Management's Discussion and Analysis of Operations and Financial Condition
For the three and six months ended June 30, 2022
August 11, 2022

ITAFOS

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1. INTRODUCTORY NOTES

GENERAL INFORMATION

This management's discussion and analysis of operations and financial condition for the three and six months ended June 30, 2022 (the "MD&A") is as of August 11, 2022 and should be read in conjunction with the Company's accompanying filings as follows:

- unaudited condensed consolidated interim financial statements for the three and six months ended June 30, 2022 (the "Interim Financial Statements");
- audited consolidated financial statements for the year ended December 31, 2021 (the "2021 Audited Financial Statements");
- management's discussion and analysis of operations and financial condition for the year ended December 31, 2021 (the "2021 MD&A"); and
- annual information form for the year ended December 31, 2021 (the "2021 AIF").

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

Except as otherwise noted, all figures herein are presented in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and Interpretations issued by the International Financial Reporting Interpretations Committee. This MD&A considers both IFRS and certain non-IFRS measures that management considers to evaluate the Company's operational and financial performance. Non-IFRS measures are a numerical measure of a company's performance, that either include or exclude amounts that are not normally included or excluded from the most directly comparable IFRS measures. Management believes that the non-IFRS measures provide useful supplemental information to investors, analysts, lenders and others. In evaluating non-IFRS measures, investors, analysts, lenders and others should consider that non-IFRS measures do not have any standardized meaning under IFRS and that the methodology applied by the Company in calculating such non-IFRS measures may differ among companies and analysts. Non-IFRS measures should not be considered as a substitute for, nor superior to, measures of financial performance prepared in accordance with IFRS. Definitions and reconciliations of non-IFRS measures to the most directly comparable IFRS measures are included in Section 8 of this MD&A.

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

FORWARD-LOOKING INFORMATION

This MD&A contains ''forward-looking information" within the meaning of applicable Canadian securities legislation. Management believes that forward-looking information provides useful supplemental information to investors, analysts, lenders and others. In evaluating forward-looking information, investors, lenders and others should consider that forward looking information may not be appropriate for other purposes and are cautioned not to put undue reliance on forward-looking information. Forward-looking information contained in this MD&A is based on the opinions, assumptions and estimates of management set out herein, which management believes are reasonable as at the date the statements are made. Such opinions, assumptions and estimates are inherently subject to a variety of risks and uncertainties and other known and unknown factors that could cause actual events or results to differ materially from those projected in forward-looking information. Although the Company has attempted to identify crucial factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Cautionary statements regarding forward-looking information and risks and uncertainties affecting forward-looking information are included in Section 9 of this MD&A.

2. GENERAL COMPANY INFORMATION

OVERVIEW

Itafos Inc. (the "Company") is a phosphate and specialty fertilizer company. The Company's businesses and projects are as follows:

- Conda – a vertically integrated phosphate fertilizer business located in Idaho, US with production capacity as follows:
  - approximately 550kt per year of monoammonium phosphate ("MAP"), MAP with micronutrients ("MAP+"), superphosphoric acid ("SPA"), merchant grade phosphoric acid ("MGA") and ammonium polyphosphate ("APP"); and
  - approximately 27kt per year of hydrofluorosilicic acid ("HFSA");
- Arraias – a vertically integrated phosphate fertilizer business located in Tocantins, Brazil with production capacity as follows:
  - approximately 500kt per year of single superphosphate ("SSP") and SSP with micronutrients ("SSP+"); and
  - approximately 40kt per year of excess sulfuric acid (220kt per year gross sulfuric acid production capacity);
- Farim – a high-grade phosphate mine project located in Farim, Guinea-Bissau;
- Santana – a vertically integrated high-grade phosphate mine and fertilizer plant project located in Pará, Brazil; and
- Araxá – a vertically integrated rare earth elements and niobium mine and extraction plant project located in Minas Gerais, Brazil.

In addition to the businesses and projects described above, the Company also owns Paris Hills (Idaho, US) and Mantaro (Junin, Peru), which are phosphate mine projects that are in process of being wound down.

The Company is a Delaware corporation that is headquartered in Houston, TX. The Company's shares trade on the TSX Venture Exchange under the ticker symbol "IFOS". The Company's principal shareholder is CL Fertilizers Holding LLC ("CLF"). CLF is an affiliate of Castlelake, L.P., a global private investment firm (see Notes 1, 13 and 23 in the Interim Financial Statements).

As at June 30, 2022 and December 31, 2021, the Company had 188,771,051 and 186,814,842 basic shares outstanding, respectively (see Note 13 in the Interim Financial Statements).

BUSINESSES AND PROJECTS

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

Item	Conda[i]	Arraias[ii]	Farim	Santana	Araxá
Ownership[iii]	100%	98.4%	100%	99.4%	100%
Location	Idaho, US	Tocantins, Brazil	Farim, Guinea-Bissau	Pará, Brazil	Minas Gerais, Brazil
Status	Operating	Sulfuric acid operating; remainder of operations idled	Construction-ready	Maintaining option	Maintaining option
Mineral Reserves[iv]	13.1Mt at avg. 26.6% P_2O_5	Under review	44.0Mt at avg. 30.0% P_2O_5	Under review	Under review
Measured and Indicated Mineral Resources[iv,v]	50.3Mt at avg. 25.5% P_2O_5	79.0Mt at avg. 4.9% P_2O_5	105.6Mt at avg. 28.4% P_2O_5	60.4Mt at avg. 12.0% P_2O_5	6.3Mt at avg. 5.0% Total Rare Earth Oxides ("TREO") and at avg. 1.0% Nb_2O_5
Inferred Mineral Resources[iv,v]	0.7Mt at avg. 25% P_2O_5	12.7Mt at avg. 3.9% P_2O_5	37.6Mt at avg. 27.7% P_2O_5	26.6Mt at avg. 5.6% P_2O_5	21.9Mt at avg. 4.0% TREO and 0.6% Nb_2O_5
Mine life[iv]	Through mid-2026	Under review	25 years	Under review	Under review
Products	MAP, MAP+, SPA, MGA, APP and HFSA	SSP, SSP+ and excess sulfuric acid	Phosphate rock	SSP and excess sulfuric acid	Rare earth oxides and niobium oxide
Annual production capacity	550kt MAP, MAP+, SPA, MGA, APP and 27kt HFSA	500kt SSP and SSP+ and 40kt excess sulfuric acid (220kt gross sulfuric acid)	1.3Mt	500kt SSP and 30kt excess sulfuric acid	8.7kt rare earth oxides and 0.7kt niobium oxide

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

ii. Arraias' operations consist of its mines, beneficiation plant, sulfuric acid plant, acidulation plant and granulation plant. On February 8, 2022, the Company announced the resumption of sulfuric acid production and sales at Arraias. The remainder of Arraias' operations, including its mine, beneficiation plant, acidulation plant and granulation plant remain idled following best practices.

iii. Arraias and Santana's non-controlling interests represented by preferred non-voting shares issued by the Company in 2018 upon exercise of warrants held by creditors under the 2016 Brazilian restructuring proceedings. Under the 2014 Guinea-Bissau Mining Code, the Government of Guinea-Bissau has the right to obtain, free of charge, up to a 10% interest in Farim. The Company expects to grant the free carried interest in Farim to the Government of Guinea-Bissau as part of ongoing revisions to the executed Farim mining agreement.

iv. The Company's technical information, including Mineral Reserves, Measured and Indicated Mineral Resources (including Mineral Reserves), Inferred Mineral Resources and mine life, is presented as of the date of the Company's latest respective technical reports. No recovery, dilution or other similar mining parameters have been applied to the Mineral Resources summarized above.

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

The Company's latest respective technical reports are as follows:

- Conda – the technical report titled "NI 43-101 Technical Report on Itafos Conda and Paris Hills Mineral Projects, Idaho, USA" with an effective date of July 1, 2019 (the "Conda Technical Report") as announced in the Company's news releases dated October 30, 2019 and December 16, 2019;
- Arraias – the technical report titled "Updated Technical Report Itafós Arraias SSP Project, Tocantins State, Brazil" with an effective date of March 27, 2013;
- Farim – the technical report titled "NI 43-101 Technical Report on the Farim Phosphate Project, Guinea-Bissau" with an effective date of September 14, 2015;
- Santana – the technical report titled "Feasibility Study (FS) Santana Phosphate Project, Pará State, Brazil" with an effective date of October 28, 2013; and
- Araxá – the technical report titled "A Preliminary Economic Assessment in the form of an Independent Technical Report on MBAC Fertilizer Corp. (MBAC) – Araxá Project, Minas Gerais State, Brazil" with an effective date as of October 1, 2012 as amended and restated as of January 25, 2013.

The Company's latest respective technical reports are available under the Company's profile on SEDAR at www.sedar.com and on the Company's website at www.itafos.com. The Company is in process of updating the Farim technical report, which is expected to be completed during H2 2022 (see Section 3).

In addition to the businesses and projects described above, the Company also owns Paris Hills (Idaho, US) and Mantaro (Junin, Peru), which are phosphate mine projects that are in process of being wound down. The Company decided to wind down Paris Hills following completion of the Conda Technical Report, which defined H1/NDR as the Company's path forward for mine life extension at Conda and decided to wind down Mantaro as part of its cost savings initiatives.

The Company's businesses and projects are described in greater detail in the 2021 AIF.

3. HIGHLIGHTS

OVERALL HIGHLIGHTS

For the three months ended June 30,2022

Market Highlights

For the three months ended June 30, 2022, diammonium phosphate (“DAP”) New Orleans (“NOLA”) prices averaged $947/tonne (“t”) ($860/short ton (“st”)) in Q2 2022 compared to $629/t ($571/st) in Q2 2021, up 51% year-over-year driven by strong agriculture and phosphate fertilizer market supply and demand dynamics.

Financial Highlights

For the three months ended June 30, 2022, the Company’s financial highlights were as follows:

- generated revenues of $155,005 in Q2 2022 compared to $103,316 in Q2 2021 with the increase primarily due to higher realized prices at Conda and revenues at Arraias related to the restart of the sulfuric acid plant;
- generated adjusted EBITDA of $63,591 in Q2 2022 compared to $33,696 in Q2 2021 with the increase primarily due to the same factors that resulted in higher revenues, which were partially offset by higher input costs at Conda and higher costs at Arraias related to the restart of the sulfuric acid plant (see Section 8);
- recorded net income of $44,281 in Q2 2022 compared to $9,582 in Q2 2021 with the increase primarily due to the same factors that resulted in higher adjusted EBITDA;
- recorded basic earnings of C$0.30/share in Q2 2022 compared to C$0.06/share in Q2 2021 with the increase primarily due to the same factors that resulted in higher net income; and
- repaid $7,819 of debt, including $7,688 of principal under the Company’s secured term loan (the “Term Loan”) (see Note 11 in the Interim Financial Statements).

Business Highlights

For the three months ended June 30, 2022, the Company’s business highlights were as follows:

Environmental, health and safety (“EHS”)

- continued corporate-wide risk mitigation measures to address potential impacts to employees, contractors and operations as a result of the coronavirus disease 2019 (“COVID-19”) pandemic, which resulted in no material impact to operations;
- sustained EHS excellence, including no reportable environmental releases and no recordable incidents, which resulted in a consolidated Total Recordable Incident Frequency Rate[1] (“TRIFR”) of 0.26, representing a new Company record; and
- received a notice of violation (“NOV”) at Conda from the Idaho Department of Environmental Quality (“DEQ”) related to a failed air stack emissions test in May 2021. Conda investigated and corrected the issues during 2021. The NOV was formally received from the DEQ in May 2022 and resolved in July 2022.

Conda

- completed a scheduled plant turnaround at Conda and returned to full production capacity;
- produced 80,297 tonnes P_2O_5 at Conda in Q2 2022 compared to 67,835 tonnes P_2O_5 in Q2 2021 with the increase primarily due to a shorter turnaround in 2022 compared to 2021;
- generated revenues of $148,940 at Conda in Q2 2022 compared to $103,316 in Q2 2021 with the increase

[1] TRIFR is a ratio measured on a 12-month rolling average calculated as number of recordable incidents x 200,000 hours divided by the total number of hours worked considering both employees and contractors.

primarily due to higher realized prices;
- generated adjusted EBITDA at Conda of $66,716 in Q2 2022 compared to $37,747 in Q2 2021 with the increase primarily due to the same factors that resulted in higher revenues, which were partially offset by higher input costs (see Section 8);
- reached a settlement agreement related to shared environmental and asset retirement obligations at Conda's Lanes Creek mine (see Notes 3 and 10 in the Interim Financial Statements);
- purchased mining equipment at Conda in exchange for a note payable of $3,930 (see Note 11 in the Interim Financial Statements);
- advanced activities related to the extension of Conda's mine life through permitting and development of Husky 1/North Dry Ridge ("H1/NDR"), including progression of the National Environmental Policy Act ("NEPA") Environmental Impact Statement ("EIS") preparation and public engagement process; and
- advanced activities related to the optimization of Conda's EBITDA generation, including beginning production and sales of hydrofluorosilicic acid (“HFSA”).

Other

- produced 20,549 tonnes of sulfuric acid at Arraias in Q2 2022 compared to no production in Q2 2021;
- generated adjusted EBITDA at Arraias of $405 in Q2 2022 compared to $(938) in Q2 2021 with the increase due to the restart of the sulfuric acid plant (see Section 8);
- continued evaluation of strategic alternatives for non-North American assets; and
- announced the appointment of Stephen Shapiro and Isaiah Toback to the Company’s Board of Directors. Mr. Toback replaced Rory O’Neill as a nominee to the Company’s Board of Directors by its principal shareholder, CLF.

For the six months ended June 30, 2022

Market Highlights

For the six months ended June 30, 2022, DAP NOLA prices averaged $912/t ($827/st) in H1 2022 compared to $591/t ($536/st) in H1 2021, up 54% year-over-year driven by strong agriculture and phosphate fertilizer market supply and demand dynamics.

Financial Highlights

For the six months ended June 30, 2022, the Company’s financial highlights were as follows:

- generated revenues of $304,858 in H1 2022 compared to $193,458 in H1 2021 with the increase primarily due to higher realized prices at Conda and revenues at Arraias related to the restart of the sulfuric acid plant;
- generated adjusted EBITDA of $123,972 in H1 2022 compared to $54,312 in H1 2021 with the increase primarily due to the same factors that resulted in higher revenues, which were partially offset by higher input costs at Conda and higher costs at Arraias related to restart of the sulfuric acid plant (see Section 8);
- recorded net income of $77,290 in H1 2022 compared to $11,483 in H1 2021 with the increase primarily due to the same factors that resulted in higher adjusted EBITDA;
- recorded basic earnings of C$0.52/share in H1 2022 compared to C$0.08/share in H1 2021 with the increase primarily due to the same factors that resulted in higher net income; and
- repaid $47,572 of debt, including $42,313 of principal under the Term Loan and $5,000 cash drawn under Conda’s secured working capital facility (the “Conda ABL”) (see Note 11 in the Interim Financial Statements).

Business Highlights

For the six months ended June 30, 2022, the Company's business highlights were as follows:

EHS

- continued corporate-wide risk mitigation measures to address potential impacts to employees, contractors and operations as a result of the COVID-19 pandemic, which resulted in no material impact to operations;
- sustained EHS excellence, including no reportable environmental releases and one recordable incident, which resulted in a consolidated TRIFR of 0.26, representing a new Company record;
- received national recognition during the 87th North American Wildlife and Natural Resources Conference as the Bureau of Land Management ("BLM") awarded the Conservation Leadership Partner Award to the Southeast Idaho Habitat Mitigation Fund, which was developed and funded by Conda; and
- received a NOV at Conda from the DEQ related to a failed air stack emissions test in May 2021. Conda investigated and corrected the issues during 2021. The NOV was formally received from the DEQ in May 2022 and resolved in July 2022.

Conda

- completed a scheduled plant turnaround at Conda and returned to full production capacity;
- produced 169,393 tonnes P_2O_5 at Conda in H1 2022 compared to 157,191 tonnes P_2O_5 in H1 2021 with the increase primarily due to a shorter turnaround in 2022 compared to 2021;
- generated revenues of $296,470 at Conda in H1 2022 compared to $193,458 in H1 2021 primarily due to higher realized prices;
- generated adjusted EBITDA at Conda of $131,104 in H1 2022 compared to $61,869 in H1 2021 primarily due to the same factors that resulted in higher revenues, which were partially offset by higher input costs (see Section 8);
- reached a settlement with insurers on a business interruption claim related to the 2020 disruption in sulfuric acid supply to Conda, which resulted in receipt of net insurance proceeds of $8,675 (see Note 17 in the Interim Financial Statements);
- reached a settlement agreement related to shared environmental and asset retirement obligations at Conda's Lanes Creek mine (see Notes 3 and 10 in the Interim Financial Statements);
- posted incremental letters of credit of $3,663 under the Conda ABL as collateral for Conda's surety bonds that guarantee Conda's obligations under existing operating and environmental permits (see Notes 11 and 20 in the Interim Financial Statements);
- purchased mining equipment at Conda in exchange for a note payable of $3,930 (see Note 11 in the Interim Financial Statements);
- advanced activities related to the extension of Conda's mine life through permitting and development of H1/NDR, including progression of the NEPA EIS preparation and public engagement process; and
- advanced activities related to the optimization of Conda's EBITDA generation, including beginning production and sales of HFSA.

Other

- produced 30,200 tonnes of sulfuric acid at Arraias in H1 2022 compared to no production in H1 2021;
- generated adjusted EBITDA at Arraias of $(248) in H1 2022 compared to $(1,772) in H1 2021 with the reduced deficit due to the restart of the sulfuric acid plant (see Section 8);
- continued evaluation of strategic alternatives for non-North American assets; and
- announced the appointment of Stephen Shapiro and Isaiah Toback to the Company's Board of Directors. Mr. Toback replaced Rory O'Neill as a nominee to the Company's Board of Directors by its principal shareholder, CLF.

As at June 30, 2022

As at June 30, 2022, the Company's financial highlights were as follows:

- generated trailing 12 months adjusted EBITDA of $213,085 compared to $143,425 as at December 31, 2021 with the increase primarily due to the same factors that resulted in higher adjusted EBITDA in H1 2022 (see Section 8);
- reduced net debt to $146,184 compared to $217,706 as at December 31, 2021 with the reduction due to principal payments made under the Term Loan and Conda ABL and higher cash and cash equivalents (see Section 8); and
- reduced net leverage ratio to 0.7x compared to 1.5x as at December 31, 2021 with the reduction due to due to the same factors that resulted in higher trailing 12 months adjusted EBITDA and lower net debt (see Section 8).

Subsequent to June 30, 2022

On August 11, 2022, the Company announced the appointment of Matthew O'Neill as Chief Financial Officer ("CFO"). Mr. O'Neill succeeds George Burdette who served as CFO since April 2018.

MARKET HIGHLIGHTS

For the three and six months ended June 30, 2022 and 2021, key phosphate fertilizer market indicators relevant to the Company's operations were as follows:

(in US Dollars per metric tonne except as otherwise noted)	For the three months ended June 30, 2022	2021	% change	For the six months ended June 30, 2022	2021	% change
DAP NOLA[i]	$ 947	$ 629	51%	$ 912	$ 591	54%
DAP NOLA ($/st)[i]	860	571	51%	827	536	54%
Sulfur Vancouver[ii]	450	177	154%	389	161	142%
Sulfur Brazil[ii]	506	217	133%	440	196	124%
Sulfuric Acid Brazil[ii]	275	172	60%	278	148	88%

i. Average of Argus and Green Markets weekly average.
ii. Average of Argus weekly average.

For the three and six months ended June 30, 2022 and 2021, key phosphate fertilizer market indicators relevant to the Company's operations were explained as follows:

Item	H1 2022 vs H1 2021
DAP NOLA	Increased primarily due to continued strong agriculture and phosphate fertilizer market supply and demand dynamics
Sulfur Vancouver	Increased primarily due to strong global demand from phosphates and metals consumers, while supply remained limited
Sulfur Brazil	Increased primarily due to international sulfur price increase, higher freight rates and strong demand for fertilizer and other applications in Brazil
Sulfuric Acid Brazil	Increased primarily due to the same factors that resulted in higher sulfur prices in Brazil

For the three and six months ended June 30, 2022 and 2021, specific factors driving the year-over-year improvements in DAP NOLA were as follows:

- limited supply additions;
- global coarse grains and oilseeds at multi-year low stocks-to-use ratios supporting fertilizer relative affordability;
- continued drawdown of inventory levels;
- increased restrictions and controls on exports from China; and
- disruptions to fertilizer and raw materials supply from Russia due to sanctions imposed by certain countries following Russia's invasion of Ukraine.

FINANCIAL HIGHLIGHTS

For the three and six months ended June 30, 2022 and 2021, the Company's financial highlights were as follows:

(unaudited in thousands of US Dollars except as otherwise noted)	*For the three months ended June 30,* 2022	2021	% change	*For the six months ended June 30,* 2022	2021	% change
Revenues	$ 155,005	$ 103,316	50%	$ 304,858	$ 193,458	58%
Gross margin	61,599	32,606	89%	120,082	51,135	135%
Adjusted EBITDA[i]	63,591	33,696	89%	123,972	54,312	128%
Net income	44,281	9,582	362%	77,290	11,483	573%
Basic earnings ($/share)	$ 0.23	$ 0.05	360%	$ 0.41	$ 0.06	583%
Basic earnings (C$/share)	$ 0.30	$ 0.06	400%	$ 0.52	$ 0.08	550%
Diluted earnings ($/share)	$ 0.23	$ 0.05	360%	$ 0.41	$ 0.06	583%
Diluted earnings (C$/share)	$ 0.29	$ 0.06	383%	$ 0.52	$ 0.08	550%
Maintenance capex[i]	$ 12,449	$ 15,553	(20%)	$ 13,361	$ 17,076	(22%)
Growth capex[i]	3,585	2,600	38%	7,972	3,900	104%
Total Capex[i]	**$ 16,034**	**$ 18,153**	**(12%)**	**$ 21,333**	**$ 20,976**	**2%**
Free cash flow[i]	$ 41,288	$ 25,389	63%	$ 95,688	$ 40,121	138%

i. Non-IFRS measure (see Section 8).

For the three months ended June 30, 2022 and 2021, the Company's financial highlights were explained as follows:

Item	Q2 2022 vs Q2 2021
Revenues	Increased primarily due to higher realized prices at Conda and revenues at Arraias related to the restart of the sulfuric acid plant
Adjusted EBITDA	Increased primarily due to the same factors that resulted in higher revenues, which were partially offset by higher input costs at Conda and higher costs at Arraias related to the restart of the sulfuric acid plant (see Section 8)
Net income	Increased primarily due to the same factors that resulted in higher adjusted EBITDA
Basic earnings (C$/share)	Increased primarily due to the same factors that resulted in higher net income
Maintenance capex	Decreased primarily due to a shorter turnaround at Conda in 2022 compared to 2021, which was partially offset by maintenance activities at Arraias related to the restart of the sulfuric acid plant (see Section 8)
Growth capex	Increased primarily due to activities related to the initiative to produce and sell HFSA at Conda (see Section 8)
Free cash flow	Increased primarily due to higher cash flows from operating activities due to same factors that resulted in higher EBITDA, which were partially offset by higher working capital requirements (see Section 8)

For the six months ended June 30, 2022 and 2021, the Company's financial highlights were explained as follows:

Item	H1 2022 vs H1 2021
Revenues	Increased primarily due to higher realized prices at Conda and revenues at Arraias related to the restart of the sulfuric acid plant
Adjusted EBITDA	Increased primarily due to the same factors that resulted in higher revenues, which were partially offset by higher input costs at Conda and higher costs at Arraias related to restart of the sulfuric acid plant (see Section 8)
Net income	Increased primarily due to the same factors that resulted in higher adjusted EBITDA
Basic earnings (C$/share)	Increased primarily due to the same factors that resulted in higher net income
Maintenance capex	Decreased primarily due to a shorter turnaround at Conda in 2022 compared to 2021, which was partially offset by maintenance activities at Arraias related to the restart of the sulfuric acid plant (see Section 8)
Growth capex	Increased primarily due to activities related to the initiative to produce and sell HFSA at Conda (see Section 8)
Free cash flow	Increased primarily due to higher cash flows from operating activities due to same factors that resulted in higher EBITDA and higher other income due to a settlement with insurers on a business interruption claim related to the 2020 disruption in sulfuric acid supply to Conda, which were partially offset by higher working capital requirements (see Section 8)

As at June 30, 2022 and December 31, 2021, the Company's financial highlights were as follows:

(unaudited in thousands of US Dollars except as otherwise noted)	June 30, 2022	December 31, 2021	% change
Total assets	$ 687,701	$ 633,853	8%
Total liabilities	472,122	499,248	(5%)
Total equity	215,579	134,605	60%
Net debt[i]	$ 146,184	$ 217,706	(33%)
Adjusted net debt[i]	99,277	174,092	(43%)
Trailing 12 months adjusted EBITDA[i]	$ 213,085	$ 143,425	49%
Net leverage ratio[i]	0.7x	1.5x	(53%)

i. Non-IFRS measure (see Section 8).

As at June 30, 2022 and December 31, 2021, the Company's financial highlights were explained as follows:

Item	June 30, 2022 vs December 31, 2021
Total assets	Increased primarily due to higher cash and cash equivalents, accounts receivable, inventories, and property, plant and equipment
Total liabilities	Decreased primarily due to principal payments under the Term Loan and Conda ABL, which were partially offset by higher long-term provisions, higher in-kind interest related to the Promissory Note and higher accounts payable and accrued liabilities
Total equity	Increased primarily due to net income recorded during the period
Net debt	Decreased primarily due to due to principal payments under the Term Loan and Conda ABL and higher cash and cash equivalents (see Section 8)
Adjusted net debt	Decreased primarily due to the same factors that resulted in lower net debt (see Section 8)
Trailing 12 months adjusted EBITDA	Increased primarily due to the same factors that resulted in higher adjusted EBITDA in H1 2022 (see Section 8)
Net leverage ratio	Decreased due to the same factors that resulted in higher trailing 12 months adjusted EBITDA and lower net debt (see Section 8)

BUSINESS HIGHLIGHTS

EHS

For the three and six months ended June 30, 2022 and 2021, the Company's consolidated EHS highlights were as follows:

	For the three months ended June 30,		*For the six months ended June 30,*	
	2022	2021	2022	2021
Reportable environmental releases	—	—	—	—
Recordable incidents	—	1	1	2

As at June 30, 2022, the Company's consolidated TRIFR was 0.26.

Conda

COVID-19 Risk Mitigation Measures

The Company continues to monitor potential risks to Conda's employees, contractors and operations as a result of the COVID-19 pandemic. In response to the COVID-19 pandemic, the Company has implemented and continued risk mitigation measures at Conda to address potential impacts to its employees, contractors and operations. Conda's risk mitigation measures in response to the COVID-19 pandemic are described in greater detail in management's discussion and analysis of operations and financial condition for the year ended December 31, 2020 (the "2020 MD&A"). The Company is not currently projecting any material impact on Conda's operations as a result of the COVID-19 pandemic.

EHS Highlights

For the three and six months ended June 30, 2022 and 2021, Conda's EHS highlights were as follows:

	For the three months ended June 30,		*For the six months ended June 30,*	
	2022	**2021**	**2022**	**2021**
Reportable environmental releases	—	—	—	—
Recordable incidents	—	1	—	2

As at June 30, 2022, Conda's TRIFR was 0.17.

BLM Award

On March 10, 2022, Conda received national recognition from the BLM during the 87th North American Wildlife and Natural Resources Conference. The BLM awarded the Conservation Leadership Partner Award to the Southeast Idaho Habitat Mitigation Fund, which was developed and funded by Conda. This award recognizes external organizations, or individuals representing a conservation organization, for outstanding partnership in the development and implementation of conservation programs and activities that have directly benefited fish, wildlife, and/or native plants on public lands. In 2017, Conda funded $1.2 million to the Southeast Idaho Habitat Mitigation Fund to mitigate impacts of its Rasmussen Valley mine. Conda's contribution led to additional investment of $3.5 million in federal, state, and private funds for a total of $4.7 million to further enhance wildlife habitat projects.

Notice of Violation

During Q2 2022, Conda received a NOV from the DEQ following a failed air stack emissions test in May 2021. The NOV listed violations related to the failed test and failure to submit an excess emissions notification and report. The issues were investigated and corrected during 2021. The NOV was formally received from the DEQ in May 2022 and resolved in July 2022, including payment of de minimis fine.

Plant Turnaround

During June 2022, Conda completed its scheduled plant turnaround and returned to full production capacity. Conda's plant turnaround was completed on schedule and within budget. The plant turnaround focused on inspection, testing, repair and preventative maintenance of critical equipment.

Business Highlights

For the three and six months ended June 30, 2022 and 2021, Conda's business highlights were as follows:

(unaudited in thousands of US Dollars except as otherwise noted)	*For the three months ended June 30,* 2022	2021	% change	*For the six months ended June 30,* 2022	2021	% change
Production volumes (tonnes)						
MAP	85,802	69,232	24%	178,076	144,180	24%
MAP+	—	3,949	(100%)	7,846	32,014	(75%)
SPA[ii]	31,929	28,066	14%	69,275	65,896	5%
MGA[ii]	549	147	273%	549	342	61%
APP	9,417	6,123	54%	11,499	10,276	12%
HFSA	—	—	n/m	—	—	n/m
Production volumes (tonnes)	**127,697**	**107,517**	**19%**	**267,245**	**252,708**	**6%**
Production volumes (tonnes P_2O_5)[i]	**80,297**	**67,835**	**18%**	**169,393**	**157,191**	**8%**
Sales volumes (tonnes)						
MAP	90,294	78,076	16%	181,524	155,515	17%
MAP+	2,885	11,792	(76%)	13,292	32,012	(58%)
SPA[ii]	31,335	31,126	1%	67,261	67,823	(1%)
MGA[ii]	296	147	101%	296	342	(13%)
APP	5,507	8,309	(34%)	7,919	11,154	(29%)
HFSA	—	—	n/m	—	—	n/m
Sales volumes (tonnes)	**130,317**	**129,450**	**1%**	**270,292**	**266,846**	**1%**
Sales volumes (tonnes P_2O_5)[i]	**81,581**	**79,296**	**3%**	**169,826**	**165,310**	**3%**
Realized price ($/tonne)[iii]						
MAP	$ 958	$ 591	62%	$ 884	$ 525	68%
MAP+	959	639	50%	880	559	57%
SPA[ii]	1,734	1,433	21%	1,742	1,284	36%
MGA[ii]	1,853	1,399	32%	1,853	1,394	33%
APP	867	585	48%	829	563	47%
HFSA	—	—	n/m	—	—	n/m
Revenues ($)						
MAP	$ 86,506	$ 46,133	88%	$ 160,461	$ 81,718	96%
MAP+	2,767	7,529	(63%)	11,700	17,906	(35%)
SPA	54,346	44,588	22%	117,194	87,082	35%
MGA	549	206	167%	549	477	15%
APP	4,772	4,860	(2%)	6,566	6,275	5%
HFSA	—	—	n/m	—	—	n/m
Revenues	**$ 148,940**	**$ 103,316**	**44%**	**$ 296,470**	**$ 193,458**	**53%**
Revenues per tonne P_2O_5[i, iii]	**$ 1,826**	**$ 1,303**	**40%**	**$ 1,746**	**$ 1,170**	**49%**
Cash costs[iii]	**$ 79,841**	**$ 64,303**	**24%**	**$ 161,994**	**$ 129,248**	**25%**
Cash costs per tonne P_2O_5[i, iii]	**$ 979**	**$ 811**	**21%**	**$ 954**	**$ 782**	**22%**
Cash margin[iii]	**$ 69,099**	**$ 39,013**	**77%**	**$ 134,476**	**$ 64,210**	**109%**
Cash margin per tonne P_2O_5[i, iii]	**$ 847**	**$ 492**	**72%**	**$ 792**	**$ 388**	**104%**
Adjusted EBITDA[iii]	$ 66,716	$ 37,747	77%	$ 131,104	$ 61,869	112%
Maintenance capex[iii]	$ 11,627	$ 15,507	(25%)	$ 12,086	$ 17,030	(29%)
Growth capex[iii]	2,584	1,941	33%	6,744	2,851	137%
Total capex[iii]	**$ 14,211**	**$ 17,448**	**(19%)**	**$ 18,830**	**$ 19,881**	**(5%)**

i. P_2O_5 basis considers MAP at 52%, MAP+ at 39%, SPA at 100%, MGA at 100%, APP at 34% and HFSA at 0%.
ii. Presented on a 100% P_2O_5 basis.
iii. Non-IFRS measure (see Section 8).

For the three months ended June 30, 2022 and 2021, Conda's business highlights were explained as follows:

Item	Q2 2022 vs Q2 2021
Production volumes (tonnes P_2O_5)	Increased primarily due to a shorter turnaround in 2022 compared to 2021
Sales volumes (tonnes P_2O_5)	Increased slightly primarily due to timing of MAP lifting
Revenues	Increased primarily due to higher realized prices and slightly higher sales volumes
Cash margin per tonne P_2O_5	Increased primarily due to the same factors that resulted in higher revenues, which were partially offset by higher input costs (see Section 8)
Adjusted EBITDA	Increased primarily due to the same factors that resulted in higher revenues, which were partially offset by higher input costs (see Section 8)
Maintenance capex	Decreased primarily due to a shorter turnaround in 2022 compared to 2021 (see Section 8)
Growth capex	Increased primarily due to activities related to the initiative to produce and sell HFSA (see Section 8)

For the six months ended June 30, 2022 and 2021, Conda's business highlights were explained as follows:

Item	H1 2022 vs H1 2021
Production volumes (tonnes P_2O_5)	Increased primarily due to a shorter turnaround in 2022 compared to 2021
Sales volumes (tonnes P_2O_5)	Increased slightly primarily due to timing of MAP lifting
Revenues	Increased primarily due to higher realized prices and slightly higher sales volumes
Cash margin per tonne P_2O_5	Increased primarily due to the same factors that resulted in higher revenues, which were partially offset by higher input costs (see Section 8)
Adjusted EBITDA	Increased primarily due to the same factors that resulted in higher revenues, which were partially offset by higher input costs (see Section 8)
Maintenance capex	Decreased primarily due to a shorter turnaround in 2022 compared to 2021 (see Section 8)
Growth capex	Increased primarily due to activities related to the initiative to produce and sell HFSA (see Section 8)

Insurance Settlement

During Q1 2022, Conda reached a settlement with insurers on a business interruption claim related to the 2020 disruption in sulfuric acid supply. As a result of the settlement, Conda received net insurance proceeds of $8,675 (see Note 17 in the Interim Financial Statements).

Lanes Creek Mine Settlement

During Q2 2022, Conda reached a settlement with wholly-owned subsidiaries of Nutrien Ltd. ("Nutrien") related to shared environmental and asset retirement obligations at Lanes Creek mine. As a result of the settlement, Conda received an upfront cash payment of $11,000 from Nutrien in exchange for assuming responsibility for 100% of the remaining environmental and asset retirement obligations associated with Lanes Creek mine. As a result of the settlement, Conda recorded an addition to environmental and asset retirement obligations of $4,972, reduced accounts receivable by $4,676 and recorded a gain on settlement of $1,352 as a reduction of cost of goods sold. The settlement does not otherwise amend or restate Nutrien's liability for all environmental and asset retirement obligations related to the pre-closing operations of Conda, including with respect to Environmental Protection Agency matters (see Notes 3, 10 and 20 in the Interim Financial Statements).

Conda Guarantees

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

Conda ABL

During Q1 2022, Conda repaid $5,000 cash drawn under the Conda ABL and posted letters of credit of $3,663 under the Conda ABL as collateral for Conda's surety bonds that guarantee Conda's obligations under existing operating and environmental permits (see Notes 11 and 20 in the Interim Financial Statements). As at June 30, 2022, Conda had no cash drawn and posted letters of credit of $32,793 under the Conda ABL as collateral for its surety bonds (see Notes 11 and 20 in the Interim Financial Statements).

Conda Equipment Financing

During Q2 2022, Conda purchased mining equipment in exchange for a note payable of $3,930 that matures on April 23, 2027. The note payable bears interest at 4.75% per annum with an upfront principal payment of $1,000 and equal monthly installments of principal and interest thereafter through maturity (see Note 11 in the Interim Financial Statements) .

Mine Life Extension

For the three and six months ended June 30, 2022, the Company advanced activities related to the extension of Conda's mine life through permitting and development of H1/NDR as follows:

- advanced permitting, including progression of the NEPA process (next key milestone is final Environmental Impact Statement);
- advanced drilling and Mineral Reserve definition, including development of 2022 drilling strategy; and
- advanced development, including engineering of key infrastructure.

The Company's activities related to the extension of Conda's mine life through permitting and development of H1/NDR, including timeline and key permitting milestones, are described in greater detail in the 2021 MD&A.

EBITDA Optimization

For the three and six months ended June 30, 2022, the Company advanced activities related to optimizing Conda's EBITDA generation as follows:

- began production and sales of HFSA at the end of June 2022 (de minimis production and sales volumes for Q2 2022 but up and running for H2 2022); and
- advanced magnesium oxide ("MgO") reduction initiative to enhance SPA production and sales volumes, including advancement of test work.

The Company's activities related to optimizing Conda's EBITDA generation are described in greater detail in the 2021 MD&A.

Arraias

COVID-19 Risk Mitigation Measures

The Company continues to monitor potential risks to Arraias' employees, contractors and operations as a result of the COVID-19 pandemic. In response to the COVID-19 pandemic, the Company has implemented and continued risk mitigation measures at Arraias to address potential impacts to its employees, contractors and operations. Arraias' risk mitigation measures in response to the COVID-19 pandemic are described in greater detail in the 2020 MD&A. The Company is not currently projecting any material impact on Arraias' operations as a result of the COVID-19 pandemic.

EHS Highlights

For the three and six months ended June 30, 2022 and 2021, Arraias' EHS highlights were as follows:

	For the three months ended June 30,		*For the six months ended June 30,*	
	2022	**2021**	**2022**	**2021**
Reportable environmental releases	—	—	—	—
Recordable incidents	—	—	1	—

As at June 30, 2022, Arraias' TRIFR was 0.79.

Idling and Sulfuric Acid Plant Restart

On November 21, 2019, the Company announced its decision to idle Arraias. On October 20, 2021, the Company announced its decision to restart the sulfuric acid plant at Arraias. On February 8, 2022, the Company announced the resumption of sulfuric acid production and sales at Arraias. Subsequent to the restart, the Company decided in March 2022 to conduct further maintenance activities at the sulfuric acid plant, which were completed in May 2022. The remainder of Arraias' operations, including its mine, beneficiation plant, acidulation plant and granulation plant remain idled following best practices.

Arraias' sulfuric acid plant has production capacity of 220kt per year. The Company expects to operate the sulfuric acid plant at Arraias with a base load capacity of approximately 10.5kt per month. Arraias has secured short-term sulfuric acid offtake agreements for its base load capacity with pricing linked to sulfur benchmarks. Based on market demand and sulfuric acid plant availability, the Company expects to opportunistically produce additional volumes of sulfuric acid to be sold on the spot market.

The restart of the sulfuric acid plant at Arraias is independent of the previously announced program to evaluate the potential restart of fertilizer production at Arraias (the "Fertilizer Restart Program").

Fertilizer Restart Program

During Q2 2020, the Company launched the Fertilizer Restart Program to evaluate the potential restart of fertilizer production at Arraias.

The first step in the Fertilizer Restart Program was the development of a revised geological model and mine plan for the Domingos pit in order to verify the ability to deliver a constant ore grade to the beneficiation process. The revised geological model and mine plan, which cover a three-year horizon, were completed during H1 2022.

The second step in the Fertilizer Restart Program is the development of a cost estimate and project execution schedule for the potential restart of the fertilizer circuit at Arraias. The second step considers two scenarios, including (i) a potential restart of the fertilizer circuit using third party phosphate rock and (ii) a potential restart of the fertilizer circuit and required modifications to the beneficiation circuit taking into account the previously completed revised geological model and mine plan. The second step is expected to be completed during Q3 2022.

The Company's activities related to the Fertilizer Restart Program at Arraias, which was formerly referred to as the stage-gate restart program, are described in greater detail in the 2020 MD&A and the 2021 MD&A.

Business Highlights

For the three and six months ended June 30, 2022 and 2021 , Arraias' business highlights were as follows:

(unaudited in thousands of US Dollars except as otherwise noted)	*For the three months ended June 30,*			*For the six months ended June 30,*		
	2022	**2021**	**% change**	**2022**	**2021**	**% change**
Production volumes (tonnes)						
SSP	—	—	n/m	—	—	n/m
SSP+	—	—	n/m	—	—	n/m
Sulfuric acid [ii]	20,549			30,200		
Production volumes (tonnes)	**20,549**	—	n/m	**30,200**	—	n/m
Production volumes (tonnes P_2O_5)[i]	—	—	n/m	—	—	n/m
Sales volumes (tonnes)						
SSP	—	—	n/m	—	—	n/m
SSP+	—	—	n/m	—	—	n/m
Sulfuric acid	19,902	—		28,583	—	
Sales volumes (tonnes)	**19,902**	—	n/m	**28,583**	—	n/m
Sales volumes (tonnes P_2O_5)[i]	—	—	n/m	—	—	n/m
Realized price ($/tonne)[iii]						
SSP	$ —	$ —	n/m	$ —	$ —	n/m
SSP+	—	—	n/m	—	—	n/m
Sulfuric acid	305	—	n/m	293	—	n/m
Revenues ($)						
SSP, net	$ —	$ —	n/m	$ —	$ —	n/m
SSP+, net	—	—	n/m	—	—	n/m
Sulfuric acid	6,065	—	n/m	8,388	—	n/m
Revenues	**$ 6,065**	**$ —**	**n/m**	**$ 8,388**	**$ —**	**n/m**
Revenues per tonne P_2O_5[i, iii]	**$ —**	**$ —**	**n/m**	**$ —**	**$ —**	**n/m**
Cash costs[iii]	**$ 5,081**	**$ 523**	**n/m**	**$ 7,472**	**$ 1,008**	**n/m**
Cash costs per tonne P_2O_5[i, iii]	**$ —**	**$ —**	**n/m**	**$ —**	**$ —**	**n/m**
Cash margin[iii]	**$ 984**	**$ (523)**	**n/m**	**$ 916**	**$ (1,008)**	**n/m**
Cash margin per tonne P_2O_5[i, iii]	**$ —**	**$ —**	**n/m**	**$ —**	**$ —**	**n/m**
Adjusted EBITDA[iii]	$ 405	$ (938)	n/m	$ (248)	$ (1,772)	n/m
Maintenance capex[iii]	$ 813	$ —	n/m	$ 1,261	$ —	n/m
Growth capex[iii]	297	156	(48)%	488	463	(48)%
Total capex[iii]	**$ 1,110**	**$ 156**	**77%**	**$ 1,749**	**$ 463**	**77%**

i. P_2O_5 basis considers SSP and SSP+ at 17% and sulfuric acid at 0%.
ii. Sulfuric acid production volumes are presented net of production for internal consumption.
iii. Non-IFRS measure (see Section 8).

For the three and six months ended June 30, 2022 and 2021, Arraias' business highlights were explained as follows:

Item	**Q2 and H1 2022 vs Q2 and H1 2021**
Sulfuric acid production and sales volumes	Increased due to restart of the sulfuric acid plant
Adjusted EBITDA	Increased primarily due to the restart of the sulfuric acid plant, which were partially offset by higher input costs related to the restart of the sulfuric acid plant (see Section 8)
Maintenance capex	Increased primarily due to capital costs related to the restart of the sulfuric acid plant (see Section 8)
Growth capex	Decreased primarily due to activities related to the Fertilizer Restart Program (see Section 8)

Dutch Tax Assessment

During Q2 2022, the Company received an assessment from the Dutch tax authorities of EUR 1,730 (approximately $1,834) for 2016 income taxes related to its Dutch holding structure for the Company's Brazilian subsidiaries. The Company intends to appeal and vigorously defend the tax assessment.

Development and Exploration

Farim

EHS

For the three and six months ended June 30, 2022 and 2021, Farim's EHS highlights were as follows:

	For the three months ended June 30,		*For the six months ended June 30,*	
	2022	**2021**	**2022**	**2021**
Reportable environmental releases	—	—	—	—
Recordable incidents	—	—	—	—

As at June 30, 2022, Farim's TRIFR was 0.00.

Development and exploration

For the three and six months ended June 30 2022, Farim's development and exploration highlights were as follows:

- advanced an updated technical report for Farim in support of the evaluation of strategic alternatives for the project (see Section 2);
- advanced revisions to the executed Farim mining agreement with the Government of Guinea-Bissau to facilitate project financing and update tax incentives; and
- maintained Farim at construction-ready state.

The Company's activities related to advancing the development and exploration of Farim are described in greater detail in the 2020 MD&A.

Other

For the three and six months ended June 30, 2022, the Company's other development and exploration project highlights were as follows:

- advanced the development and exploration of Araxá in support of the evaluation of strategic alternatives for the project, including completion of a preliminary geotechnical characterization and a conceptual hydrogeological model;
- maintained the integrity of the concessions of Santana and Araxá; and
- advanced the wind down of Paris Hills and Mantaro.

Corporate

Term Loan

For the three months ended June 30, 2022, the Company repaid $7,688 of principal under the Term Loan. For the six months ended June 30, 2022, the Company repaid $42,313 of principal under the Term Loan, which satisfied its obligation to reduce the outstanding principal balance to $155,000 or less on or before 15 months after the closing date. As at June 30, 2022, the principal balance of the Term Loan was $155,000.

New Director Appointments

During Q2 2022, the Company announced the appointment of Stephen Shapiro and Isaiah Toback to its Board of Directors, effective April 14, 2022. Mr. Toback replaces Rory O'Neill as a nominee to the Company's Board of Directors by its principal shareholder, CLF, pursuant to an investor rights agreement between the Company and CLF.

New CFO Appointment

On August 11, 2022, the Company announced the appointment of Matthew O'Neill as CFO. Mr. O'Neill has over 25 years of experience in financial management, corporate development, planning, treasury, insurance, risk management and financial reporting. Mr. O'Neill succeeds George Burdette who served as CFO since April 2018.

4. OUTLOOK

MARKET OUTLOOK

The Company expects the current strength in the global agriculture and phosphate fertilizer fundamentals to continue. Accordingly, the Company expects continued strength in pricing and volume fundamentals in the phosphate fertilizer markets with a moderate softening of prices during H2 2022 relative to H1 2022.

Specific factors the Company expects to support the continued strength in the global phosphate fertilizer markets during H2 2022 are as follows:

- no significant supply capacity additions; and
- reduced exports from China.

Specific factors the Company expects to influence the moderate softening of the global phosphate fertilizer markets during H2 2022 relative to H1 2022 are as follows:

- higher inventory levels;
- softening crop prices;
- moderated demand; and
- increased supply from maximizing existing capacity run-rates.

The Company expects sulfur and sulfuric acid prices to decrease globally due to increased refinery activity and softer demand from phosphates and metals consumers.

FINANCIAL OUTLOOK

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

The Company provides guidance on both IFRS and non-IFRS measures that management considers to evaluate the Company's operational and financial performance. Management believes that the non-IFRS measures provide useful supplemental information to investors, analysts, lenders and others. Definitions and reconciliations of non-IFRS measures to the most directly comparable IFRS measures are included in Section 8 of this MD&A.

The Company issued its original guidance for 2022 in the 2021 MD&A. The assumptions considered by the Company in preparing its guidance for 2022 are explained in the 2021 MD&A. The Company revised its guidance in management's discussion and analysis of operations and financial condition for the three months ended March 31, 2022. The Company has further revised its guidance for 2022 as follows:

(in millions of US Dollars except as otherwise noted)	*Actual* **H1 2022**	*Projected* **H2 2022**	*Projected* **FY 2022**
Adjusted EBITDA[i]	$ 124	$ 86-106	$ 210-230
Net income	77	23-28	100-105
Basic earnings (C$/share)	0.52	0.16-0.19	0.69-0.72
Maintenance capex[i]	13	5-9	18-22
Growth capex[i]	8	10-13	18-21
Free cash flow[i]	96	54-69	150-165

i. Non-IFRS measure (see Section 8).

The Company revised its guidance for 2022 as follows:

- adjusted EBITDA guidance of $210-230 million (maintained) to reflect the Company's view of H2 2021 prices and input costs at Conda, including the current DAP NOLA prices (100% of Conda's MAP is sold under a long-term offtake agreement with pricing indexed to DAP NOLA on an average three-month trailing basis) and continued production and sales of sulfuric acid at Arraias;
- net income guidance of $100-105 million (increased from previous guidance of $80-95 million) to reflect tax efficiencies resulting from the Company's redomiciliation from the Cayman Islands to the US;
- basic earnings guidance of C$0.69-0.72/share (increased from previous guidance of C$/0.55-0.65/share) to reflect the revised net income guidance;
- maintenance capex guidance of $18-22 million (tightened from previous guidance of $15-23 million);
- growth capex guidance of $18-21 million (tightened from previous guidance of $15-22 million); and
- free cash flow guidance of $150-165 million (maintained).

In preparing its revised guidance for 2022, the Company maintained is prior assumption for expected average DAP NOLA during H2 2022 of $690-750/st.

BUSINESS OUTLOOK

The Company continues to focus on the following key objectives to drive long-term value and shareholder returns:

- improving financial and operational performance;
- deleveraging the balance sheet;
- extending Conda's current mine life through permitting and development of H1/NDR;
- evaluating strategic alternatives for non-North American assets; and
- maintaining capital-lite investment approach.

5. SUMMARY OF QUARTERLY RESULTS

For the three months ended June 30, 2022, March 31, 2022, December 31, 2021, September 30, 2021 and June 30, 2021, the Company's summary of quarterly results was as follows:

(unaudited in thousands of US Dollars except as otherwise noted)		June 30, 2022		March 31, 2022		December 31, 2021		September 30, 2021
Net income	$	44,281	$	33,009	$	24,280	$	15,676
Basic earnings ($/share)		0.23		0.18		0.13		0.08
Diluted earnings ($/share)		0.23		0.17		0.13		0.08
Total assets	$	687,701	$	653,250	$	633,853	$	530,195

For the three months ended June 30, 2021, March 31, 2021, December 31, 2020, September 30, 2020 and June 30, 2020, the Company's summary of quarterly results was as follows:

(unaudited in thousands of US Dollars except as otherwise noted)		June 30, 2021		March 31, 2021		December 31, 2020		September 30, 2020
Net income (loss)	$	9,582	$	1,901	$	(9,415)	$	(13,788)
Basic earnings (loss) ($/share)		0.05		0.01		(0.05)		(0.07)
Diluted earnings (loss) ($/share)		0.05		0.01		(0.05)		(0.07)
Total assets	$	505,103	$	482,101	$	477,304	$	454,135

6. STATEMENTS OF OPERATIONS

For the three and six months ended June 30, 2022 and 2021, the Company's statements of operations were as follows:

(in thousands of US Dollars except as otherwise noted)	For the three months ended June 30,					For the six months ended June 30,				
		2022		2021	% change		2022		2021	% change
Revenues	$	155,005	$	103,316	50%	$	304,858	$	193,458	58%
Cost of goods sold		93,406		70,710	32%		184,776		142,323	30%
Gross margin	**$**	**61,599**		**32,606**	**89%**	**$**	**120,082**		**51,135**	**135%**
Selling, general and administrative expenses		4,196		7,680	(45%)		16,620		13,270	25%
Operating income	**$**	**57,403**	**$**	**24,926**	**130%**	**$**	**103,462**	**$**	**37,865**	**173%**
Foreign exchange gain loss		(907)		129	n/m		(585)		58	n/m
Other income (expense), net		(496)		42	n/m		7,869		144	5365%
Gain (loss) on asset disposal		—		48	n/m		—		48	n/m
Finance expense		(7,658)		(8,564)	(11%)		(17,350)		(16,956)	2%
Income (loss) before income taxes	**$**	**48,342**	**$**	**16,581**	**192%**	**$**	**93,396**	**$**	**21,159**	**341%**
Current and deferred income tax expense		4,061		6,999	(42%)		16,106		9,676	66%
Net income	**$**	**44,281**		**9,582**	**362%**	**$**	**77,290**		**11,483**	**573%**
Net income attributable to non-controlling interest		—		—			—		—	
Net income attributable to shareholders of the Company	**$**	**44,281**	**$**	**9,582**	**362%**	**$**	**77,290**	**$**	**11,483**	**573%**
Basic earnings ($/share)	**$**	**0.23**	**$**	**0.05**	**360%**	**$**	**0.41**	**$**	**0.06**	**583%**
Basic earnings (C$/share)	**$**	**0.30**	**$**	**0.06**	**400%**	**$**	**0.52**	**$**	**0.08**	**550%**
Diluted earnings ($/share)	**$**	**0.23**	**$**	**0.05**	**360%**	**$**	**0.41**	**$**	**0.06**	**583%**
Diluted earnings (C$/share)	**$**	**0.29**	**$**	**0.06**	**383%**	**$**	**0.52**	**$**	**0.08**	**550%**

For the three months ended June 30, 2022 and 2021, the Company's statements of operations were explained as follows:

Item	Q2 2022 vs Q2 2021
Revenues	Increased primarily due to higher realized prices and slightly higher sales volumes at Conda and restart of the sulfuric acid plant at Arraias
Cost of goods sold	Increased primarily due to higher Conda sales volumes and higher input costs
Selling, general and administrative expenses	Decreased primarily due to share-based payment recovery
Finance expense	Decreased primarily due to lower interest expense following the refinancing in 2021, which were partially offset by higher amortization of deferred financing costs
Current and deferred income tax expense (recovery)	Decreased primarily due to higher deductibles following the redomiciliation in 2021

For the six months ended June 30, 2022 and 2021, the Company's statements of operations were explained as follows:

Item	H1 2022 vs H1 2021
Revenues	Increased primarily due to higher realized prices at Conda and the restart of the sulfuric acid plant at Arraias
Cost of goods sold	Increased primarily due to higher input costs at Conda and the restart of the sulfuric acid plant at Arraias
Selling, general and administrative expenses	Increased primarily due to higher share-based payment expense and higher corporate expenses
Other income(expense)	Increased primarily due to a settlement with insurers on a business interruption claim related to the 2020 disruption in sulfuric acid supply to Conda
Finance expense	Increased primarily due to higher amortization of deferred financing costs, which were partially offset by lower interest expense following the refinancing in 2021
Current and deferred income tax expense (recovery)	Increased primarily due to higher taxable income, which was partially offset by higher deductibles following the redomiciliation in 2021

7. FINANCIAL CONDITION

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 Section 4).

LIQUIDITY

As at June 30, 2022, the Company had cash and cash equivalents of $61,517, liquidity of $68,724 (see Section 8) and working capital of $132,492 (see Section 8). The Term Loan considers certain compliance requirements including, but not limited to, a requirement maintain a minimum liquidity amount of $15,000 throughout the term of the Term Loan (See Note 11 in the Interim Financial Statements).

FINANCIAL COVENANTS

The Term Loan includes financial covenants that require the Company to comply with certain ratios and thresholds. The principal financial covenants in the Term Loan require the Company not to exceed a consolidated net secured leverage ratio and to maintain a minimum fixed charge coverage ratio as at the end of each fiscal quarter commencing December 31, 2021. As at June 30, 2022, the Company was in compliance with all financial covenants related to the Term Loan (see Notes 11 and 24 in the Interim Financial Statements).

The Conda ABL includes springing financial covenants that require Conda to comply with certain ratios and thresholds if there is an event of default or an insufficient borrowing base. The principal springing financial covenants in the Conda ABL, if applicable, require Conda to maintain minimum fixed charge coverage ratios at the end of each month and fiscal quarter, respectively. As at June 30, 2022, the springing financial covenants related to the Conda ABL were not applicable (see Notes 11 and 24 in the Interim Financial Statements).

ITAFOS

SUMMARY BALANCE SHEETS

As at June 30, 2022, and December 31, 2021, the Company's summary balance sheets were as follows:

(unaudited in thousands of US Dollars)	June 30, 2022	December 31, 2021	% change
Cash and cash equivalents	$ 61,517	$ 31,565	95%
Current assets (including cash and cash equivalents)	$ 240,581	$ 195,130	23%
Non-current assets	447,120	438,723	2%
Total assets	**$ 687,701**	**$ 633,853**	**8%**
Current liabilities (excluding current portion of debt)	$ 74,410	$ 68,998	8%
Non-current liabilities (excluding long-term debt)	196,295	190,402	3%
Debt (current and long-term)	201,417	239,848	(16%)
Total liabilities	**$ 472,122**	**$ 499,248**	**(5%)**
Shareholders' equity	$ 214,414	$ 133,440	61%
Non-controlling interest	1,165	1,165	0%
Total equity	**$ 215,579**	**$ 134,605**	**60%**
Net debt[i]	$ 146,184	$ 217,706	(33%)
Adjusted net debt[i]	99,277	174,092	(43%)
	—	—	0%
Trailing 12 months adjusted EBITDA[i]	$ 213,085	$ 143,425	49%
Net leverage ratio[i]	0.7x	1.5x	(53%)

i. Non-IFRS measure (see Section 8).

As at June 30, 2022, and December 31, 2021, the Company's summary balance sheets were explained as follows:

Item	June 30, 2022 vs December 31, 2021
Current assets	Increased primarily due to higher cash and cash equivalents, accounts receivable and inventories
Non-current assets	Increased primarily due to capex additions (see Section 8), which were partially offset by depreciation and depletion
Current liabilities (excluding current portion of debt)	Increased primarily due to higher accounts payable and accrued liabilities and contract liabilities
Non-current liabilities (excluding long-term debt)	Increased primarily due to higher long-term provisions
Debt (current and long-term)	Decreased primarily due to principal payments under the Term Loan and Conda ABL
Total equity	Increased primarily due to net income recorded during the period
Net debt	Decreased primarily due to due to principal payments under the Term Loan and Conda ABL and higher cash and cash equivalents (see Section 8)
Adjusted net debt	Decreased primarily due to the same factors that resulted in lower net debt (see Section 8)
Trailing 12 months adjusted EBITDA	Increased primarily due to the same factors that resulted in higher adjusted EBITDA in H1 2022 (see Section 8)

As at June 30, 2022, and December 31, 2021 the Company did not have any significant off-balance sheet arrangements.

Conda's operating and environmental permits require certain obligations related to environmental and reclamation activities to be guaranteed. As at June 30, 2022, Conda's guarantee requirements were $77,739.

CAPITAL RESOURCES

As at June 30, 2022, and December 31, 2021, the Company's capital resources were as follows:

(unaudited in thousands of US Dollars)		June 30, 2022		December 31, 2021
Total equity	$	215,579	$	134,605
Net debt[i]		146,184		217,706
Capital resources	**$**	**361,763**	**$**	**352,311**

i. Non-IFRS measure (see Section 8).

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

SUMMARY CASH FLOWS

For three and six months ended June 30, 2022 and 2021, the Company's summary cash flows were as follows:

	For the three months ended June 30,					*For the six months ended June 30,*				
(unaudited in thousands of US Dollars)		2022		2021	% change		2022		2021	% change
Cash and cash equivalents, beginning of period	**$**	**36,992**	**$**	**17,675**	**109%**	**$**	**31,565**	**$**	**9,539**	**231%**
Cash flows from operating activities		50,310		34,649	45%		105,622		50,660	108%
Cash flows from (used by) investing activities		(12,505)		(11,796)	6%		(17,473)		(14,191)	23%
Cash flows from (used by) financing activities		(12,970)		(5,733)	126%		(58,244)		(11,253)	418%
Effect of foreign exchange of non-US Dollar denominated cash		(310)		77	(503%)		47		117	(60%)
Cash and cash equivalents, end of period	**$**	**61,517**	**$**	**34,872**	**76%**	**$**	**61,517**	**$**	**34,872**	**76%**
Free cash flow[i]	$	41,288	$	25,389	63%	$	95,688	$	40,121	138%

i. Non-IFRS measure (see Section 8).

For three months ended June 30, 2022 and 2021, the Company's summary cash flows were explained as follows:

Item	Q2 2022 vs Q2 2021
Cash flows from operating activities	Increased primarily due to the same factors that resulted in higher EBITDA, which were partially offset by higher working capital requirements
Cash flows used by investing activities	Increased primarily due to timing of maintenance projects and activities related to the initiative to produce and sell HFSA at Conda
Cash flows used by financing activities	Increased primarily due to principal payments under the Term Loan
Free cash flow	Increased primarily due to higher cash flows from operating activities due to the same factors that resulted in higher EBITDA, which were partially offset by higher working capital requirements (see Section 8)

For the six months ended June 30, 2022, the Company's summary cash flows were explained as follows:

Item	H1 2022 vs H1 2021
Cash flows from operating activities	Increased primarily due to the same factors that resulted in higher EBITDA and higher other income due to a settlement with insurers on a business interruption claim related to the 2020 disruption in sulfuric acid supply to Conda, which were partially offset by higher working capital requirements
Cash flows used by investing activities	Increased primarily due to timing of maintenance projects and activities related to the initiative to produce and sell HFSA at Conda
Cash flows used by financing activities	Increased primarily due to principal payments under the Term Loan and Conda ABL
Free cash flow	Increased primarily due to higher cash flows from operating activities due to the same factors that resulted in higher EBITDA and higher other income due to a settlement with insurers on a business interruption claim related to the 2020 disruption in sulfuric acid supply to Conda, which were partially offset by higher working capital requirements (see Section 8)

CONTRACTUAL OBLIGATIONS

As at June 30, 2022, the Company's contractual obligations were as follows:

(unaudited in thousands of US Dollars)	Within 1 year	Years 2 and 3	Years 4 and 5	After 5 years	Total
Debt	$ 33,679	$ 172,396	$ 1,624	—	**$ 207,699**
Accounts payable and accrued liabilities	65,365	—	—	—	**$ 65,365**
Provisions	3,942	7,980	35,440	134,247	**$ 181,609**
Leases	2,502	6,812	3,016	3,180	**$ 15,510**
Contractual obligations	**$ 105,488**	**$ 187,188**	**$ 40,080**	**$ 137,427**	**$ 470,183**

The Company's contractual obligations do not include estimated interest payments related to such contractual obligations. The Company records provisions when it is probable that obligations have been incurred and the amounts can be reasonably estimated. The Company's provisions include environmental and asset retirement obligations ("ARO") liabilities and legal contingencies (see Note 10 in the Interim Financial Statements).

As at June 30, 2022, the Company had environmental and ARO liabilities, assets and net liabilities by segment as follows:

(unaudited in thousands of US Dollars)	Liabilities	Assets	Net Liabilities
Conda	172,049	99,205	**72,844**
Arraias	8,207	8,199	**8**
Development and exploration	509	—	**509**
Corporate	—	—	—
Environmental and ARO	**180,765**	**107,404**	**73,361**

8. NON-IFRS MEASURES

DEFINITIONS

The Company defines its non-IFRS measures as follows:

Non-IFRS measure	Definition	Most directly comparable IFRS measure
EBITDA	Earnings before interest, taxes, depreciation, depletion and amortization	Net income (loss) and operating income (loss)
Adjusted EBITDA	EBITDA adjusted for non-cash, extraordinary, non-recurring and other items unrelated to the Company's core operating activities	Net income (loss) and operating income (loss)
Trailing 12 months adjusted EBITDA	Adjusted EBITDA for the current and preceding three quarters	Net income (loss) and operating income (loss) for the current and preceding three quarters
Total capex	Additions to property, plant, and equipment and mineral properties adjusted for additions to asset retirement obligations, additions to right of use assets and capitalized interest	Additions to property, plant and equipment and mineral properties
Maintenance capex	Portion of total capex relating to the maintenance of ongoing operations	Additions to property, plant and equipment and mineral properties
Growth capex	Portion of total capex relating to the development of growth opportunities	Additions to property, plant and equipment and mineral properties
Cash total capex	Total capex less accrued capex	Additions to property, plant and equipment and mineral properties
Cash maintenance capex	Maintenance capex less accrued maintenance capex	Additions to property, plant and equipment and mineral properties
Cash growth capex	Growth capex less accrued growth capex	Additions to property, plant and equipment and mineral properties
Net debt	Debt less cash and cash equivalents plus deferred financing costs (does not consider lease liabilities)	Current debt, long-term debt and cash and cash equivalents
Net leverage ratio	Net debt divided by trailing 12 months adjusted EBITDA	Current debt, long-term debt and cash and cash equivalents; net income (loss) and operating income (loss) for the current and preceding three quarters
Related party debt	Portion of debt held by a related party	Current debt and long-term debt
Adjusted net debt	Net debt adjusted for related party debt	Current debt, long-term debt and cash and cash equivalents
Working capital	Current assets less current liabilities	Current assets and current liabilities
Liquidity	Cash and cash equivalents plus undrawn committed borrowing capacity	Cash and cash equivalents
Free cash flow	Cash flows from operating activities, which excludes payment of interest expense, plus cash flows from investing activities less cash growth capex	Cash flows from operating activities and cash flows from investing activities
Realized price	Revenues divided by sales volumes	Revenues
Revenues per tonne P_2O_5	Revenues divided by sales volumes presented on P_2O_5 basis	Revenues
Cash costs	Cost of goods sold less net realizable value adjustments, depreciation, depletion and amortization	Cost of goods sold
Cash costs per tonne P_2O_5	Cash costs divided by sales volumes presented on P_2O_5 basis	Cost of goods sold
Cash margin	Revenues less cash costs	Gross margin
Cash margin per tonne P_2O_5	Revenues per tonne P_2O_5 less cash costs per tonne P_2O_5	Gross margin

EBITDA, ADJUSTED EBITDA AND TRAILING 12 MONTHS ADJUSTED EBITDA

EBITDA is a non-IFRS measure that excludes interest, taxes, depreciation, depletion and amortization from earnings. Management believes that EBITDA is a valuable indicator of the Company's ability to generate operating income.

Adjusted EBITDA is a non-IFRS measure that excludes non-cash, extraordinary, non-recurring and other items unrelated to the Company's core operating activities from EBITDA (non-IFRS measure). Management believes that adjusted EBITDA is a valuable indicator of the Company's ability to generate operating income from its core operating activities normalized to remove the impact of non-cash, extraordinary and non-recurring items. The Company provides guidance on adjusted EBITDA as useful supplemental information to investors, analysts, lenders and others.

Trailing 12 months adjusted EBITDA is a non-IFRS measure that considers adjusted EBITDA (non-IFRS measure) for the current and preceding three quarters.

For the three months ended June 30, 2022 and 2021

For the three months ended June 30, 2022, the Company had EBITDA and adjusted EBITDA by segment as follows:

(unaudited in thousands of US Dollars)	Conda	Arraias	Development and exploration	Corporate	Total
Net income (loss)	**$ 47,487**	**$ (960)**	**$ 80**	**$ (2,326)**	**$ 44,281**
Finance (income) expense, net	1,228	(183)	4	6,609	7,658
Current and deferred income tax expense (recovery)	11,371	—	—	(7,310)	4,061
Depreciation and depletion	7,939	545	3	48	8,535
EBITDA	**$ 68,025**	**$ (598)**	**$ 87**	**$ (2,979)**	**$ 64,535**
Unrealized foreign exchange (gain) loss	—	1,062	(311)	101	852
Share-based payment recovery	—	—	—	(1,204)	(1,204)
Transaction costs	—	—	35	—	35
Gain on settlement	(1,352)	—	—	—	(1,352)
Non-recurring compensation expenses	—	—	—	229	229
Other (income) expense, net	43	(59)	(32)	544	496
Adjusted EBITDA	**$ 66,716**	**$ 405**	**$ (221)**	**$ (3,309)**	**$ 63,591**

(unaudited in thousands of US Dollars)	Conda	Arraias	Development and exploration	Corporate	Total
Operating income (loss)	**$ 60,164**	**$ (140)**	**$ (259)**	**$ (2,362)**	**$ 57,403**
Depreciation and depletion	7,939	545	3	48	8,535
Foreign exchange loss - realized	(35)	—	—	(20)	(55)
Share-based payment recovery	—	—	—	(1,204)	(1,204)
Transaction costs	—	—	35	—	35
Gain on settlement	(1,352)	—	—	—	(1,352)
Non-recurring compensation expenses	—	—	—	229	229
Adjusted EBITDA	**$ 66,716**	**$ 405**	**$ (221)**	**$ (3,309)**	**$ 63,591**

For the three months ended June 30, 2021, the Company had EBITDA and adjusted EBITDA by segment as follows:

(unaudited in thousands of US Dollars)		Conda		Arraias		Development and exploration		Corporate		Total
Net income (loss)	**$**	**24,370**	**$**	**(568)**	**$**	**(1,003)**	**$**	**(13,217)**	**$**	**9,582**
Finance expense, net		697		7		2		7,858		8,564
Current and deferred income tax expense		6,952		—		—		47		6,999
Depreciation and depletion		5,771		113		14		43		5,941
EBITDA	**$**	**37,790**	**$**	**(448)**	**$**	**(987)**	**$**	**(5,269)**		**31,086**
Unrealized foreign exchange (gain) loss		(51)		(392)		832		(495)		(106)
Share-based payment expense		—		—		—		1,843		1,843
Transaction costs		—		—		—		963		963
Non-recurring compensation expenses		—		—		—		—		—
Other (income) expense, net		8		(98)		—		—		(90)
Adjusted EBITDA	**$**	**37,747**	**$**	**(938)**	**$**	**(155)**	**$**	**(2,958)**	**$**	**33,696**

(unaudited in thousands of US Dollars)		Conda		Arraias		Development and exploration		Corporate		Total
Operating income (loss)	**$**	**31,976**	**$**	**(1,051)**	**$**	**(435)**	**$**	**(5,564)**	**$**	**24,926**
Depreciation and depletion		5,771		113		14		43		5,941
Foreign exchange gain (loss) - realized		—		—		266		(243)		23
Share-based payment expense		—		—		—		1,843		1,843
Transaction costs		—		—		—		963		963
Technical Studies		—		—		—		—		—
Non-recurring compensation expenses		—		—		—		—		—
Adjusted EBITDA	**$**	**37,747**	**$**	**(938)**	**$**	**(155)**	**$**	**(2,958)**	**$**	**33,696**

For the six months ended June 30, 2022 and 2021

For the six months ended June 30, 2022, the Company had EBITDA and adjusted EBITDA by segment as follows:

(unaudited in thousands of US Dollars)	Conda	Arraias	Development and exploration	Corporate	Total
Net income (loss)	**$ 97,222**	**$ (1,504)**	**$ (607)**	**$ (17,821)**	**$ 77,290**
Finance expense, net	2,434	43	6	14,867	17,350
Current and deferred income tax expense (recovery)	26,750	—	—	(10,644)	16,106
Depreciation and depletion	14,393	917	7	97	15,414
EBITDA	**$ 140,799**	**$ (544)**	**$ (594)**	**$ (13,501)**	**$ 126,160**
Unrealized foreign exchange loss	—	344	95	82	521
Share-based payment expense	—	—	—	4,731	4,731
Transaction costs	—	—	65	205	270
Gain on settlement	(1,352)	—	—	—	(1,352)
Non-recurring compensation expenses	—	—	—	1,511	1,511
Other (income) expense, net	(8,343)	(48)	(22)	544	(7,869)
Adjusted EBITDA	**$ 131,104**	**$ (248)**	**$ (456)**	**$ (6,428)**	**$ 123,972**

(unaudited in thousands of US Dollars)	Conda	Arraias	Development and exploration	Corporate	Total
Operating income (loss)	**$ 118,099**	**$ (1,165)**	**$ (528)**	**$ (12,944)**	**$ 103,462**
Depreciation and depletion	14,393	917	7	97	15,414
Realized foreign exchange loss	(36)	—	—	(28)	(64)
Share-based payment expense	—	—	—	4,731	4,731
Transaction costs	—	—	65	205	270
Gain on settlement	(1,352)	—	—	—	(1,352)
Non-recurring compensation expenses	—	—	—	1,511	1,511
Adjusted EBITDA	**$ 131,104**	**$ (248)**	**$ (456)**	**$ (6,428)**	**$ 123,972**

For the six months ended June 30, 2021, the Company had EBITDA and adjusted EBITDA by segment as follows:

(unaudited in thousands of US Dollars)		Conda		Arraias		Development and exploration		Corporate		Total
Net income (loss)	**$**	**39,134**	**$**	**(1,820)**	**$**	**(1,313)**	**$**	**(24,518)**	**$**	**11,483**
Finance expense, net		1,423		12		3		15,518		16,956
Current and deferred income tax expense		9,578		—		—		98		9,676
Depreciation and depletion		11,839		228		37		86		12,190
EBITDA	**$**	**61,974**	**$**	**(1,580)**	**$**	**(1,273)**	**$**	**(8,816)**		**50,305**
Unrealized foreign exchange (gain) loss		(113)		(83)		838		(575)		67
Share-based payment expense		—		—		—		3,134		3,134
Transaction costs		—		—		—		963		963
Technical Studies		—		—		—		—		—
Non-recurring compensation expenses		—		—		35		—		35
Other (income) expense, net		8		(109)		(91)		—		(192)
Adjusted EBITDA	**$**	**61,869**	**$**	**(1,772)**	**$**	**(491)**	**$**	**(5,294)**	**$**	**54,312**

(unaudited in thousands of US Dollars)		Conda		Arraias		Development and exploration		Corporate		Total
Operating income (loss)	**$**	**50,030**	**$**	**(2,000)**	**$**	**(932)**	**$**	**(9,233)**	**$**	**37,865**
Depreciation and depletion		11,839		228		37		86		12,190
Foreign exchange gain (loss) - realized		—		—		369		(244)		125
Share-based payment expense		—		—		—		3,134		3,134
Transaction costs		—		—		—		963		963
Technical Studies		—		—		—		—		—
Non-recurring compensation expenses		—		—		35		—		35
Adjusted EBITDA	**$**	**61,869**	**$**	**(1,772)**	**$**	**(491)**	**$**	**(5,294)**	**$**	**54,312**

As at June 30, 2022 and December 31, 2021

As at June 30, 2022, the Company had trailing 12 months adjusted EBITDA as follows:

(unaudited in thousands of US Dollars)		Total
For the three months ended June 30, 2022	$	63,591
For the three months ended March 31, 2022		60,381
For the three months ended December 31, 2021		47,939
For the three months ended September 30, 2021		41,174
Trailing 12 months adjusted EBITDA	**$**	**213,085**

As at December 31, 2021, the Company had trailing 12 months adjusted EBITDA as follows:

(unaudited in thousands of US Dollars)		Total
For the three months ended December 31, 2021	$	47,939
For the three months ended September 30, 2021		41,174
For the three months ended June 30, 2021		33,696
For the three months ended March 31, 2021		20,616
Trailing 12 months adjusted EBITDA	**$**	**143,425**

CAPEX

Total capex is a non-IFRS measure that includes additions to property, plant, and equipment and mineral properties, which are adjusted for additions to asset retirement obligations, additions to right of use assets and capitalized interest.

Maintenance capex is a non-IFRS measure that considers the portion of total capex (non-IFRS measure) relating to the maintenance of ongoing operations. Management believes that maintenance capex is a valuable indicator of the Company's required capital expenditures to sustain operations at existing levels.

Growth capex is a non-IFRS measure that considers the portion of total capex (non-IFRS measure) relating to the development of growth opportunities. Management believe that growth capex is a valuable indicator of the Company's capital expenditures related to growth opportunities.

The Company provides guidance on both maintenance capex and growth capex as useful supplemental information to investors, analysts, lenders and others.

For the three months ended June 30, 2022 and 2021

For the three months ended June 30, 2022, the Company had capex by segment as follows:

(unaudited in thousands of US Dollars)	Conda	Arraias	Development and exploration	Corporate	Total
Additions to property, plant and equipment	$ 13,196	$ 289	$ —	$ 9	$ 13,494
Additions to mineral properties	1,377	—	704	—	2,081
Additions to property, plant and equipment related to asset retirement obligations	(362)	822	—	—	460
Additions to right of use assets	—	(1)	—	—	(1)
Total capex	**$ 14,211**	**$ 1,110**	**$ 704**	**$ 9**	**$ 16,034**
Maintenance capex	11,627	813	—	9	12,449
Growth capex	2,584	297	704	—	3,585

For the three months ended June 30, 2021, the Company had capex by segment as follows:

(unaudited in thousands of US Dollars)	Conda	Arraias	Development and exploration	Corporate	Total
Additions to property, plant and equipment	$ 17,294	$ 1,122	$ 3	$ 413	$ 18,832
Additions to mineral properties	972	—	500	—	1,472
Additions to property, plant and equipment related to asset retirement obligations	(818)	(969)	—	—	(1,787)
Additions to right of use assets	—	3	—	(367)	(364)
Total capex	**$ 17,448**	**$ 156**	**$ 503**	**$ 46**	**$ 18,153**
Maintenance capex	15,507	—	—	46	15,553
Growth capex	1,941	156	503	—	2,600

ITAFOS

For the six months ended June 30, 2022 and 2021

For the six months ended June 30, 2022, the Company had capex by segment as follows:

(unaudited in thousands of US Dollars)	Conda	Arraias	Development and exploration	Corporate	Total
Additions to property, plant and equipment	$ 17,743	$ 2,299	$ —	$ 14	$ 20,056
Additions to mineral properties	2,627	—	740	—	3,367
Additions to asset retirement obligations	(1,540)	(514)	—	—	(2,054)
Additions to Right of Use assets	—	(36)	—	—	(36)
Total capex	**$ 18,830**	**$ 1,749**	**$ 740**	**$ 14**	**$ 21,333**
Maintenance capex	12,086	1,261	—	14	13,361
Growth capex	6,744	488	740	—	7,972

For the six months ended June 30, 2021, the Company had capex by segment as follows:

(unaudited in thousands of US Dollars)	Conda	Arraias	Development and exploration	Corporate	Total
Additions to property, plant and equipment	$ 19,894	$ 765	$ 3	$ 413	$ 21,075
Additions to mineral properties	1,902	—	583	—	2,485
Additions to asset retirement obligations	(1,915)	(310)	—	—	(2,225)
Additions to Right of Use assets	—	8	—	(367)	(359)
Total capex	**$ 19,881**	**$ 463**	**$ 586**	**$ 46**	**$ 20,976**
Maintenance capex	17,030	—	—	46	17,076
Growth capex	2,851	463	586	—	3,900

CASH CAPEX

Total cash capex is a non-IFRS measure that excludes accrued capex from total capex (non-IFRS measure). Cash maintenance capex and cash growth capex are non-IFRS measures that exclude accrued capex from maintenance capex (non-IFRS measure) and growth capex (non-IFRS measure), respectively. The Company uses cash growth capex in the calculation of free cash flow (non-IFRS measure).

For the three months ended June 30, 2022 and 2021

For the three months ended June 30, 2022, the Company had cash capex by segment as follows:

(unaudited in thousands of US Dollars)	Conda	Arraias	Development and exploration	Corporate	Total
Total capex	$ 14,211	$ 1,110	$ 704	$ 9	$ 16,034
Accrued capex	(3,528)	—	—	—	(3,528)
Total cash capex	**$ 10,683**	**$ 1,110**	**$ 704**	**$ 9**	**$ 12,506**

For the three months ended June 30, 2022, the Company had cash maintenance capex by segment as follows:

(unaudited in thousands of US Dollars)	Conda	Arraias	Development and exploration	Corporate	Total
Maintenance capex	$ 11,627	$ 813	$ —	$ 9	$ 12,449
Accrued maintenance capex	(3,426)	—	—	—	(3,426)
Cash maintenance capex	**$ 8,201**	**$ 813**	**$ —**	**$ 9**	**$ 9,023**

For the three months ended June 30, 2022, the Company had cash growth capex by segment as follows:

(unaudited in thousands of US Dollars)	Conda	Arraias	Development and exploration	Corporate	Total
Growth capex	$ 2,584	$ 297	$ 704	$ —	$ 3,585
Accrued growth capex	(102)	—	—	—	(102)
Cash growth capex	**$ 2,482**	**$ 297**	**$ 704**	**$ —**	**$ 3,483**

For the three months ended June 30, 2021, the Company had cash capex by segment as follows:

(unaudited in thousands of US Dollars)	Conda	Arraias	Development and exploration	Corporate	Total
Total capex	$ 17,448	$ 156	$ 503	$ 46	$ 18,153
Accrued capex	(6,585)	—	—	—	(6,585)
Total cash capex	**$ 10,863**	**$ 156**	**$ 503**	**$ 46**	**$ 11,568**

For the three months ended June 30, 2021, the Company had cash maintenance capex by segment as follows:

(unaudited in thousands of US Dollars)	Conda	Arraias	Development and exploration	Corporate	Total
Maintenance capex	$ 15,507	$ —	$ —	$ 46	$ 15,553
Accrued maintenance capex	(6,521)	—	—	—	(6,521)
Cash maintenance capex	**$ 8,986**	**$ —**	**$ —**	**$ 46**	**$ 9,032**

ITAFOS

For the three months ended June 30, 2021, the Company had cash growth capex by segment as follows:

(unaudited in thousands of US Dollars)		Conda		Arraias		Development and exploration		Corporate		Total
Growth capex	$	1,941	$	156	$	503	$	—	$	2,600
Accrued growth capex		(64)		—		—		—		(64)
Cash growth capex	**$**	**1,877**	**$**	**156**	**$**	**503**	**$**	**—**	**$**	**2,536**

For the six months ended June 30, 2022 and 2021

For the six months ended June 30, 2022, the Company had cash capex by segment as follows:

(unaudited in thousands of US Dollars)		Conda		Arraias		Development and exploration		Corporate		Total
Total capex	$	18,830	$	1,749	$	740	$	14	$	21,333
Accrued capex		(3,859)		—		—		—		(3,859)
Total cash capex	**$**	**14,971**	**$**	**1,749**	**$**	**740**	**$**	**14**	**$**	**17,474**

For the six months ended June 30, 2022, the Company had cash maintenance capex by segment as follows:

(unaudited in thousands of US Dollars)		Conda		Arraias		Development and exploration		Corporate		Total
Maintenance capex	$	12,086	$	1,261	$	—	$	14	$	13,361
Accrued maintenance capex		(3,426)		—		—		—		(3,426)
Cash maintenance capex	**$**	**8,660**	**$**	**1,261**	**$**	**—**	**$**	**14**	**$**	**9,935**

For the six months ended June 30, 2022, the Company had cash growth capex by segment as follows:

(unaudited in thousands of US Dollars)		Conda		Arraias		Development and exploration		Corporate		Total
Growth capex	$	6,744	$	488	$	740	$	—	$	7,972
Accrued growth capex		(433)		—		—		—		(433)
Cash growth capex	**$**	**6,311**	**$**	**488**	**$**	**740**	**$**	**—**	**$**	**7,539**

For the six months ended June 30, 2021, the Company had cash capex by segment as follows:

(unaudited in thousands of US Dollars)		Conda		Arraias		Development and exploration		Corporate		Total
Total capex	$	19,881	$	463	$	586	$	46	$	20,976
Accrued capex		(6,967)		—		—		—		(6,967)
Total cash capex	**$**	**12,914**	**$**	**463**	**$**	**586**	**$**	**46**	**$**	**14,009**

For the six months ended June 30, 2021, the Company had cash maintenance capex by segment as follows:

(unaudited in thousands of US Dollars)		Conda		Arraias		Development and exploration		Corporate		Total
Maintenance capex	$	17,030	$	—	$	—	$	46	$	17,076
Accrued maintenance capex		(6,719)		—		—		—		(6,719)
Cash maintenance capex	**$**	**10,311**	**$**	**—**	**$**	**—**	**$**	**46**	**$**	**10,357**

For the six months ended June 30, 2021, the Company had cash growth capex by segment as follows:

(unaudited in thousands of US Dollars)		Conda		Arraias		Development and exploration		Corporate		Total
Growth capex	$	2,851	$	463	$	586	$	—	$	3,900
Accrued growth capex		(248)		—		—		—		(248)
Cash growth capex	**$**	**2,603**	**$**	**463**	**$**	**586**	**$**	**—**	**$**	**3,652**

NET DEBT, NET LEVERAGE RATIO, RELATED PARTY DEBT AND ADJUSTED NET DEBT

Net debt is a non-IFRS measure that considers debt less cash and cash equivalents and excludes deferred financing costs from debt. The Company's net debt does not consider lease liabilities. Management believes that net debt is a valuable indicator of the Company's net debt position as it removes the impact of deferring financing costs.

Net leverage ratio is a non-IFRS measure that considers net debt (non-IFRS measure) divided by trailing 12 months adjusted EBITDA (non-IFRS measure). Management believes that the Company's net leverage ratio is a valuable indicator of its ability to service its debt from its core operating activities.

Related party debt is a non-IFRS measure that considers the portion of the Company's debt held by related parties. The Company uses related party debt in the calculation of adjusted net debt (non-IFRS measure).

Adjusted net debt is a non-IFRS measure that excludes related party debt from net debt (non-IFRS measure). Management believes that adjusted net debt is a valuable indicator of the Company's net debt position as it relates to non-related parties.

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

(unaudited in thousands of US Dollars)		June 30, 2022		December 31, 2021
Current debt	$	33,679	$	52,838
Long-term debt		167,738		187,010
Cash and cash equivalents		(61,517)		(31,565)
Deferred financing costs related to the Term Loan		6,284		9,423
Net debt	**$**	**146,184**	**$**	**217,706**

As at June 30, 2022 and December 31, 2021, the Company's net leverage ratio was as follows:

(unaudited in thousands of US Dollars except as otherwise noted)		June 30, 2022		December 31, 2021
Net debt	$	146,184	$	217,706
Trailing 12 months adjusted EBITDA		213,085		143,425
Net leverage ratio		**0.7x**		**1.5x**

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

(unaudited in thousands of US Dollars)		June 30, 2022		December 31, 2021
Promissory Note	$	46,562	$	43,283
Canadian debentures issued to CLF		345		331
Related party debt	**$**	**46,907**	**$**	**43,614**

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

(unaudited in thousands of US Dollars)	June 30, 2022	December 31, 2021
Net debt	$ 146,184	$ 217,706
Related party debt	(46,907)	(43,614)
Adjusted net debt	**$ 99,277**	**$ 174,092**

WORKING CAPITAL AND LIQUIDITY

Working capital is a non-IFRS measure that considers current assets less current liabilities.

Liquidity is a non-IFRS measure that includes cash and cash equivalents plus undrawn committed borrowing capacity.

Management believes that working capital and liquidity are valuable indicators of the Company's liquidity.

Working Capital

As at June 30, 2022 and December 31, 2021, the Company had working capital as follows:

(unaudited in thousands of US Dollars)	June 30, 2022	December 31, 2021
Cash and cash equivalents	$ 61,517	$ 31,565
Accounts receivable	46,374	39,688
Inventories, net	121,726	112,704
Other current assets	10,964	11,173
Accounts payable and accrued liabilities	(65,365)	(61,469)
Provisions	(3,942)	(4,072)
Current debt	(33,679)	(52,838)
Contract liabilities	(2,601)	(913)
Other current liabilities	(2,502)	(2,544)
Working capital	**$ 132,492**	**$ 73,294**

Liquidity

As at June 30, 2022 and December 31, 2021, the Company had liquidity as follows:

(unaudited in thousands of US Dollars)	June 30, 2022	December 31, 2021
Cash and cash equivalents	$ 61,517	$ 31,565
Conda ABL undrawn borrowing capacity	7,207	5,870
Liquidity	**$ 68,724**	**$ 37,435**

FREE CASH FLOW

Free cash flow is a non-IFRS measure that includes cash flows from operating activities (which excludes payment of interest expense) and cash flows from investing activities less cash growth capex (non-IFRS measure). Management believes that free cash flow is a valuable indicator of the Company's ability to generate cash flows from operations after giving effect to required capital expenditures to sustain operations at existing levels. Management further believes that free cash flow is a valuable indicator of the Company's cash flow available for debt service or to fund growth opportunities. The Company provides guidance on free cash flow as useful supplemental information to investors, analysts, lenders and others.

For three and six months ended June 30, 2022 and 2021, the Company had free cash flow as follows:

	For the three months ended June 30,		*For the six months ended June 30,*	
(unaudited in thousands of US Dollars)	**2022**	**2021**	**2022**	**2021**
Cash flows from operating activities	$ 50,310	$ 34,649	$ 105,622	$ 50,660
Cash flows used by investing activities	(12,505)	(11,796)	(17,473)	(14,191)
Less: Cash growth capex	3,483	2,536	7,539	3,652
Free cash flow	**$ 41,288**	**$ 25,389**	**$ 95,688**	**$ 40,121**

REVENUES PER TONNE P_2O_5

Revenues per tonne P_2O_5 is a non-IFRS metric that considers revenues divided by sales volumes presented on P_2O_5 basis. The Company uses revenues per tonne P_2O_5 in the calculation of cash margin per tonne P_2O_5 (non-IFRS measure).

For the three months ended June 30, 2022 and 2021

For the three months ended June 30, 2022, the Company had revenues per tonne P_2O_5 by segment as follows:

(unaudited in thousands of US Dollars except as otherwise noted)	**Conda**	**Arraias**
Revenues	$ 148,940	$ —
Sales volumes (tonnes P_2O_5)[i]	81,581	—
Revenues per tonne P_2O_5	**$ 1,826**	**$ —**

i. P_2O_5 basis for Conda's products considers MAP at 52%, MAP+ at 39%, SPA at 100%, MGA at 100%, APP at 34% and HFSA at 0%. P_2O_5 basis for Arraias' products considers SSP and SSP+ at 17% P_2O_5 and sulfuric acid at 0%.

For the three months ended June 30, 2021, the Company had revenues per tonne P_2O_5 by segment as follows:

(unaudited in thousands of US Dollars except as otherwise noted)	**Conda**	**Arraias**
Revenues	$ 103,316	$ —
Sales volumes (tonnes P_2O_5)[i]	79,296	—
Revenues per tonne P_2O_5	**$ 1,303**	**$ —**

i. P_2O_5 basis for Conda's products considers MAP at 52%, MAP+ at 39%, SPA at 100%, MGA at 100%, APP at 34% and HFSA at 0%. P_2O_5 basis for Arraias' products considers SSP and SSP+ at 17% P_2O_5 and sulfuric acid at 0%.

For the six months ended June 30, 2022 and 2021

For the six months ended June 30, 2022, the Company had revenues per tonne P_2O_5 by segment as follows:

(unaudited in thousands of US Dollars except as otherwise noted)	**Conda**	**Arraias**
Revenues	$ 296,470	$ —
Sales volumes (tonnes P_2O_5)[i]	169,825	—
Revenues per tonne P_2O_5	**$ 1,746**	**$ —**

i. P_2O_5 basis for Conda's products considers MAP at 52%, MAP+ at 39%, SPA at 100%, MGA at 100%, APP at 34% and HFSA at 0%. P_2O_5 basis for Arraias' products considers SSP and SSP+ at 17% P_2O_5 and sulfuric acid at 0%.

For the six months ended June 30, 2021, the Company had revenues per tonne P_2O_5 by segment as follows:

(unaudited in thousands of US Dollars except as otherwise noted)		**Conda**		**Arraias**
Revenues	$	193,458	$	—
Sales volumes (tonnes P_2O_5)[i]		165,310		—
Revenues per tonne P_2O_5	**$**	**1,170**	**$**	**—**

i. P_2O_5 basis for Conda's products considers MAP at 52%, MAP+ at 39%, SPA at 100%, MGA at 100%, APP at 34% and HFSA at 0%. P_2O_5 basis for Arraias' products considers SSP and SSP+ at 17% P_2O_5 and sulfuric acid at 0%.

CASH COSTS AND CASH COSTS PER TONNE P_2O_5

Cash costs is a non-IFRS metric that excludes depreciation and depletion and net realizable value adjustments from cost of goods sold.

Cash costs per tonne P_2O_5 is a non-IFRS metric that considers cash costs (non-IFRS metric) divided by sales volumes presented on P_2O_5 basis. The Company uses cash costs per tonne P_2O_5 in the calculation of cash margin per tonne P_2O_5 (non-IFRS measure).

For the three months ended June 30, 2022 and 2021

For the three months ended June 30, 2022, the Company had cash costs and cash costs per tonne P_2O_5 by segment as follows:

(unaudited in thousands of US Dollars except as otherwise noted)		**Conda**		**Arraias**
Cost of goods sold	$	87,780	**$**	**5,626**
Depreciation and depletion		(7,939)		(545)
Cash costs	**$**	**79,841**	**$**	**5,081**
Sales volumes (tonnes P_2O_5)		81,581		—
Cash costs per tonne P_2O_5	**$**	**979**	**$**	**—**

For the three months ended June 30, 2021, the Company had cash costs and cash costs per tonne P_2O_5 by segment as follows:

(unaudited in thousands of US Dollars except as otherwise noted)		**Conda**		**Arraias**
Cost of goods sold	$	70,074	$	636
Depreciation and depletion		(5,771)		(113)
Cash costs	**$**	**64,303**	**$**	**523**
Sales volumes (tonnes P_2O_5)		79,296		—
Cash costs per tonne P_2O_5	**$**	**811**	**$**	**—**

For the six months ended June 30, 2022 and 2021

For the six months ended June 30, 2022, the Company had cash costs and cash costs per tonne P_2O_5 by segment as follows:

(unaudited in thousands of US Dollars except as otherwise noted)		**Conda**		**Arraias**
Cost of goods sold	$	176,387	**$**	**8,389**
Depreciation and depletion		(14,393)		(917)
Cash costs	**$**	**161,994**	**$**	**7,472**
Total sales volumes (tonnes P_2O_5)		169,825		—
Cash costs per tonne P_2O_5	**$**	**954**	**$**	**—**

For the six months ended June 30, 2021, the Company had cash costs and cash costs per tonne P_2O_5 by segment as follows:

(unaudited in thousands of US Dollars except as otherwise noted)		**Conda**		**Arraias**
Cost of goods sold	$	141,087	$	1,236
Depreciation and depletion		(11,839)		(228)
Cash costs	**$**	**129,248**	**$**	**1,008**
Total sales volumes (tonnes P_2O_5)		165,310		—
Cash costs per tonne P_2O_5	**$**	**782**	**$**	**—**

CASH MARGIN AND CASH MARGIN PER TONNE P_2O_5

Cash margin is a non-IFRS metric that considers revenues less cash cost (non-IFRS metric).

Cash margin per tonne P_2O_5 is a non-IFRS metric that considers cash margin (non-IFRS metric) divided by sales volumes presented on P_2O_5 basis. Management believes that cash margin per tonne P_2O_5 is a valuable indicator of the Company's ability to generate margin on sales across its various phosphate and specialty fertilizer products normalized on a per tonne P_2O_5 basis.

For the three months ended June 30, 2022 and 2021

For the three months ended June 30, 2022, the Company had cash margin and cash margin per tonne P_2O_5 by segment as follows:

(unaudited in thousands of US Dollars except as otherwise noted)		**Conda**		**Arraias**
Revenues	$	148,940	$	—
Cash costs		79,841		5,081
Cash margin	**$**	**69,099**	**$**	**(5,081)**
Sales volumes (tonnes P_2O_5)		81,581		—
Cash margin per tonne P_2O_5	**$**	**847**	**$**	**—**

For the three months ended June 30, 2021, the Company had cash margin and cash margin per tonne P_2O_5 by segment as follows:

(unaudited in thousands of US Dollars except as otherwise noted)		**Conda**		**Arraias**
Revenues	$	103,316	$	—
Cash costs		64,303		523
Cash margin	**$**	**39,013**	**$**	**(523)**
Sales volumes (tonnes P_2O_5)		79,296		—
Cash margin per tonne P_2O_5	**$**	**492**	**$**	**—**

For the six months ended June 30, 2022 and 2021

For the six months ended June 30, 2022, the Company had cash margin and cash margin per tonne P_2O_5 by segment as follows:

(unaudited in thousands of US Dollars except as otherwise noted)		Conda		Arraias
Revenues	$	296,470	$	—
Cash costs		161,994		7,472
Cash margin	**$**	**134,476**	**$**	**(7,472)**
Total sales volumes (tonnes P_2O_5)		169,826		—
Cash margin per tonne P_2O_5	**$**	**792**	**$**	**—**

For the six months ended June 30, 2021, the Company had cash margin and cash margin per tonne P_2O_5 by segment as follows:

(unaudited in thousands of US Dollars except as otherwise noted)		Conda		Arraias
Revenues	$	193,458	$	—
Cash costs		129,248		1,008
Cash margin	**$**	**64,210**	**$**	**(1,008)**
Total sales volumes (tonnes P_2O_5)		165,310		—
Cash margin per tonne P_2O_5	**$**	**388**	**$**	**—**

9. BUSINESS RISKS AND UNCERTAINTIES

FORWARD-LOOKING INFORMATION

This MD&A contains “forward-looking information” within the meaning of applicable Canadian securities legislation. Except for statements of historical fact relating to the Company, information contained herein may constitute forward-looking information. Generally, forward-looking information can be identified by the use of forward-looking terminology such as “plans”, “expects”, “is expected”, “estimates”, “intends”, “believes”, “forecasts”, or variations of such words and phrases or statements that certain actions, events or results “may”, “could”, “would”, “might” or “will be taken”, “occur” or “be achieved.”

Forward-looking information contained herein may include, without limitation, statements with respect to the Company’s:

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

Management believes that forward-looking information provides useful supplemental information to investors, analysts, lenders and others. In evaluating forward-looking information, investors, lenders and others should consider that forward looking information may not be appropriate for other purposes and are cautioned not to put undue reliance on forward-looking information. Forward-looking information contained in this MD&A is based on the opinions, assumptions and estimates of management set out herein, which management believes are reasonable as at the date the statements are made. Such opinions, assumptions and estimates are inherently subject to a variety of risks and uncertainties and other known and unknown factors that could cause actual events or results to differ materially from those projected in forward-looking information.

These factors include risks and uncertainties relating to:

- commodity price risks;
- operating risks;
- safety risks;
- Mineral Reserves and Mineral Resources risks;
- mine development and completion risks;
- foreign operations risks;
- regulatory risks;
- environmental risks;
- asset retirement obligations risks;
- weather risks;
- climate change risks;
- currency risks;
- competition risks;
- counterparty risks;
- financing risks;
- additional capital risks;
- credit risks;
- key personnel risks;
- impairment risks;
- cybersecurity risks;
- transportation risks;
- infrastructure risks;
- equipment and supplies risks;
- concentration risks;
- litigation risks;
- permitting and licensing risks;
- land title and access rights risks;
- insurance and uninsured risks;
- acquisitions and integration risks;
- malicious acts risks;
- stock price volatility risks;
- limited history of earnings risks;
- technological advancement risks;
- tax risks;
- foreign subsidiaries risks;
- reputation damage risks;
- controlling shareholder risks;
- conflicts of interest risks;
- epidemics, pandemics and public health risks; and
- geopolitical risks.

Although management has attempted to identify crucial factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated. The reader is cautioned not to place undue reliance on forward-looking information. Factors that may cause actual results to differ materially from expected results described in forward-looking statements include, but are not limited to, the risk factors set out herein. Readers are cautioned that the list of risks set out herein is not exhaustive. The forward-looking information included herein is expressly qualified by this cautionary statement and is made as of the date hereof. Management undertakes no obligation to publicly update or revise any forward-looking information except as required by applicable securities laws.

The risks and uncertainties affecting the forward-looking information contained in this MD&A are described in greater detail in the 2021 AIF.

For the three months ended June 30, 2022, there have been no changes to the risks and uncertainties that have materially affected, or are reasonably likely to materially affect, the Company's forward-looking information.

10. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with IFRS requires the Company to make estimates and judgments that affect the reported amounts of the assets, liabilities, 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. If the Company's financial condition, change in financial condition or results of operations would be materially impacted by a different estimate or a change in estimate from period to period, estimates are deemed critical. By their nature, these estimates are subject to measurement uncertainty, and changes in these estimates may affect the financial statements of future periods (see Note 4 in the 2021 Audited Financial Statements).

11. CONTROLS AND PROCEDURES

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

The design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Further, there are inherent limitations to the effectiveness of any system of DC&P and ICFR, including the possibility of human error, circumvention of controls and procedures, collusion of two or more people, or unauthorized overriding of controls. Accordingly, even properly designed and effective controls and procedures can only provide reasonable, not absolute, assurance of achieving their objectives.

The Company has identified certain risks in its controls and procedures related to segregation of duties resulting from limited administrative staffing and manual processes. The Company is mitigating such risks through various measures, including automated processes and increased oversight. In addition, the Company continues to closely monitor potential risks to its controls and procedures as a result of the COVID-19 pandemic. While certain administrative and support activities are being conducted by working remotely, the Company has not experienced and is currently not projecting any material impact on the design or operating effectiveness of its controls and procedures as a result of the COVID-19 pandemic.

For the three months ended June 30, 2022, there were no changes to the Company's controls and procedures that have materially affected, or are reasonably likely to materially affect, the Company's DC&P and ICFR.

12. OTHER DISCLOSURES

RELATED PARTY TRANSACTIONS

The Company's related party transactions include key management compensation and debt from CLF, its principal shareholder (see Note 23 in the Interim Financial Statements).

QUALIFIED PERSON

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

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

Unless otherwise indicated, the responsible Qualified Person, as defined by NI 43-101, who has reviewed and approved the technical information sourced from the latest respective technical reports and contained in this MD&A regarding Mineral Resources for Arraias, Santana and Araxá is Carlos Guzmán, FAusIMM (229036), Mining Engineer, RM (Chilean Mining Commission). Mr. Guzmán is a full-time employee of NCL Brasil Engenharia Ltda. and is independent of the Company.

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