafos Santana Mineracao e Fertilizantes S.A.	99.4%	0.6%

In 2017, the Company's subsidiary Itafos Arraias Mineracao e Fertilizantes S.A. ("Arraias") issued a total of 593,054,482 preferred shares in exchange for warrants, of which 563,250,403 were issued to a wholly-owned subsidiary of the Company and 29,804,079 were issued to third parties. As at December 31, 2017, the preferred shares issued to third parties were recorded at a book value of R$1 per share resulting in NCI of $9,062. The preferred shares would participate, on equal terms with other classes of shares, in any declared dividends of Arraias and earnings would be attributable to NCI upon any payment of dividends. In a liquidation event, after repayment of secured debt and intercompany debt, the preferred shares would be entitled to receive the lower of book value or fair value as determined by an appraisal. Accordingly, annual net and comprehensive loss would be allocated to NCI in the event that the fair value of Arraias would be below the book value of the total preferred shares. The Company has allocated equity between shareholders' equity and NCI in the current period based on this methodology.

As at December 31, 2020, the Company reclassified equity between shareholders' equity and NCI as at December 31, 2018 in the Company's consolidated statements of changes in equity to conform with the basis used to calculate NCI in the current period as follows:

	As at December 31, 2018		
(in thousands of US Dollars)	**Original**	**Reclassification**	**Current**
Shareholders' equity	$ 262,717	$ 9,062	$ 271,779
Non-controlling interest	9,062	(9,062)	—

As at December 31, 2020, the Company reclassified equity between shareholders' equity and NCI as at December 31, 2019 in the Company's consolidated statements of changes in equity to conform with the basis used to calculate NCI in the current period as follows:

	As at December 31, 2019		
(in thousands of US Dollars)	**Original**	**Reclassification**	**Current**
Shareholders' equity	$ 133,197	$ 9,062	$ 142,259
Non-controlling interest	9,062	(9,062)	—

CURRENCIES

The Company's presentation and functional currency is US Dollars ("$"). In May 2019, Itafos Farim Holdings changed its functional currency from Canadian Dollars ("C$") to US Dollars and Itafos Farim, Sarl, a wholly-owned subsidiary of Itafos Farim Holdings, changed its functional currency from Central African Francs to US Dollars. Subsequently, all of the Company's subsidiaries' functional currency is US Dollars (See Note 26).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Company's significant accounting policies are summarized below.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on deposit with banks and highly liquid short-term investments with terms of 90 days or less. The Company's secured term credit facility (the "Facility") considers certain compliance requirements including, but not limited to, a requirement to maintain minimum cash of $1,000 throughout the term of the Facility (see Note 13).

INVENTORIES

Inventories consist of the following:

- Raw materials including ore extracted from mine sites, ore stockpiled at the production facilities and chemicals used to produce phosphate-based fertilizers;
- Work in process including inventories that are currently in the process of being converted to finished goods;
- Finished goods including inventories of SPA, MAP, MAP+, MGA, APP, SSP, SSP+, PK compounds and sulfuric acid in saleable form; and
- Spare parts including commodity consumables and other materials used in the production process as well as spares and maintenance supplies that are not classified as capital items.

Inventories are valued at the lower of cost or net realizable value. Reversals of previous write-downs are made when there is an increase in the value of inventories. Costs include materials, direct labor, other direct costs and production overhead and amortization of plant, equipment and mineral properties directly involved in the mining and production processes.

These costs are allocated to raw materials, work in process and finished goods based on the costs incurred in the applicable stage of processing. Overhead (indirect costs) are allocated based on normal levels of production. In periods where the Company produces at less than normal capacity, unallocated overhead costs are recognized as an expense in cost of sales in the period in which they are incurred. As finished goods are sold, costs are removed on a weighted-average basis.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are recorded at cost less depreciation and impairments. Cost includes all expenditures incurred to prepare the asset for its intended use. Costs are also capitalized to the extent they improve the productive capacity or extend the useful economic life of an asset. Depreciation commences when an asset is available for use.

For the major categories of property, plant and equipment, the Company considers depreciation methods and useful lives as follows:

	Depreciation method	Useful life
Land	Not depreciated	–
Buildings and plant	Straight line	3 – 25 years
Machinery, equipment and other	Straight line	2 – 10 years

The Company allocates the amount initially recognized in respect of an item of property, plant and equipment to its significant parts and depreciates separately each part. Residual values, methods of amortization and useful lives of the assets are reviewed annually and adjusted if appropriate.

The Company derecognizes property, plant and equipment upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising from the disposal or retirement of an item of property, plant and equipment is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognized within other income (loss) in the statement of operations.

The Company reviews and tests the carrying value of its property, plant and equipment when events or changes in circumstances suggest that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying value exceeds its recoverable amount. The Company evaluates impairment losses for potential reversals when events or circumstances warrant such consideration (see IMPAIRMENTS in this Note 3 below).

LEASES

The Company recognizes a right-of-use asset and corresponding lease liability for any leased assets not of low-value in nature with noncancelable lease terms greater than 12 months in duration. In determining the lease term, the Company assesses the economic benefits of exercising contractual options to extend the duration of the lease or terminate, when applicable.

Upon recognizing a right-of-use asset, the Company discounts the future lease payments, including any applicable residual value guarantees, purchase options, or termination penalties, using an interest rate within the following hierarchy: (i) borrowing rate implicit in the lease and (ii) the Company's incremental borrowing rate. Variable lease payments dependent upon an index or rate are measured using the index or rate at the commencement date of the lease. The amount capitalized as a right-of-use asset is depreciated over the term of the lease and the corresponding lease liability is charged interest at the same rate used for discounting purposes. If the Company is unable to quantify the value of a right-of-use asset because the lease payments are variable and not dependent upon an index or rate, the Company shall not recognize a right-of-use asset or corresponding lease liability, but rather disclose the amount of costs incurred during the period relating to such arrangements.

The Company assesses a lease modification to determine if the modification should be accounted for as a separate lease or the modification should be allocated to the remaining lease term of the modified lease. The Company's determination will be based on the change in scope of the lease agreement and whether the price is commensurate with the change in scope. If the Company determines that a lease modification shall not be accounted for as a separate lease, the Company will remeasure the future lease payments in a manner consistent with that of a new lease. The measured future lease payments will be discounted using effective rates at time of the modification over the revised term of the modified lease.

CAPITALIZED INTEREST

The Company capitalizes interest for qualifying assets. Qualifying assets are assets that require more than one year to prepare for their intended use, including projects that are in development or construction stages. Capitalized interest costs are included in costs of the qualifying assets and are determined based on gross expenditures incurred on the asset. Capitalization ceases when the development or construction of asset is substantially complete, and asset is ready for intended use or active development or construction is suspended. Where the funds used to finance a qualifying asset form part of general borrowings, the borrowing costs eligible for capitalization are determined by applying a capitalization rate, which is the weighted average of the borrowing costs applicable to the borrowings of the Company that are outstanding during the period, to the expenditures on the asset. Capitalized interest costs are amortized on the same basis as the related qualifying asset.

ASSETS UNDER CONSTRUCTION

Assets in the course of construction are capitalized as assets under construction. On completion, the cost of construction is transferred to the appropriate category of property, plant and equipment, and depreciation commences when the asset is available for its intended use.

PLANT TURNAROUND COSTS

Planned inspections, replacements and overhauls of plant machinery and equipment requiring a full plant shutdown are designated as a plant turnaround. The Company accounts for plant turnarounds under the deferral method, as opposed to the direct expense method. Under the deferral method, costs related to plant turnarounds are capitalized in property, plant and equipment as incurred and amortized to production costs over the period benefited, which corresponds with the next scheduled plant turnaround cycle.

MINERAL PROPERTIES AND EXPLORATION AND EVALUATION EXPENDITURES

The Company accounts for its projects including (i) Farim, (ii) Santana, (iii) Araxá, (iv) Paris Hills and (v) Mantaro under IFRS 6 Exploration for and Evaluation of Mineral Resources.

Exploration and evaluation assets acquired as part of an asset acquisition are capitalized at cost, which represents the fair value of the assets at the time of acquisition.

Costs incurred in the exploration and evaluation of Mineral Reserves and Mineral Resources include permitting activities, geological and geophysical expenses, costs of drilling and general and administrative costs related to exploration and evaluation activities. Such costs are expensed until such time as the technical feasibility and commercial viability of extracting Mineral Reserves and Mineral Resources from the assets is demonstrated, at which point, the project is considered economically feasible and designated as a development project. Costs incurred subsequent to this designation are capitalized until commercial production commences or it is determined that the capitalized amounts will not be recovered.

Following achievement of commercial production, capitalized acquisition costs and capitalized exploration and evaluation costs are amortized using the unit-of-production method based on the estimated economically recoverable Mineral Reserves and Mineral Resources.

CARE AND MAINTENANCE

Changes in circumstances, including market dynamics, can cause continued production or further development to no longer be economically feasible. In such circumstances, the Company may elect to place its businesses or projects in care and maintenance. During care and maintenance, depreciable assets continue to be depreciated, as appropriate, over their useful economic lives.

DEFERRED STRIPPING COSTS

In mining operations, it is necessary to remove overburden and waste to access ore from which minerals can be extracted economically. The process of mining overburden and waste materials is referred to as stripping. Stripping costs incurred prior to commercial production are capitalized to mineral properties and include costs to (i) improve access to ore body to be mined in the future, (ii) increase the fair value of the mine as access to future Mineral Reserves and Mineral Resources become less costly and (iii) increase the production capacity or extend the life of mine. Such capitalized stripping costs are amortized on a unit-of-production method over the Mineral Reserves and Mineral Resources to which such costs relate. Stripping costs incurred during production of a mine are accounted for as a cost of producing those inventories during the period that the stripping costs are incurred.

IMPAIRMENTS

In accordance with International Accounting Standard ("IAS") 36 Impairment of Assets, the Company reviews the carrying amounts of its non-current assets including property, plant and equipment and mineral property for impairment whenever facts and circumstances indicate that the recoverable amounts are less than the carrying values. Whenever indications of impairment exist, the Company estimates the recoverable amounts of the asset in order to compare such estimated recoverable amount to its carrying value. An impairment is recognized for any excess of the carrying value of an asset over its estimated recoverable amount. The Company conducts impairment assessments on its assets at the level of the cash generating unit ("CGU") to which the asset belongs. The Company's CGUs are considered to be its businesses, including Conda and Arraias, and its projects, including, Farim, Santana, Araxá, Paris Hills and Mantaro.

The Company determines the recoverable amount of a CGU as the higher of its fair value less costs of disposal ("FVLCD") and its value in use ("VIU"). Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Costs of disposal are incremental costs directly attributable to the disposal of an asset. The most appropriate measure of FVLCD is a market price, which would be classified within Level 1 or Level 2 of the fair value hierarchy. If a market price is not available, FVLCD is calculated considering a discounted cash flow methodology considering estimated cash flows from the perspective of an independent market participant, which would be classified within Level 3 of the fair value hierarchy. For earlier stage projects where a discounted cash flow methodology is not appropriate, FVLCD is calculated considering market data points including comparable public company and transaction valuations, which would be classified with Level 3 of the fair value hierarchy (see Note 26). VIU is calculated considering a discounted cash flow methodology considering estimated cash flows from the perspective of continuing use of the CGU in its present state.

The Company tests assets that have been impaired in prior periods for possible reversal of impairment whenever facts and circumstances indicate that the impairment may have reversed. If the impairment has reversed, the carrying amount of the asset is increased to its recoverable amount, but not beyond the carrying amount that would have been determined, net of depreciation, had no impairment been recognized for the asset in prior periods.

BORROWINGS

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently recorded at amortized cost using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan, are capitalized as a pre-payment for liquidity services and amortized using the effective interest rate method over the period of the facility to which it relates.

ENVIRONMENTAL AND ASSET RETIREMENT OBLIGATIONS

The Company recognizes the present value of its environmental and asset retirement obligations in the period in which they are incurred and when a reasonable estimate of the fair value of such obligations can be made. The present value of the estimated environmental and asset retirement obligations is recorded as a liability, with a corresponding increase in the carrying amount of mineral properties or property plant and equipment. The capitalized amount is amortized to expense through depletion or depreciation over the life of the asset. The liability amount is updated each reporting period due to the passage of time and the amount of this accretion is charged to earnings in the period.

Revisions, if any, to the estimated timing of cash flows, to the original estimated undiscounted cost, or to update the discount rate to a current rate, if any, also result in an increase or decrease to the environmental and asset retirement obligations and the related asset. Actual costs incurred upon settlement of the environmental and asset retirement obligations are charged against the environmental and asset retirement obligations to the extent of the liability recorded. Any difference between the actual costs incurred upon settlement of the environmental and asset retirement obligations and the recorded liability is recognized as a gain or loss in the Company's earnings in the period in which the settlement occurs. Costs arising from unforeseen remediation activity are recognized as an expense and liability when the event occurs that gives rise to an obligation and reliable estimates of the required rehabilitation costs can be made.

In connection with the acquisition of Conda from subsidiaries of Agrium, Inc ("Agrium"), a wholly-owned subsidiary of Nutrien Ltd., Agrium agreed to assume full liability for all environmental and asset retirement obligations relating to the pre-closing operations of Conda. As current owner and operator of Conda, the Company will be liable for certain environmental and asset retirement obligations relating to the post-closing operations of Conda. Accordingly, the Company recognizes the present value of its respective share of environmental and asset retirement obligations relating to the post-closing operations of Conda.

RESTRICTED SHARE UNITS

The Company issues RSUs under the Company's restricted share unit plan (the "RSU Plan") to compensate selected employees. Each RSU granted under the Company's RSU Plan has a value equal to one common share. On September 17, 2020, the Company's RSU Plan was amended to increase the maximum number of shares which may be reserved for issuance under the RSU Plan from 14,207,030 to 18,546,282.

RSUs typically vest within three years and upon vesting the employee will receive either cash or common shares, depending on the terms of the grant. Through December 31, 2019, the RSUs granted under the Company's RSU Plan vest 1/4 on the second anniversary of the grant date and 3/4 on the third anniversary of the grant date. After December 31, 2019, the RSUs granted under the Company's RSU Plan vest as follows:

- for RSUs granted to directors, employees and contractors, 1/3 on the anniversary of the grant date over a period of three years; and
- for RSUs granted to management, based on a combination of time and performance with 50% of the RSUs vesting 1/3 on the anniversary of the grant date over a period of three years and 50% of the RSUs vesting on the third anniversary of the grant date subject to achievement of certain key performance indicators as established by the Company's Board of Directors.

The RSUs are accounted for as cash settled share-based payments with a liability recognized for services acquired. A liability for RSUs is measured at fair value considering the market price of the share on the grant date and is subsequently adjusted for changes in fair value at the end of each reporting period. The liability is recognized on a straight-line basis over the vesting period, with a corresponding charge to compensation expense, as a component of selling, general and administrative expenses within the corporate segment. Compensation expenses for RSUs incorporate an estimate for expected forfeiture rates based on which the fair value is adjusted (see Note 14).

SHARE ISSUANCE COSTS

Costs incurred in connection with the issuance of shares are netted against the proceeds received.

NCI

NCI in the Company's less than wholly-owned subsidiaries are classified as a separate component of equity. For NCI, the net assets and net profit attributable to outside shareholders are presented as amounts attributable to NCI in the consolidated balance sheet and consolidated statements of operations (see Note 2).

REVENUE RECOGNITION

Revenues from Sale of Goods

The Company's revenues consist of Conda sales of MAP, MAP+, SPA, MGA and APP to its customers in the North American market and Arraias sales of SSP, SSP+, PK compounds and excess sulfuric acid in the Brazilian market. The Company recognizes revenue from these sales when control of the product has transferred to the customer as specified by the contract delivery terms agreed with the customer (e.g., Free on Board, Freight Paid Allowance, Delivery Prepaid). The control of the product has transferred to the customer when the customer has legal title to and the risk and rewards of ownership of the product and the customer is able to direct the use of and obtain substantially all of the remaining benefits from the product. Revenue is measured at the transaction price agreed under the contract. With the exception of Conda's MAP offtake agreement, the Company's customer contract terms do not typically extend beyond 12 months from commencement. Accordingly, transaction price to unfulfilled performance obligations and financing components of customer contracts do not have a significant impact on the presentation and disclosure of financial statements. Individual customer orders are placed in accordance with underlying contract terms. Customer orders are typically fulfilled within 30 days or less from receipt of the order. Payment of the transaction price is due based on the terms stated in the contract. Typically, payments are received 30-60 days from the invoice date.

Variable Consideration

The Company's revenues are subject to variable consideration such as rebates and credits. These rebates are normally outlined in the contracts and are subject to customers meeting certain volume thresholds. The Company estimates the variable consideration to be at the most likely amount to which it is entitled. The Company includes the likely amount in the transaction price to the extent that it is probable that a significant reversal of revenue will not occur when the uncertainty will be resolved. Estimates of variable consideration and its inclusion in the transaction price are based on management's assessment of anticipated performance and information reasonably available to the Company. A rebate liability (included in accounts payable and accrued liabilities) is recognized for the expected rebates and credits payable to customers in relation to sales made until the end of the reporting period.

Contract Liabilities

The Company recognizes consideration received from customers for performance obligations not yet met as contract liabilities. As performance obligations are met the contract liabilities are amortized and recognized as revenues.

TAXES

Income Tax

Income tax considers current and deferred tax. Income tax is recognized in the statement of operations except to the extent that it relates to items recognized directly in equity, in which case the income tax is recognized directly in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted in the countries where the Company and its subsidiaries operate and generate taxable income, at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the deferred tax asset or liability is settled.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except, in the case of subsidiaries, where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

In general, deferred tax is recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered. Deferred tax assets are recognized for the carry-forward of unused tax losses and/or credits to the extent that it is probable that taxable profits will be available against which the unused tax losses and/or credits can be utilized. The interpretation of tax regulations and legislation and their application to the Company and its subsidiaries is subject to change. Accordingly, the Company's ability to realize deferred income tax assets could significantly affect net income or cash flows in future periods.

Deferred tax assets and liabilities are presented as non-current and can be presented on a net basis if related subject to certain criteria.

Indirect Tax

Indirect tax recoverable is recorded at its undiscounted amount and is disclosed as non-current if not expected to be recovered within 12 months.

NET INCOME (LOSS) PER SHARE

Basic net income (loss) per share is based on the weighted average number of common shares of the Company outstanding during the period. The diluted net income (loss) per share is calculated using the treasury stock method and reflects the potential dilution of common share equivalents, such as outstanding share options and warrants, in the weighted average number of common shares outstanding during the period, if dilutive. The diluted net income (loss) per share calculation excludes any potential conversion of options and warrants that would increase earnings per share or decrease loss per share. The calculation of basic and diluted net income (loss) for all periods presented is adjusted retrospectively when the number of ordinary or potential ordinary shares outstanding increases as a result of a capitalization, bonus issue, or share split, or decreases as a result of a reverse share split.

FOREIGN CURRENCY TRANSLATION

Functional currency

Functional currency is the currency of the primary economic environment in which an entity operates. Foreign currency transactions are converted into the functional currency using the exchange rates prevailing at the dates of the transactions. Generally, foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from period end remeasurement of monetary assets and liabilities denominated in currencies other than an entity's functional currency are recognized in the statement of operations under foreign exchange gain (loss).

Presentation currency

The Company translates the financial statements of its subsidiaries with functional currencies other than US Dollars to US Dollars as follows:

- Applying the closing exchange rate as at the balance sheet date to balance sheet balances with translation gains and losses recorded in other comprehensive income (loss);
- Applying the average exchange for the period to income and expenses except for expenses that related to non-monetary assets and liabilities measured at historical rates; and
- Applying the historical exchange rate for income and expenses related to non-monetary assets and liabilities.

FINANCIAL INSTRUMENTS

IFRS 9 Financial Instruments ("IFRS 9") requires financial assets to be classified into three measurement categories on initial recognition: (i) those measured at fair value through profit and loss, (ii) those measured at fair value through other comprehensive income and (iii) those measured at amortized cost. Measurement and classification of financial assets depends on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. Under IFRS 9, financial liabilities are amortized at cost or if the fair value option is chosen, the part of a fair value change relating to an entity's own credit risk is recorded in other comprehensive income.

IFRS 9 included clarification on the accounting for modifications of financial liabilities. The Company has accounted for modifications in accordance with the clarifications to calculate effective interest rate on financial liabilities using the original effective interest rate and recognize any gain or loss through profit and loss.

IFRS 9 introduced a single expected credit loss model for calculating impairment for financial assets, which is based on changes in credit quality since initial recognition. The adoption of the expected credit loss impairment model did not have a significant impact on the Company's consolidated financial statements.

For the years ended December 31, 2020 and 2019, the Company had no hedges on its consolidated financial statements.

SEGMENT REPORTING

The Company reports across four segments including (i) Conda, (ii) Arraias, (iii) development and exploration and (iv) corporate. The development and exploration segment is comprised of activities related to (i) Farim, (ii) Santana, (iii) Araxá, (iv) Paris Hills and (v) Mantaro. The corporate segment is comprised of support, administrative and financing activities (see Note 23).

The Company's segment reporting is consistent with its internal reporting to its chief operating decision maker ("CODM"). The Company's CODM role is comprised of its management team. The CODM considers the Company's segment reporting in its decision making, planning, cash flow management and other management activities.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

CRITICAL JUDGMENTS IN THE APPLICATION OF ACCOUNTING POLICIES

Impact of the Coronavirus Disease 2019 ("COVID-19") Pandemic

On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic. 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 (see Note 22). 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.

Ability to Continue as a Going Concern

The Company has made judgments and estimates in forming assumptions of future activities, future cash flows and timing of those cash flows. The Company made significant assumptions in preparing its business plan, including, but not limited to, commodity prices, production and sales volumes and operating costs. Changes to such assumptions could result in a cash shortfall and/or financial covenant default, unless otherwise remedied (see Note 26). While the Company has a demonstrated track record of raising capital and amending its financial covenants, there can be no assurance of the Company's ability to do so going forward.

Carrying Values and Impairment Charges

Whenever indications of impairment exist, the Company estimates the recoverable amount of the asset in order to compare such estimated recoverable amount to its carrying value. Calculating estimated recoverable amounts requires management to make estimates and assumptions relying on its judgment and taking into account information available at the end of each reporting period. Changes in any of the estimates or assumptions considered in estimating the recoverable amounts could have an impact on the results and conclusions of the impairment assessment.

Leases

Judgment is used in the Company's assessment if it is reasonably certain that an extension option will be exercised. Estimates are used to determine the lease term and the appropriate discount rate applied to the lease payments to calculate the lease liability.

KEY SOURCES OF ESTIMATION UNCERTAINTY IN THE APPLICATION OF ACCOUNTING POLICIES

Environmental and Asset Retirement Obligations

The Company recognizes the present value of its environmental and asset retirement obligations in the period in which they are incurred and when reasonable estimate of the fair value of such obligations can be made. The estimated future cash costs of such obligations are based primarily upon environmental and regulatory requirements of the various jurisdictions in which the Company operates as well as any other constructive obligations that exist. The liability represents management's best estimates of cash required to settle the liability, inflation, assumptions of risks associated with future cash flows and the applicable risk-free interest rates for discounting the future cash outflow. Changes in the above factors can result in a change to the liability recognized by the Company. The actual future expenditures may differ from the amounts currently provided if the estimates made are significantly different than actual results or if there are significant changes in environmental and/or regulatory requirements in the future.

Income Tax

The Company is subject to income taxes in numerous jurisdictions. The Company’s income tax expense and deferred tax assets and liabilities represent management’s best estimates of current and future taxes to be paid. Significant judgments and estimates are required in the calculation of the Company’s income tax expense, including applying tax laws and regulations, calculating tax deductions such as tax depletion, estimating the timing of the reversals of temporary differences and estimating the realizability of deferred tax assets. These estimates impact current and deferred income tax assets and liabilities and current and deferred income tax expense. The actual future income tax expense and deferred tax assets and liabilities may differ from the amounts currently provided if the estimates made are significantly different than actual results or if there are significant changes in tax laws and/or rates in the future.

5. RECENT ACCOUNTING PRONOUNCEMENTS

NEW ACCOUNTING STANDARDS EFFECTIVE IN 2020

The IASB issued certain new accounting standards or amendments that are mandatory for accounting periods after December 31, 2019 as follows:

- Conceptual Framework for Financial Reporting; and
- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies Changes in Accounting Estimates and Errors, Definition of Material.

The Company concluded that the effect of such new accounting standards or amendments did not have a material impact and therefore did not record any adjustment to these consolidated financial statements.

NEW ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

The IASB issued certain new accounting standards or amendments that were not yet effective as at December 31, 2020 as follows:

- Amendments to IAS 1 Classification of liabilities as current or non-current;
- Amendment to IAS 16 Property, plant and equipment;
- Amendments to IAS 37 Onerous contracts; and
- Interest Rate Benchmark Reform – Phase 2, Amendments to IFRS 9, IAS 39. IFRS 7, IFRS 4 and IFRS 16.

The Company is evaluating the potential effect of such new accounting standards or amendments on its consolidated financial statements in future periods.

6. INVENTORIES

As at December 31, 2020 and 2019, the Company had inventories as follows:

	As at December 31,	
(in thousands of US Dollars)	**2020**	**2019**
Finished goods	$ 13,341	$ 27,738
Work in process	2,480	5,998
Raw materials	61,879	56,085
Spare parts	17,286	19,417
Net realizable value adjustments	—	(2,648)
Inventories, net	**$ 94,986**	**$ 106,590**
Less: current portion	(93,435)	(105,039)
Long-term inventories, net	**$ 1,551**	**$ 1,551**

As at December 31, 2019, the Company had net realizable value adjustments of $(2,008) related to finished goods at Conda and $(640) related to finished goods at Arraias.

As at December 31, 2019, the Company reclassified $1,551 to non-current inventories related to raw materials at Arraias following the decision to idle Arraias.

7. IMPAIRMENTS

For the years ended December 31, 2020 and 2019, the Company had impairments as follows:

	For the years ended December 31,	
(in thousands of US Dollars)	**2020**	**2019**
Arraias	$ —	$ 47,544
Farim	—	15,662
Santana	—	1,888
Impairments	**$ —**	**$ 65,094**

2020 IMPAIRMENT ASSESSMENT

As at December 31, 2020, the Company's book value of net assets exceeded its market capitalization, which triggered an overall impairment assessment. As a result of the overall impairment trigger, the Company performed valuations to estimate the respective recoverable amounts of Conda, Arraias, Farim, and Santana in order to compare such respective estimated recoverable amounts to their respective carrying values. The Company did not perform valuations to estimate the respective recoverable amounts of Araxá, Paris Hills and Mantaro due to de minimis respective carrying values.

In order to estimate the respective recoverable amounts of Conda and Arraias, the Company followed a FVLCD approach classified within Level 3 of the fair value hierarchy (see Note 26). For Conda, the Company utilized a conventional discounted cash flow methodology considering projected cash flows from its business plan, a risk adjusted discount rate and various sensitivities. The Company concluded that the estimated recoverable amount of Conda was above its carrying value and therefore did not record an impairment. For Arraias, the Company utilized a conventional discounted cash flow methodology considering projected cash flows from the perspective of an independent market participant, a risk adjusted discount rate and various sensitivities. The Company concluded that the estimated recoverable amount of Arraias was approximately equal to its carrying value and therefore did not record an impairment.

The Company considered key assumptions in order to estimate the recoverable amount of Arraias as follows:

(in thousands of US Dollars except as otherwise noted)		Key assumptions
First full year at optimal capacity utilization (year)		2025
Run-rate EBITDA	$	33,000
Long-term SSP sales price ($/tonne)		200
Long-term Brazilian Real: US Dollar exchange rate (R$:$)		4.20
Weighted average cost of capital (%)		9.2
Upfront capital expenditures	$	56,000

The Company considered the impact of changes in key assumptions to the estimated recoverable amount of Arraias as follows:

(in thousands of US Dollars)		Key sensitivities
One-year delay in restart/ramp-up to optimal capacity	$	(21,000)
10% reduction to run-rate EBITDA		(20,000)
10% reduction to long-term pricing		(63,000)
10% strengthening of Brazilian Real against US Dollar		(41,000)
1% increase to weighted average cost of capital		(16,000)
10% increase in upfront capital expenditures		(5,000)

In order to estimate the respective recoverable amounts of Farim and Santana, the Company followed a FVLCD approach classified within Level 3 of the fair value hierarchy (see Note 26). For each of Farim and Santana, the Company utilized a conventional market comparables methodology considering a range of multiples comprised of comparable publicly traded companies and transactions. Specifically for Farim, considering its advanced development stage, high grade phosphate rock and low cost features, the Company considered certain premiums above market comparables. The Company concluded that the respective estimated recoverable amounts of Farim and Santana were above their respective carrying values and therefore did not record an impairment. The Company considered the impact of changes in key assumptions to the estimated respective recoverable amounts of Farim and Santana including a 10% reduction to market comparables, which would have a respective impact of approximately $7,000 and $1,000.

The Company considered key assumptions in order to estimate the recoverable amounts of Farim and Santana as follows:

(in multiples except as otherwise noted)	Farim	Santana
Average multiple	1.33x	1.33x
Premium average multiple	2.29x	N/A
Content P_2O_5 (Mt)	30.0	7.3

2019 IMPAIRMENT ASSESSMENT

As at December 31, 2019, the Company's book value of net assets exceeded its market capitalization, which triggered an overall impairment assessment. In addition, the Company's decision to idle Arraias triggered an impairment assessment of Arraias. As a result of the overall impairment trigger, the Company performed valuations to estimate the respective recoverable amounts of Conda, Arraias, Farim, Santana and Paris Hills in order to compare such respective estimated recoverable amounts to their respective carrying values. The Company did not perform valuations to estimate the respective recoverable amounts of Araxá and Mantaro due to de minimis respective carrying values.

In order to estimate the respective recoverable amounts of Conda and Arraias, the Company followed a FVLCD approach classified within Level 3 of the fair value hierarchy (see Note 26). For Conda, the Company utilized a conventional discounted cash flow methodology considering projected cash flows from its business plan, a risk adjusted discount rate and various sensitivities. The Company concluded that the estimated recoverable amount of Conda was above its carrying value and therefore did not record an impairment. For Arraias, the Company utilized a conventional discounted cash flow methodology considering projected cash flows from the perspective of an independent market participant, a risk adjusted discount rate and various sensitivities. The Company concluded that the estimated recoverable amount of Arraias was below its carrying value and therefore recorded an impairment of $47,544 (see Note 8). The impairment of Arraias was primarily due to a longer expected ramp-up to optimal capacity utilization and increased associated upfront capital expenditures.

The Company considered key assumptions in order to estimate the recoverable amount of Arraias as follows:

(in thousands of US Dollars except as otherwise noted)		**Key sensitivities**
First full year at optimal capacity utilization (year)		2023
Run-rate EBITDA	$	33,000
Long-term SSP sales price ($/tonne)		200
Long-term Brazilian Real: US Dollar exchange rate (R$:$)		4.10
Weighted average cost of capital (%)		9.6
Upfront capital expenditures	$	55,000

The Company considered the impact of changes in key assumptions to the estimated recoverable amount of Arraias as follows:

(in thousands of US Dollars)		**Key sensitivities**
One-year delay in restart/ramp-up to optimal capacity	$	(17,000)
10% reduction to run-rate EBITDA		(25,000)
10% reduction to long-term pricing		(76,000)
10% strengthening of Brazilian Real against US Dollar		(43,000)
1% increase to weighted average cost of capital		(16,000)
10% increase in upfront capital expenditures		(5,000)

In order to estimate the respective recoverable amounts of Farim, Santana and Paris Hills the Company followed a FVLCD approach classified within Level 3 of the fair value hierarchy (see Note 26). For each of Farim, Santana and Paris Hills, the Company utilized a conventional market comparables methodology considering a range of multiples comprised of comparable publicly traded companies and transactions. Specifically for Farim, considering its advanced development stage, high grade phosphate rock and low cost features, the Company considered certain premiums above market comparables. The Company concluded that the estimated recoverable amount of Paris Hills was above its carrying value and therefore did not record an impairment. The Company further concluded that the respective estimated recoverable amounts of Farim and Santana were below their respective carrying values and therefore recorded respective impairments of $15,662 and $1,888 (see Note 9). The respective impairments of Farim and Santana were primarily due to the decline in multiples of comparable publicly traded companies and transactions during 2019. The Company considered the impact of changes in key assumptions to the estimated respective recoverable amounts of Farim and Santana including a 10% reduction to market comparables, which would have a respective impact of approximately $6,000 and $1,000.

The Company considered key assumptions in order to estimate the recoverable amounts of Farim and Santana as follows:

(in multiples except as otherwise noted)	**Farim**	**Santana**
Average multiple	0.95x	0.95x
Premium average multiple	2.12x	N/A
Content P_2O_5 (Mt)	30.0	7.3

8. PROPERTY, PLANT AND EQUIPMENT

As at December 31, 2020 and 2019, the Company had property, plant and equipment as follows:

(in thousands of Us Dollars)	Land	Buildings and plant	Machinery, equipment and other	Asset under construction	Total property, plant and equipment
Cost					
Balance as at December 31, 2018	**$ 24,860**	**$ 145,675**	**$ 137,271**	**$ 24,845**	**$ 332,651**
Initial application of IFRS 16	—	227	12,943	—	13,170
Additions	—	6,685	14,633	24,413	45,731
Impairments *(Note 7)*	—	(21,395)	(26,149)	—	(47,544)
Disposals/transfers	(161)	—	502	(649)	(308)
Balance as at December 31, 2019	**$ 24,699**	**$ 131,192**	**$ 139,200**	**$ 48,609**	**$ 343,700**
Additions	—	2,506	8,991	9,300	20,797
Disposals/transfers	—	—	12,590	(12,590)	—
Balance as at December 31, 2020	**$ 24,699**	**$ 133,698**	**$ 160,781**	**$ 45,319**	**$ 364,497**
Accumulated depreciation					
Balance as at December 31, 2018	**$ —**	**$ 27,286**	**$ 59,947**	**$ —**	**$ 87,233**
Additions	—	3,692	38,104	—	41,796
Disposals/transfers	—	—	(146)	—	(146)
Balance as at December 31, 2019	**$ —**	**$ 30,978**	**$ 97,905**	**$ —**	**$ 128,883**
Additions	—	3,045	27,500	—	30,545
Disposals/transfers	—	—	—	—	—
Balance as at December 31, 2020	**$ —**	**$ 34,023**	**$ 125,405**	**$ —**	**$ 159,428**
Property, plant and equipment, net					
As at December 31, 2019	**$ 24,699**	**$ 100,214**	**$ 41,295**	**$ 48,609**	**$ 214,817**
As at December 31, 2020	**$ 24,699**	**$ 99,675**	**$ 35,376**	**$ 45,319**	**$ 205,069**

As at December 31, 2020 and 2019, the balances of property, plant and equipment include capitalized interest of $12,292 and $8,947, respectively.

IFRS 16 – RIGHT-OF-USE ASSETS

On January 1, 2019, the Company amended its accounting policy for leases to align with the requirements of IFRS 16.

As at December 31, 2020 and 2019, the Company had right-of-use assets, recorded as a component of property, plant and equipment, as follows:

(in thousands of US Dollars)		Right-of-use assets-buildings and plant		Right-of-use assets-machinery, equipment and other		Total right-of-use assets
Cost						
As at January 1, 2019 (initial application of IFRS 16)	$	227	$	12,943	$	13,170
Additions		—		977		977
Disposals/expirations		—		(146)		(146)
Balance as at December 31, 2019	**$**	**227**	**$**	**13,774**	**$**	**14,001**
Additions		284		7,870		8,154
Disposals/expirations		—		—		—
Balance as at December 31, 2020	**$**	**511**	**$**	**21,644**	**$**	**22,155**
Accumulated depreciation						
Additions	$	71	$	4,249	$	4,320
Disposals/expirations		—		(146)		(146)
Balance as at December 31, 2019	**$**	**71**	**$**	**4,103**	**$**	**4,174**
Additions		96		3,330		3,426
Disposals/expirations		—		—		—
Balance as at December 31, 2020	**$**	**167**	**$**	**7,433**	**$**	**7,600**
Right-of-use assets, net						
Balance as at December 31, 2019	**$**	**156**	**$**	**9,671**	**$**	**9,827**
Balance as at December 31, 2020	**$**	**344**	**$**	**14,211**	**$**	**14,555**

The Company is unable to quantify the value of certain of its right-of-use assets because the lease payments are variable and not dependent upon an index or rate. In such cases, the Company did not recognize a right-of-use asset or corresponding lease liability. For the years ended December 31, 2020 and 2019, the Company had $15,301 and $22,614 of costs related to variable lease payments that are not dependent on an index or rate, respectively (see Note 3).

The Company is exempt from quantifying the value of certain of its right-of-use assets for leases that are 12 months or less in duration or for leases of low-value assets. In such cases, the Company did not recognize a right-of-use asset or corresponding lease liability. For the years ended December 31, 2020 and 2019, the Company's costs related to short-term leases of low-value assets were not material (see Note 3).

9. MINERAL PROPERTIES

As at December 31, 2020 and 2019, the Company had mineral properties as follows:

(in thousands of US Dollars)		Development costs		Exploration and evaluation costs		Accumulated depletion		Total mineral properties
Balance as at December 31, 2018	**$**	**45,398**	**$**	**86,637**	**$**	**(7,749)**	**$**	**124,286**
Additions		12,211		9,198		—		21,409
Depletion		—		—		(11,388)		(11,388)
Impairments *(Note 7)*		—		(17,550)		—		(17,550)
Foreign currency translation adjustments		—		1,033		—		1,033
Balance as at December 31, 2019	**$**	**57,609**	**$**	**79,318**	**$**	**(19,137)**	**$**	**117,790**
Additions		30,628		83		—		30,711
Depletion		—		—		(12,612)		(12,612)
Write-off		—		(7,959)		—		(7,959)
Balance as at December 31, 2020	**$**	**88,237**	**$**	**71,442**	**$**	**(31,749)**	**$**	**127,930**

For the year ended December 31, 2020, the Company recorded a write-off of mineral properties of $8,449 related to Paris Hills, of which $7,959 corresponds to mineral properties and $490 corresponds to environmental and asset retirement obligations (see Note 12).

Foreign currency translation adjustments to exploration and evaluation costs were related to exchange rate fluctuations prior to the US Dollar being designated as the functional currency of Farim (see Note 2).

10. OTHER ASSETS

As at December 31, 2020 and 2019, the Company had other assets as follows:

		As at December 31,		
(in thousands of US Dollars)		**2020**		**2019**
Tax credits	$	10,525	$	13,169
Prepaid expenses		4,846		2,870
Advances to suppliers		295		905
Other		961		1,210
Other assets	**$**	**16,627**	**$**	**18,154**
Less: current portion		(9,568)		(6,563)
Other non-current assets	**$**	**7,059**	**$**	**11,591**

As at December 31, 2020 and 2019, the Company had other current assets as follows:

		As at December 31,		
(in thousands of US Dollars)		**2020**		**2019**
Tax credits	$	4,295	$	2,371
Prepaid expenses		4,846		2,870
Advances to suppliers		295		905
Other		132		417
Other current assets	**$**	**9,568**	**$**	**6,563**

11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

As at December 31, 2020 and 2019, the Company had accounts payable and accrued liabilities as follows:

(in thousands of US Dollars)		*As at December 31,* 2020		2019
Trade payables	$	23,071	$	32,379
Taxes payable		8,492		16,263
Accrued liabilities and other		8,020		12,428
Payroll and related taxes payable		6,226		6,539
Rebates		2,565		1,147
Other payables		2,612		3,306
Accounts payable and accrued liabilities	**$**	**50,986**	**$**	**72,062**

12. PROVISIONS

As at December 31, 2020 and 2019, the Company had provisions as follows:

(in thousands of US Dollars)		*As at December 31,* 2020		2019
Environmental and asset retirement obligations	$	83,194	$	54,952
Legal contingencies		309		2,382
Provisions	**$**	**83,503**	$	57,334
Less: current portion		(760)		(2,382)
Long-term provisions	**$**	**82,743**	$	54,952

For the year ended December 31, 2020, the Company recorded $490 of environmental and asset retirement obligations related to a write-off of mineral properties at Paris Hills (see Note 9).

For the years ended December 31, 2020 and 2019, the Company had changes in environmental and asset retirement obligations as follows:

(in thousands of US Dollars)		Environmental and asset retirement obligations
Balance as at December 31, 2018	**$**	**39,148**
Additions		14,763
Accretion		1,041
Balance as at December 31, 2019	**$**	**54,952**
Additions		26,935
Accretion		1,307
Balance as at December 31, 2020	**$**	**83,194**

13. DEBT

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

		As at December 31,		
(in thousands of US Dollars)		**2020**		**2019**
Facility		**194,070**		181,046
Deferred financing costs related to the Facility		(3,272)		(5,118)
CLF Promissory Note		35,820		20,689
Revolving Facility		10,000		—
Gavilon Facility		—		9,415
Notes payable related to equipment purchases at Conda		1,549		2,517
Brazilian debentures		1,024		1,203
Canadian debentures issued to CLF		399		456
Canadian debentures issued to Banco Modal S.A.		603		1,102
Debt	**$**	**240,193**	**$**	**211,310**
less: current portion		(2,437)		(2,459)
Balance as at December 31, 2020	**$**	**237,756**	**$**	**208,851**

The Facility bears interest at 12% per annum (5% payable in cash and 7% payable in-kind until December 6, 2020; 9% payable in cash and 3% payable in-kind thereafter) with a bullet repayment at maturity on June 6, 2022. The Facility includes restrictive financial covenants that require the Company not to exceed certain ratios as at the end of each fiscal quarter. As at December 31, 2020, the Company was in compliance with all restrictive financial covenants related to the Facility (see Notes 25 and 26). In addition, the Facility considers certain compliance requirements including, but not limited to, a requirement to maintain minimum cash of $1,000 throughout the term of the Facility (see Note 3).

The Company's unsecured and subordinated promissory note (the "CLF Promissory Note") bears interest at 15% per annum on drawn amounts and 4% per annum on undrawn amounts and is payable on demand no earlier than six months after the date on which the Facility is paid in full. As at December 31, 2020, an additional $5,400 remained available under the CLF Promissory Note to be drawn by the Company at its sole discretion (see Notes 25 and 26).

On August 10, 2020, Conda closed a $20,000 secured working capital facility with JPMorgan Chase Bank, N.A. (the "Revolving Facility"), which refinanced the $20,000 secured working capital facility with Gavilon Fertilizer, LLC (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. Prior to being repaid in full, the Gavilon Facility bore interest at 8% per annum on drawn amounts and 4% per annum on undrawn committed amounts. The Revolving Facility bears interest at a variable rate tied to LIBOR, with an effective rate ranging from approximately 3-4% per annum on drawn amounts and 0.375% per annum on undrawn committed amounts with maturity on August 10, 2023. On December 18, 2020, the Company posted a letter of credit of $7,951 under the Revolving Facility as collateral for surety bonds that guarantee Conda's obligations under its existing operating and environmental permits (see Note 22). As at December 31, 2020, an additional $2,049 remained available under the Revolving Facility to be drawn by Conda subject to certain terms and conditions. The changes in the Company's debt as a result of the Revolving Facility were recorded as a debt modification, which resulted in a loss on debt modification of $202 recorded as finance expense.

Conda's notes payable related to equipment purchases bear interest at 8.3% per annum with maturities on February 28, 2021 and August 28, 2022, and 5.75% per annum with maturity on March 11, 2024. Such notes are payable in equal monthly installments of principal and interest through maturity.

Arraias' Brazilian debentures bear interest at 10% per annum with 10 equal annual installments of principal and interest through maturity on August 29, 2026.

The Company's Canadian debentures issued to CLF bear interest at 10% per annum with 10 equal annual installments of principal and interest through maturity on October 27, 2026 (see Note 25).

The Company's Canadian debentures issued to Banco Modal S.A. bear interest at 7.5% per annum with four equal annual installments of principal and interest through maturity on May 31, 2021 and July 28, 2021.

For the years ended December 31, 2020 and 2019, the Company had changes in debt as follows:

(in thousands of US Dollars)	Current debt	Long-term debt
Balance as at December 31, 2018	**$ 1,267**	**$ 162,846**
Capitalization of in-kind interest of the Facility	—	8,532
Capitalization of amendment fee of the Facility	—	2,198
Payment of cash interest of the Facility	(9,640)	—
Accrual of cash interest of the Facility	9,695	—
Change in accrued in-kind interest of the Facility	—	193
Amortization of financing costs of the Facility	—	4,367
Proceeds from the CLF Promissory Note	—	20,000
Interest accruals of the CLF Promissory Note	—	689
Proceeds from Gavilon Facility	—	10,000
Repayment of Gavilon Facility	—	(585)
Change in notes payable related to equipment purchases at Conda	1,020	1,497
Repayment of Brazilian Debentures	—	(171)
Repayment of Canadian debentures issued to CLF	—	(115)
Repayment of Canadian debentures issued to Banco Modal S.A.	—	(659)
Change in Brazilian Debentures	(17)	—
Change in Canadian debentures issued to CLF	72	117
Change in Canadian debentures issued to Banco Modal S.A.	62	(58)
Balance as at December 31, 2019	**$ 2,459**	**$ 208,851**
Capitalization of in-kind interest of the Facility	—	12,910
Payment of cash interest of the Facility	(9,222)	—
Accrual of cash interest of the Facility	9,601	—
Change in accrued in-kind interest of the Facility	—	(265)
Amortization of financing costs of the Facility	—	1,846
Proceeds from the CLF Promissory Note	—	10,600
Accrual of in kind interest of CLF Promissory Note	—	4,531
Proceeds from Revolving Facility	—	10,000
Proceeds from Gavilon Facility	—	585
Repayment of Gavilon Facility	—	(10,000)
Change in notes payable related to equipment purchases at Conda	(350)	(618)
Repayment of Brazilian Debentures	—	(123)
Repayment of Canadian debentures issued to CLF	—	(107)
Repayment of Canadian debentures issued to Banco Modal S.A.	—	(608)
Change in Brazilian Debentures	66	(122)
Change in Canadian debentures issued to CLF	(117)	167
Change in Canadian debentures issued to Banco Modal S.A.	—	109
Balance as at December 31, 2020	**$ 2,437**	**$ 237,756**

14. OTHER LIABILITIES

As at December 31, 2020 and 2019, the Company had other long-term liabilities as follows:

(in thousands of US Dollars)	*As at December 31,* 2020	2019
Lease liabilities	$ 16,742	$ 11,428
Taxes payable	2,450	7,808
Share-based payments	384	863
Other	602	18
Other liabilities	**$ 20,178**	**$ 20,117**
Less: current portion	(2,812)	(2,446)
Other long-term liabilities	**$ 17,366**	**$ 17,671**

LEASE LIABILITIES

Lease liabilities reflect the present value of future payments under the terms of the leases. Amounts expected to be paid within 12 months are presented as other current liabilities and any payments expected to be paid beyond 12 months are included in other long-term liabilities.

As at December 31, 2020, and 2019, the Company had other current liabilities as follows:

(in thousands of US Dollars)	*As at December 31,* 2020	2019
Lease liabilities	$ 2,812	$ 2,446
Other current liabilities	**$ 2,812**	**$ 2,446**

As at December 31, 2020, the Company had total future contractual payments for leases recognized under IFRS 16 as follows:

(in thousands of US Dollars)	December 31, 2020
Within 1 year	$ 2,812
Between 2 and 3 years	7,288
Between 4 and 5 years	5,494
After 5 years	5,148
Total contractual payments	**$ 20,742**

For the years ended December 31, 2020 and 2019, the Company had changes in lease liabilities as follows:

(in thousands of US Dollars)	Current Lease Liabilities	Long-term Lease Liabilities
Balance as at December 31, 2018	**$ —**	**$ —**
Initial application of IFRS 16	4,009	9,663
New leases	128	817
Interest accrual on the leases	987	—
Lease payments	(2,678)	(1,498)
Balance as at December 31, 2019	**2,446**	**8,982**
New leases	545	7,007
Interest accrual on the leases	1,046	—
Lease payments	(1,225)	(2,059)
Balance as at December 31, 2020	**$ 2,812**	**$ 13,930**

TAXES PAYABLE

As at December 31, 2020 and 2019, taxes payable were primarily related to the taxes payable to the Brazilian tax authorities resulting from intercompany loans between the Company's subsidiaries. In December 2020, the Company capitalized certain intercompany loans related to the Company's funding of Arraias. As a result of the capitalization of intercompany loans, the Company reversed $5,933 of taxes payable.

SHARE-BASED PAYMENTS

As at December 31, 2020, and 2019, share-based payments were related to RSUs granted by the Company under its RSU Plan (see Note 3).

As at December 31, 2020, the Company had 5,444,829 RSUs outstanding and 10,354,983 RSUs available for issuance under its RSU Plan. As at December 31, 2019, the Company had 4,339,605 RSUs outstanding under 9,564,631 RSUs available for issuance its RSU Plan.

For the years ended December 31, 2020 and 2019, the Company had changes in RSUs as follows:

(in number of RSUs)	**RSUs**
Balance as at December 31, 2018	**2,812,784**
Granted	2,053,354
Cash settled	(17,550)
Vested	(210,227)
Forfeited	(298,756)
Balance as at December 31, 2019	**4,339,605**
Granted	5,009,348
Cash settled	(128,082)
Vested	(2,315,594)
Forfeited	(1,460,448)
Balance as at December 31, 2020	**5,444,829**

For the year ended December 31, 2020, the Company granted 5,009,348 RSUs under its 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 Note 3). For the year ended December 31, 2019, the Company granted 2,053,354 RSUs under its RSU Plan.

For the year ended December 31, 2020, the Company cash settled 128,082 for $45 due to vesting under its RSUs Plan. For the year ended December 31, 2019, the Company cash settled 17,550 RSUs for $12 due to vesting under its RSUs Plan (see Note 3).

For the year ended December 31, 2020, the Company issued 1,911,759 shares (net of 403,835 shares withheld to pay applicable taxes) due to vesting under its RSU Plan. For the year ended December 31, 2019, the Company issued 184,841 shares (net of 25,386 shares withheld to pay applicable taxes) due to vesting under its RSU Plan (see Notes 3 and 15).

For the years ended December 31, 2020 and 2019, the Company had share-based payment expense of $446 and $204, respectively (see Note 18).

15. SHARE CAPITAL

AUTHORIZED CAPITAL

The Company is authorized to issue up to 5,000,000,000 shares. The Company's shares have a par value of C$0.001.

SHARES ISSUED AND OUTSTANDING

As at December 31, 2020 and 2019, the Company had 185,462,284 and 178,551,065 shares issued and outstanding, respectively.

On January 31, 2020, the Company issued 5,000,000 shares to lenders of 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 and 21).

For the year ended December 31, 2020, the Company issued 1,911,759 shares (net of 403,835 shares withheld to pay applicable taxes) due to vesting under its RSU Plan (see Notes 3 and 14).

For the year ended December 31, 2019, the Company issued 184,841 shares (net of 25,386 shares withheld to pay applicable taxes) due to vesting under its RSU Plan (see Notes 3 and 14).

For the year ended December 31, 2019, the Company repurchased and cancelled 1,781,000 shares through the Normal Course Issuer Bid ("NCIB") for an aggregate amount of $1,031.

On December 31, 2019, the Company issued 38,076,923 shares to CLF at an offering price of C$0.52 per share on a non-brokered private placement basis for aggregate gross proceeds of $15,000.

WEIGHTED-AVERAGE NUMBER OF SHARES

For the years ended December 31, 2020 and 2019, the Company had weighted-average number of shares and potentially dilutive RSUs as follows:

	For the years ended December 31,	
(in number of shares)	**2020**	**2019**
Weighted average number of shares	184,651,199	140,806,201
Weighted average number of potentially dilutive RSUs	2,057,914	2,569,869
Diluted weighted average number of shares	**186,709,113**	**143,376,070**

For the years ended December 31, 2020 and 2019, the Company incurred net loss. Accordingly, all potentially dilutive RSUs were excluded from diluted weighted average number of shares as these instruments were anti-dilutive.

NCI

As at December 31, 2020, the Company reclassified equity between shareholders' equity and NCI as at December 31, 2019 and 2018 in the Company's consolidated statements of changes in equity to conform with the basis used to calculate NCI in the current period. As at December 31, 2020 and 2019, the Company had NCI of $754 and $0, respectively. For the year ended December 31, 2020, the Company incurred net loss of $(62,306), of which $(63,060) were attributable to shareholders' equity and $754 were attributable to NCI. For the year ended December 31, 2019, the Company incurred net loss of $(144,171), of which $(144,171) were attributable to shareholders' equity and $0 were attributable to NCI (see Note 2).

16. LOSS PER SHARE

For the years ended December 31, 2020 and 2019, the Company had loss per share as follows:

(in thousands of US Dollars except for number of shares and per share amounts)	*For the years ended December 31,* 2020	2019
Net loss attributable to shareholders of the Company	$ (63,060)	$ (144,171)
Weighted average shares outstanding	184,651,199	140,806,201
Basic loss per share	$ (0.34)	$ (1.02)
Fully diluted loss per share	$ (0.34)	$ (1.02)

For the years ended December 31, 2020 and 2019, the Company excluded 2,057,914 and 2,569,869, respectively of potentially dilutive shares from the calculation of diluted loss per share due to their antidilutive effect as the Company was in a loss position (see Note 15).

17. REVENUES

For the years ended December 31, 2020 and 2019, Conda had revenues as follows:

(in thousands of US Dollars)	*For the years ended December 31,* 2020	2019
MAP	$ 112,301	$ 148,182
MAP+	10,509	873
SPA	115,449	130,233
MGA	741	1,342
APP	16,524	17,921
Revenues	**$ 255,524**	**$ 298,551**

For the years ended December 31, 2020 and 2019, Conda had two customers that individually accounted for more than 10% of Conda's total revenues. For the year ended December 31, 2020, these two customers represented approximately 53% and 12%, respectively of Conda's total revenues. For the year ended December 31, 2019, these two customers represented approximately 58% and 11%, respectively of Conda's total revenues.

For the years ended December 31, 2020 and 2019, Arraias had revenues as follows:

(in thousands of US Dollars)	*For the years ended December 31,* 2020	2019
SSP	$ 3,740	$ 19,077
SSP+	453	15,589
PK compounds	—	717
Excess sulfuric acid	468	5,496
Revenues	**$ 4,661**	**$ 40,879**

For the years ended December 31, 2020 and 2019, Arraias had one customer that individually accounted for more than 10% of Arraias' total revenues. For the years ended December 31, 2020 and 2019, this one customer represented approximately 17% and 31%, respectively, of Arraias' total revenues.

18. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

For the years ended December 31, 2020 and 2019, the Company had selling, general and administrative expenses as follows:

(in thousands of US Dollars)	*For the years ended December 31,* 2020	2019
Payroll expenses	$ 9,794	$ 11,581
Professional fees	3,435	6,725
Office, travel and general administrative expense	3,383	6,673
Insurance expenses	1,438	1,415
Director fees	939	540
Share-based payments expense	446	204
Selling, general and administrative expenses	**$ 19,435**	**$ 27,137**

19. FOREIGN EXCHANGE GAIN (LOSS)

For the years ended December 31, 2020 and 2019, the Company recognized a foreign exchange loss of $5,394 and $2,473, respectively. These amounts are primarily comprised of the gain or loss resulting from remeasuring monetary items denominated in Brazilian Reals and Canadian Dollars (see Note 26).

20. FINANCE EXPENSE (INCOME)

For the years ended December 31, 2020 and 2019, the Company had finance expense (income) as follows:

(in thousands of US Dollars)	*For the years ended December 31,* 2020	2019
Interest expense	$ 30,342	$ 26,641
Interest capitalized in property, plant and equipment	(3,345)	(2,097)
Interest on lease liabilities	1,046	987
Loss on debt modification	—	3,296
Interest income	(13)	(168)
Finance expense, net	**$ 28,030**	**$ 28,659**

21. INCOME TAXES

For the years ended December 31, 2020 and 2019, the Company had income tax (recovery) expense as follows:

(in thousands of US Dollars except for percentages)	*For the years ended December 31,* 2020	2019
Loss before income taxes	$ (72,048)	$ (148,241)
Cayman Islands statutory tax rate (%)	0.0	0.0
Expected income tax expense	**$ —**	**$ —**
Difference in foreign tax rates	(4,333)	(35,680)
Non-deductible/taxable items	(3,467)	(9,045)
Tax benefit not recognized	3,094	38,263
Withholding taxes	754	994
Withholding taxes reversal *(Note 14)*	(5,933)	-
True-up of tax provisions in respect of prior years	786	(60)
Interest and penalties	63	1,458
Interest and penalties abatement	(706)	-
Income tax expense (recovery)	**$ (9,742)**	**$ (4,070)**
Actual effective tax rate (%)	**13.5**	**2.7**

For the years ended December 31, 2020 and 2019, the Company had total current and deferred income tax expense (recovery) as follows:

(in thousands of US Dollars)		*For the years ended December 31,* 2020		2019
Current income tax expense	$	2,764	$	2,618
Deferred income tax recovery		(12,506)		(6,688)
Total current and deferred income tax expense (recovery)	**$**	**(9,742)**	**$**	**(4,070)**

The Company calculates an estimated average annual effective tax rate for each of the jurisdictions in which it operates. For the years December 31, 2020 and 2019, the Company had effective tax rates of 13.5% and 2.7%, respectively.

DEFERRED TAX ASSETS

As at December 31, 2020 and 2019, the Company had deferred tax assets as follows:

(in thousands of US Dollars)		*As at December 31,* 2020		2019
Payroll and related taxes payable	$	932	$	858
Mineral properties		12,339		6,861
Deferred tax assets	**$**	**13,271**	**$**	**7,719**
Offset of deferred tax liabilities		(12,067)		(6,861)
Deferred tax assets, net	**$**	**1,204**	**$**	**858**

As at December 31, 2020 and 2019, the Company had related deferred tax assets and liabilities at Conda, which have been presented on a net basis.

As at December 31, 2020 and 2019, the Company had changes in deferred tax assets as follows:

(in thousands of US Dollars)		Payroll and related taxes payable		Mineral properties		Total deferred tax assets
Balance as at December 31, 2018	**$**	**1,157**	**$**	**2,804**	**$**	**3,961**
Credit (charge) to profit or loss		(299)		4,057		3,758
Balance as at December 31, 2019	**$**	**858**	**$**	**6,861**	**$**	**7,719**
Credit to profit or loss		74		5,478		5,552
Balance as at December 31, 2020	**$**	**932**	**$**	**12,339**	**$**	**13,271**

The Company has not recognized a deferred tax asset for its tax losses. As at December 31, 2020, the Company had tax losses as follows:

- Brazilian tax losses of approximately $469,187 that may be carried forward indefinitely; and
- US tax losses of approximately $49,034, of which $8,935 may be carried forward indefinitely and $40,099 may be carried forward for 20 years from the year generated.

DEFERRED TAX LIABILITIES

As at December 31, 2020 and 2019, the Company had deferred tax liabilities as follows:

(in thousands of US Dollars)	*As at December 31,* 2020	2019
Property, plant and equipment	$ 9,829	$ 12,715
Inventories	2,238	1,126
Deferred tax liabilities	**$ 12,067**	**$ 13,841**
Offset of deferred tax liabilities	(12,067)	(6,861)
Deferred tax liabilities, net	**$ —**	**$ 6,980**

As at December 31, 2020 and 2019, the Company had related deferred tax assets and liabilities at Conda, which have been presented on a net basis.

As at December 31, 2020 and 2019, the Company had changes in deferred tax liabilities as follows:

(in thousands of US Dollars)	Property, plant and equipment	Inventories	Total deferred tax liabilities
Balance as at December 31, 2018	**$ 15,709**	**$ 2,056**	**$ 17,765**
Credit to profit or loss	(2,994)	(930)	(3,924)
Balance as at December 31, 2019	**$ 12,715**	**$ 1,126**	**$ 13,841**
Charge (credit) to profit or loss	(2,886)	1,112	(1,774)
Balance as at December 31, 2020	**$ 9,829**	**$ 2,238**	**$ 12,067**

22. COMMITMENTS AND CONTINGENCIES

From time to time, the Company may be involved in legal proceedings that arise in the ordinary course of its business. The amount of any ultimate liability (including interest and penalties) with respect to these actions is not expected to, in the opinion of management, materially affect the Company's financial position, results of operations or cash flows. Based on the Company's knowledge and assessment of events as at December 31, 2020, the Company does not believe that the outcome of any of the matters, individually or in aggregate, not recorded in these consolidated financial statements would have a material adverse effect. As at December 31, 2020, the Company has currently accrued $309 in relation to labor and other claims that have been made (see Note 12). The ultimate outcome of these claims is uncertain at this time and management is defending its position in each case.

On December 18, 2020, the Company posted a letter of credit of $7,951 under the Revolving Facility as collateral for surety bonds that guarantee Conda's obligations under its existing operating and environmental permits (see Note 13).

23. SEGMENT REPORTING

For the year ended December 31, 2020, the Company had net income (loss) by segment as follows:

(in thousands of US Dollars)		Conda		Arraias		Development and exploration		Corporate		Total
Revenues	**$**	**255,524**	**$**	**4,661**	**$**	**—**	**$**	**—**	**$**	**260,185**
Cost of goods sold		253,977		13,980		—		—		267,957
Write-off of mineral properties		—		—		8,449		—		8,449
Gross margin	**$**	**1,547**	**$**	**(9,319)**	**$**	**(8,449)**	**$**	**—**	**$**	**(16,221)**
Expenses										
Selling, general and administrative expenses		4,009		2,427		2,241		10,758		19,435
Operating loss	**$**	**(2,462)**	**$**	**(11,746)**	**$**	**(10,690)**	**$**	**(10,758)**	**$**	**(35,656)**
Foreign exchange gain (loss)		563		(7,197)		555		685		(5,394)
Other income (expense), net		12		(1,797)		24		2		(1,759)
Loss on asset disposal		—		(1,209)		—		—		(1,209)
Finance (income) expense, net		97		(28)		(8)		(28,091)		(28,030)
Loss before income taxes	**$**	**(1,790)**	**$**	**(21,977)**	**$**	**(10,119)**	**$**	**(38,162)**	**$**	**(72,048)**
Current and deferred income tax recovery		(4,608)		—		—		(5,134)		(9,742)
Net income (loss)	**$**	**2,818**	**$**	**(21,977)**	**$**	**(10,119)**	**$**	**(33,028)**	**$**	**(62,306)**

For the year ended December 31, 2019, the Company had net income (loss) by segment as follows:

(in thousands of US Dollars)		Conda		Arraias		Development and exploration		Corporate		Total
Revenues	**$**	**298,551**	**$**	**40,879**	**$**	**—**	**$**	**—**	**$**	**339,430**
Cost of goods sold		297,698		64,550		—		—		362,248
Impairments		—		47,544		17,550		—		65,094
Gross margin	**$**	**853**	**$**	**(71,215)**	**$**	**(17,550)**	**$**	**—**	**$**	**(87,912)**
Expenses										
Selling, general and administrative expenses		4,353		6,575		4,550		11,659		27,137
Operating loss	**$**	**(3,500)**	**$**	**(77,790)**	**$**	**(22,100)**	**$**	**(11,659)**	**$**	**(115,049)**
Foreign exchange loss		(57)		(2,092)		(305)		(19)		(2,473)
Other income (expense), net		(431)		(1,897)		(3)		101		(2,230)
Finance expense, net		(205)		(156)		(39)		(28,259)		(28,659)
Gain (loss) on asset disposal		376		(201)				(5)		170
Loss before income taxes	**$**	**(3,817)**	**$**	**(82,136)**	**$**	**(22,447)**	**$**	**(39,841)**	**$**	**(148,241)**
Current and deferred income tax expense (recovery)		(5,541)		—		—		1,471		(4,070)
Net income (loss)	**$**	**1,724**	**$**	**(82,136)**	**$**	**(22,447)**	**$**	**(41,312)**	**$**	**(144,171)**

As at December 31, 2020, the Company had total assets and total liabilities by segment as follows:

(in thousands of US Dollars)	Conda	Arraias	Development and exploration	Corporate	Total
Total assets	$ 263,092	$ 136,300	$ 75,246	$ 2,666	**$ 477,304**
Total liabilities	$ 142,801	$ 15,556	$ 3,236	$ 233,289	**$ 394,882**

As at December 31, 2019, the Company had total assets and total liabilities by segment as follows:

(in thousands of US Dollars)	Conda	Arraias	Development and exploration	Corporate	Total
Total assets	$ 240,353	$ 162,846	$ 83,487	$ 24,078	**$ 510,764**
Total liabilities	$ 124,651	$ 31,946	$ 5,404	$ 206,504	**$ 368,505**

As at December 31, 2020 and 2019, the Company had property, plant and equipment and mineral properties by segment as follows:

(in thousands of US Dollars)	Conda	Arraias	Development and exploration	Corporate	Total
Balance as at December 31, 2020	$ 139,805	$ 118,826	$ 74,159	$ 209	**$ 332,999**
Balance as at December 31, 2019	$ 119,880	$ 130,488	$ 82,213	$ 26	**$ 332,607**

As at December 31, 2020 and 2019, the Company had property, plant and equipment and mineral properties by region as follows:

(in thousands of US Dollars)	2020	2019
Brazil (South America)	$ 127,781	$ 141,418
US (North America)	140,015	127,865
Guinea-Bissau (Africa)	65,203	63,324
Property, plant and equipment, net and mineral properties	**$ 332,999**	**$ 332,607**

24. NET CHANGE IN NON-CASH WORKING CAPITAL

For the years ended December 31, 2020 and 2019, the Company had net change in non-cash working capital as follows:

	For the years ended December 31,	
(in thousands of US Dollars)	2020	2019
Accounts receivable	$ 1,832	$ 12,461
Inventories, net	13,113	30,406
Other assets and prepaids	4,683	4,729
Accounts payable and accrued liabilities	(20,265)	2,490
Other liabilities payable through MAP offtake agreement	—	(12,618)
Other liabilities and provisions	988	2,203
Net change in non-cash working capital	**$ 351**	**$ 39,671**

25. RELATED PARTY TRANSACTIONS

The Company's related party transactions include key management compensation and debt from CLF, its principal shareholder (see Note 1).

KEY MANAGEMENT COMPENSATION

Key management compensation considers amounts the Company has paid or accrued as payable to key management, including directors and officers of the Company.

For the years ended December 31, 2020 and 2019, the Company had key management compensation as follows:

	For the years ended December 31,	
(in thousands of US Dollars)	**2020**	**2019**
Management compensation	$ 1,432	$ 1,203
Director fees	939	540
Share-based payments	378	96
Non-recurring compensation payments	1,412	546
Other benefits	33	29
Key management compensation	**$ 4,194**	**$ 2,414**

RELATED PARTY DEBT

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

	As at December 31,	
(in thousands of US Dollars)	**2020**	**2019**
CLF participation in the Facility	$ 31,372	$ 29,274
CLF Promissory Note	35,820	20,689
Canadian debentures issued to CLF	399	456
Related party debt	**$ 67,591**	**$ 50,419**

On January 31, 2020, the Company issued 5,000,000 shares to lenders of the Facility, of which CLF received 812,506 based on its pro-rata debt holding of the Facility (see Notes 13 and 15).

26. FAIR VALUE MEASUREMENT AND RISK FACTORS

FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value as follows:

- Level 1: inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs are quoted prices in active markets for similar assets or liabilities; and
- Level 3: inputs are not derived from observable market data, such as discounted cash flow methodologies based on internal cash flow forecasts.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

The Company recognizes transfers between the levels of the fair value hierarchy at the date of the event or change in circumstances that caused the transfer. For the year ended December 31, 2020 and 2019, there were no such transfers.

The fair values of cash and cash equivalents, accounts receivable, short-term investments, accounts payable and accrued liabilities to approximate their carrying values in the consolidated balance sheets given the interest receivable and or payable is either close to current market rates or the instruments are short-term in nature.

Long-term debt is recorded on the consolidated balance sheets at amortized cost. The fair value of long-term debt is determined by applying a discount rate, reflecting an appropriate credit spread considering the Company's credit rating, to future related cash flows. As such, long-term debt is classified within Level 2 of the fair value hierarchy. As at December 31, 2020 and 2019, the Company's long-term debt was stated at an amortized cost of $237,756 and $208,851, respectively and had a fair value of $205,261 and $194,140, respectively.

RISK FACTORS

The Company's activities are subject to various risk factors that could impact the Company's financial assets, liabilities or future cash flows including, but not limited to, market risk, credit risk and liquidity risk. Such risk factors, as well as the Company's capital management objectives, are described below.

Market Risk

Currency Risk

The Company's presentation and functional currency is US Dollars. In May 2019, Itafos Farim Holdings changed its functional currency from Canadian Dollars to US Dollars and Itafos Farim, Sarl, a wholly-owned subsidiary of Itafos Farim Holdings, changed its functional currency from Central African Francs to US Dollars. Subsequently, all of the Company's subsidiaries' functional currency is US Dollars (see Note 2).

Currency fluctuations may affect the Company's capital and/or operating costs. While the majority of the Company's activities are conducted in US Dollars, including the majority of Conda's sales and expenses, the Company is exposed to currency risks stemming from the fact that the Company and its subsidiaries carry on business in the international marketplace. The appreciation of foreign currencies against the US Dollar could adversely affect the Company's earnings and financial condition. In particular, the Company is exposed to increased currency risks because a portion of Conda's sales and expenses are transacted in Canadian Dollars and a significant portion of Arraias' sales, when operational, and expenses are transacted in Brazilian Reals. These sales and expenses are subject to fluctuations in the exchange rates between the Canadian Dollar and the Brazilian Real, respectively against the US Dollar.

For the years ended December 31, 2020 and 2019, the Company had foreign exchange loss and cumulative translation adjustment as follows:

	For the years ended December 31,	
(in thousands of US Dollars)	**2020**	**2019**
Brazilian Real weakening against US Dollar (%)	23.0	3.6
Canadian Dollar weakening (strengthening) against US Dollar (%)	(2.0)	(5.0)
Foreign exchange loss	**$ (5,394)**	**$ (2,473)**
Cumulative translation adjustment	**$ —**	**$ 1,005**

Commodity Price Risk

The Company's operational and financial performance will be dependent upon commodity prices including fertilizers, minerals, grains, raw materials and energy. Commodity prices fluctuate widely and are affected by numerous factors beyond the Company's control including, but not limited to, supply, demand, interest rates, inflation rates, exchange rates and trade tariffs. Such external economic factors are in turn influenced by changes in international investment patterns, monetary systems and political developments. The commodity prices of fertilizers, minerals and grains directly affect the Company's revenues. The commodity prices of raw materials and energy directly affect the Company's cost of goods sold. There can be no assurance that the commodity prices affecting revenues will be correlated with the commodity prices affecting cost of goods sold. Furthermore, the Company may not, or may not be able to, utilize derivatives to hedge its exposure to commodity price volatility. In addition, fluctuations in commodity prices could adversely affect the Company's Mineral Reserves and Mineral Resources, including those stipulated in technical reports.

Interest Rate Risk

As at December 31, 2020 and 2019, the Company's long-term debt was primarily comprised of fixed interest rates (see Note 13).

Credit Risk

The Company is exposed to the credit of certain third parties, which may fail to fulfill performance obligations to the Company. In such circumstances, the carrying amount on the Company's balance sheet could be impacted. Some of the Company's customers require access to credit to purchase the Company's products. A lack of available credit to customers in one or more countries, due to global or local economic conditions or for other reasons, could adversely affect demand for the Company's products.

As at December 31, 2020 and 2019, the Company had accounts receivable of $21,949 and $23,446, respectively. As at December 31, 2020 and 2019, Conda had approximately 80% and 86%, respectively, of total accounts receivable from four customers, respectively. As at December 31, 2020 and 2019, Arraias had approximately 92% and 58%, respectively, of total accounts receivable from three customers.

Management reviews the aging of accounts receivables and, where necessary, reduces the carrying value to provide for possible losses. As at December 31, 2020 and 2019, management did not anticipate material credit losses. Accordingly, the Company's credit loss provision is insignificant.

Liquidity Risk

As at December 31, 2020 and 2019, the Company had cash and cash equivalents of $9,539 and $29,109, respectively. In addition to cash flows generated by Conda, the Company is advancing capital raising initiatives.

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 December 31, 2020, an additional $5,400 remaining available under the CLF Promissory Note to be drawn by the Company at its sole discretion (see Notes 13 and 25).

On August 10, 2020, Conda closed the Revolving Facility, which refinanced the Gavilon Facility. On December 18, 2020, the Company posted a letter of credit of $7,951 under the Revolving Facility as collateral for surety bonds that guarantee Conda's obligations under its existing operating and environmental permits. The letter of credit expires on December 31, 2021. As at December 31, 2020, an additional $2,049 remained available under the Revolving Facility to be drawn by Conda subject to certain terms and conditions (see Notes 13 and 22).

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).

Financial Covenant Risk

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. 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 13).

Capital Management

The Company's objectives when managing capital are to maintain a flexible capital structure and to invest capital at attractive rates of return. The Company actively manages its capital structure and makes adjustments as necessary in light of general economic conditions, the risk characteristics of its businesses and projects and working capital requirements.

27. SUBSEQUENT EVENTS

COUNTERVAILING DUTY ORDERS

On March 11, 2021, the US International Trade Commission determined that subsidized phosphate fertilizer imports from Morocco and Russia have materially injured the US phosphate industry. As a result of this ruling, the US Department of Commerce will issue countervailing duty orders on phosphate fertilizers from Russia and Morocco, which will remain in place for at least five years. The rates for such imports are expected to be approximately 20% for Moroccan producer OCP, 9% and 47% for Russian producers PhosAgro and EuroChem, respectively, and 17% for all other Russian producers.

RSUs

Subsequent to December 31, 2020, the Company issued an aggregate of 417,252 shares (net of 114,878 shares withheld to pay applicable taxes) shares and cash settled 74,597 RSUs for $36 under its RSU Plan.

Subsequent to December 31, 2020, the Company granted 3,735,390 RSUs under its RSU Plan, including 305,326 RSUs granted to directors, 1,559,777 RSUs granted to management and 1,870,287 RSUs granted to employees and contractors.

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