



**Unaudited Condensed Consolidated Interim Financial Statements  
For the three months ended March 31, 2023 and 2022  
May 10, 2023**

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**CONDENSED CONSOLIDATED INTERIM BALANCE SHEETS  
AS AT MARCH 31, 2023 AND DECEMBER 31, 2022**

<i>(unaudited in thousands of US Dollars)</i>	March 31, 2023	December 31, 2022
<b>Assets</b>		
Cash and cash equivalents	\$ 50,745	\$ 42,811
Accounts receivable	28,616	22,892
Inventories, net	123,394	122,335
Other current assets	7,971	10,363
<b>Total current assets</b>	<b>\$ 210,726</b>	<b>\$ 198,401</b>
Long-term inventories, net	1,305	1,305
Property, plant and equipment, net	294,090	294,040
Mineral properties, net	117,929	116,736
Deferred tax assets <i>(Note 11)</i>	8,901	—
Other long-term assets	3,537	3,527
<b>Total non-current assets</b>	<b>\$ 425,762</b>	<b>\$ 415,608</b>
<b>Total assets</b>	<b>\$ 636,488</b>	<b>\$ 614,009</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	\$ 54,643	\$ 60,838
Provisions	986	3,063
Current debt <i>(Note 5)</i>	29,214	29,217
Contract liabilities	1,912	987
Other current liabilities	2,984	2,972
<b>Total current liabilities</b>	<b>\$ 89,739</b>	<b>\$ 97,077</b>
Long-term debt <i>(Note 5)</i>	92,250	98,907
Deferred tax liabilities, net	—	78
Long-term provisions	153,307	143,981
Other long-term liabilities	17,824	20,848
<b>Total long-term liabilities</b>	<b>\$ 263,381</b>	<b>\$ 263,814</b>
<b>Total liabilities</b>	<b>\$ 353,120</b>	<b>\$ 360,891</b>
<b>Equity</b>		
Share capital <i>(Note 6)</i>	538,246	536,203
Contributed surplus	246,626	246,626
Cumulative translation adjustment reserve	4,660	4,660
Deficit	(506,933)	(535,140)
<b>Shareholders' equity <i>(Note 6)</i></b>	<b>\$ 282,599</b>	<b>\$ 252,349</b>
Non-controlling interest	769	769
<b>Total equity</b>	<b>\$ 283,368</b>	<b>\$ 253,118</b>
<b>Total liabilities and equity</b>	<b>\$ 636,488</b>	<b>\$ 614,009</b>

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

Approved by the Company's Board of Directors.

Signed "Anthony Cina"  
ANTHONY CINA  
Chairman

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

**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME  
FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022**

<i>(unaudited in thousands of US Dollars except as otherwise noted)</i>	<i>For the three months ended March 31,</i>	
	<b>2023</b>	<b>2022</b>
<b>Revenues (Note 7)</b>	\$ <b>119,582</b>	\$ <b>149,853</b>
Cost of goods sold	80,607	91,370
<b>Gross margin</b>	\$ <b>38,975</b>	\$ <b>58,483</b>
Selling, general and administrative expenses (Note 8)	9,539	12,424
<b>Operating income</b>	\$ <b>29,436</b>	\$ <b>46,059</b>
Foreign exchange (loss) gain	(12)	322
Other income, net (Note 9)	87	8,365
Finance expense, net (Note 10)	(5,486)	(9,692)
<b>Income before income taxes</b>	\$ <b>24,025</b>	\$ <b>45,054</b>
Current and deferred income tax expense (recovery) (Note 11)	(4,182)	12,045
<b>Net income</b>	\$ <b>28,207</b>	\$ <b>33,009</b>
Net income (loss) and comprehensive income (loss) attributable to non-controlling interest	—	—
<b>Net Income and comprehensive income</b>	\$ <b>28,207</b>	\$ <b>33,009</b>
<b>Basic earnings (\$/share) (Note 6)</b>	\$ <b>0.15</b>	\$ <b>0.18</b>
<b>Diluted earnings (\$/share) (Note 6)</b>	\$ <b>0.15</b>	\$ <b>0.17</b>

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

**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY  
FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022**

<i>(unaudited in thousands of US Dollars except as otherwise noted)</i>	Number of shares	Amount	Contributed surplus	Cumulative translation adjustment reserve	Deficit	Shareholders' equity	Non-controlling interest	Total equity
<b>Balance as at December 31, 2022</b>	<b>188,869,463</b>	<b>\$ 536,203</b>	<b>\$ 246,626</b>	<b>\$ 4,660</b>	<b>\$ (535,140)</b>	<b>\$ 252,349</b>	<b>\$ 769</b>	<b>\$ 253,118</b>
Net income	—	—	—	—	28,207	28,207	—	28,207
Issuance of shares under RSU Plan <i>(Note 6)</i>	1,397,390	2,043	—	—	—	2,043	—	2,043
<b>Balance as at March 31, 2023</b>	<b>190,266,853</b>	<b>538,246</b>	<b>246,626</b>	<b>4,660</b>	<b>(506,933)</b>	<b>282,599</b>	<b>769</b>	<b>283,368</b>
<b>Balance as at December 31, 2021</b>	<b>186,814,842</b>	<b>\$ 532,390</b>	<b>\$ 246,626</b>	<b>\$ 4,660</b>	<b>\$ (650,236)</b>	<b>\$ 133,440</b>	<b>\$ 1,165</b>	<b>\$ 134,605</b>
Net income	—	—	—	—	33,009	33,009	—	33,009
Issuance of shares under RSU Plan <i>(Note 6)</i>	1,956,209	3,684	—	—	—	3,684	—	3,684
<b>Balance as at March 31, 2022</b>	<b>188,771,051</b>	<b>536,074</b>	<b>246,626</b>	<b>4,660</b>	<b>(617,227)</b>	<b>170,133</b>	<b>1,165</b>	<b>171,298</b>

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

**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS  
FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022**

<i>(unaudited in thousands of US Dollars)</i>	<i>For the three months ended March 31,</i>	
	<b>2023</b>	<b>2022</b>
<b>Operating activities</b>		
Net income	\$ 28,207	\$ 33,009
Adjustments for the following items:		
Depreciation and depletion	10,115	6,879
Cash settlement of share-based payments	(286)	(421)
Share-based payment expense <i>(Note 8)</i>	2,700	5,935
Current and deferred income tax expense (recovery) <i>(Note 11)</i>	(4,182)	12,045
Environmental and asset retirement obligations payments	(86)	(75)
Unrealized foreign exchange (gain) loss	11	(331)
Finance expense, net <i>(Note 10)</i>	5,486	9,692
Net change in non-cash working capital <i>(Note 14)</i>	(20,893)	(11,421)
<b>Cash flows from operating activities</b>	<b>\$ 21,072</b>	<b>\$ 55,312</b>
<b>Investing activities</b>		
Addition of property, plant and equipment and mineral properties	\$ (2,238)	\$ (4,968)
<b>Cash flows used by investing activities</b>	<b>\$ (2,238)</b>	<b>\$ (4,968)</b>
<b>Financing activities</b>		
Repayment of debt	\$ (7,227)	\$ (39,753)
Repayment of lease liabilities	(998)	(1,021)
Payment of interest expense	(3,000)	(4,500)
<b>Cash flows used by financing activities</b>	<b>\$ (11,225)</b>	<b>\$ (45,274)</b>
Effect of foreign exchange of non-US Dollar denominated cash	\$ 325	\$ 357
Increase in cash	7,934	5,427
Beginning cash	42,811	31,565
<b>Ending cash</b>	<b>\$ 50,745</b>	<b>\$ 36,992</b>

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

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022

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.

### 1. GENERAL COMPANY INFORMATION

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 Mantaro (located in Junin, Peru), which is a phosphate mine project that is in process of being wound down.

The Company is a Delaware corporation that is headquartered in Houston, Texas. 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. CLF is a related party (see Note 6).

### 2. BASIS OF PREPARATION AND PRESENTATION

#### STATEMENT OF COMPLIANCE

The condensed consolidated interim financial statements (the "Interim Financial Statements") are based on International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") applicable to the preparation of interim financial statements. The Interim Financial Statements have been prepared in accordance with International Accounting Standards ("IAS") 34 Interim Financial Reporting. The Interim Financial Statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2022 (the "2022 Audited Financial Statements").

The Interim Financial Statements were authorized for issuance by the Company's Board of Directors on May 10, 2023.

## GOING CONCERN BASIS

The Interim Financial Statements have been prepared and presented under the historical cost convention and on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

## 3. ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the Interim Financial Statements remain consistent with those adopted in the preparation of the 2022 Audited Financial Statements.

## NEW ACCOUNTING STANDARDS

The IASB issued certain new accounting standards or amendments that are mandatory for accounting periods beginning on or after January 1, 2023, including amendments to IAS 12, IAS 1 and IAS 8. The Company concluded that the effect of such new accounting standards or amendments that were mandatory did not have a material impact and therefore did not record any adjustments to the Interim Financial Statements.

## 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The critical accounting estimates and judgments considered in the preparation of the Interim Financial Statements remain consistent with those considered in the preparation of the 2022 Audited Financial Statements.

## 5. DEBT

As at March 31, 2023 and December 31, 2022, the Company had debt as follows:

<i>(unaudited in thousands of US Dollars)</i>	<b>March 31, 2023</b>	<b>December 31, 2022</b>
Term Loan	\$ 71,042	\$ 78,138
Deferred financing costs related to the Credit Facilities	(2,446)	(3,006)
ABL Facility	50,000	50,000
Conda equipment financings	2,523	2,668
Brazilian debentures	345	324
<b>Debt</b>	<b>\$ 121,464</b>	<b>\$ 128,124</b>
Less: current portion	(29,214)	(29,217)
<b>Long-term debt</b>	<b>\$ 92,250</b>	<b>\$ 98,907</b>

During Q1 2023, the Company repaid \$7,081 of principal under the Term Loan.

As at March 31, 2023, the Company was in compliance with all financial covenants related to the Term Loan. As at March 31, 2023, the springing financial covenants related to the ABL Facility were not applicable. The Company's financial covenants are described in greater detail in the 2022 Audited Financial Statements.

## 6. SHARE CAPITAL

### AUTHORIZED CAPITAL

As at March 31, 2023, the Company was authorized to issue up to 5,000,000,000 shares, consisting of 4,000,000,000 shares of common stock and 1,000,000,000 shares of preferred stock, each with a par value of 0.00001 US Dollars per share.



## COMMON SHARES ISSUED AND OUTSTANDING

As at March 31, 2023 and December 31, 2022, the Company had 190,266,853 and 188,869,463 shares issued and outstanding, respectively. As at March 31, 2023 and December 31, 2022, CLF beneficially owned and controlled 124,961,722 shares of the Company, representing approximately 65.7% and 66.2% of the issued and outstanding shares on an undiluted basis, respectively (see Note 1).

For the three months ended March 31, 2023, the Company issued 1,397,390 shares (net of 492,192 shares withheld to pay applicable taxes) due to vesting under its RSU Plan.

For the three months ended March 31, 2022, the Company issued 1,956,209 shares (net of 586,213 shares withheld to pay applicable taxes) due to vesting under its RSU Plan.

## WEIGHTED-AVERAGE NUMBER OF SHARES

For the three months ended March 31, 2023 and 2022, the Company had weighted-average number of shares and potentially dilutive RSUs as follows:

<i>(in number of shares)</i>	<i>For the three months ended March 31,</i>	
	<b>2023</b>	<b>2022</b>
Weighted-average number of shares	188,900,516	187,236,207
Weighted-average number of potentially dilutive RSUs	1,732,684	1,856,543
<b>Diluted weighted-average number of shares</b>	<b>190,633,200</b>	<b>189,092,750</b>

## 7. REVENUES

For the three months ended March 31, 2023 and 2022, the Company had revenues as follows:

<i>(unaudited in thousands of US Dollars)</i>	<i>For the three months ended March 31,</i>	
	<b>2023</b>	<b>2022</b>
MAP	\$ 59,478	\$ 73,955
MAP+	3,892	8,933
SPA	48,976	62,848
MGA	372	—
APP	1,905	1,794
HFSA	1,390	—
Sulfuric acid	3,569	2,323
<b>Revenues</b>	<b>\$ 119,582</b>	<b>\$ 149,853</b>

For the three months ended March 31, 2023 and 2022, the Company had two customers that individually accounted for more than 10% of the Company's total revenues. For the three months ended March 31, 2023, these two customers represented approximately 58% and 13%, respectively of the Company's total revenues. For the three months ended March 31, 2022 these two customers represented approximately 57% and 12%, respectively of the Company's total revenues.

## 8. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

For the three months ended March 31, 2023 and 2022 the Company had selling, general and administrative expenses as follows:

<i>(unaudited in thousands of US Dollars)</i>	<i>For the three months ended March 31,</i>	
	<b>2023</b>	<b>2022</b>
Payroll expenses	\$ 3,232	\$ 3,675
Professional fees	1,939	956
Share-based payments expense	2,700	5,935
Insurance expenses	262	298
Office, travel and general administrative expense	986	1,226
Directors fees	420	334
<b>Selling, general and administrative expenses</b>	<b>\$ 9,539</b>	<b>\$ 12,424</b>

## 9. OTHER INCOME (EXPENSE)

For the three months ended March 31, 2023 and 2022, the Company recognized other income of \$87 and \$8,365, respectively. For the three months ended March 31, 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.

## 10. FINANCE EXPENSE (INCOME)

For the three months ended March 31, 2023 and 2022, the Company had finance expense, net as follows:

<i>(unaudited in thousands of US Dollars)</i>	<i>For the three months ended March 31,</i>	
	<b>2023</b>	<b>2022</b>
Interest expense	\$ 3,386	\$ 6,536
Amortization of deferred financing costs related to the Credit Facilities	560	—
Amortization of deferred financing costs related to the 2021 Term Loan	—	2,109
Environmental and asset retirement obligation accretion expense	1,390	789
Interest on lease liabilities	295	260
Interest income	(145)	(2)
<b>Finance expense, net</b>	<b>\$ 5,486</b>	<b>\$ 9,692</b>

## 11. INCOME TAXES

For the three months ended March 31, 2023, the Company had income tax expense (recovery) as follows:

<i>(unaudited in thousands of US Dollars)</i>	<i>For the three months ended March 31,</i>	
	<b>2023</b>	<b>2022</b>
Current income tax expense	\$ 4,767	\$ 11,637
Deferred income tax expense (recovery), net	(8,949)	408
<b>Total current and deferred income tax expense (recovery)</b>	<b>\$ (4,182)</b>	<b>\$ 12,045</b>
Actual effective tax rate (%)	(17.4)	26.7

For the three months ended March 31, 2023, the Company recognized a deferred tax asset of \$8,353 for its carry forward of interest expense from periods prior to the Company's redomiciliation in 2021 from the Cayman Islands to the US.

## 12. COMMITMENTS AND CONTINGENT LIABILITIES

### CONTRACTUAL OBLIGATIONS

As at March 31, 2023, the Company's contractual obligations were as follows:

<i>(unaudited in thousands of US Dollars)</i>	Within 1 year	Years 2 and 3	Years 4 and 5	After 5 years	Total
Debt	\$ 29,214	\$ 93,903	\$ 792	—	\$ 123,909
Accounts payable and accrued liabilities	54,643	—	—	—	\$ 54,643
Provisions	986	27,578	23,730	102,000	\$ 154,294
Leases	2,984	4,305	2,159	3,453	\$ 12,901
<b>Contractual obligations</b>	<b>\$ 87,827</b>	<b>\$ 125,786</b>	<b>\$ 26,681</b>	<b>\$ 105,453</b>	<b>\$ 345,747</b>

The Company's contractual obligations do not include estimated interest payments related to such contractual obligations.

### CONTINGENT LIABILITIES

As at March 31, 2023 and December 31, 2022, the Company has accrued contingent liabilities of \$265 and \$741, respectively. The Company does not believe that the outcome of any of the matters, individually or in the aggregate, that are not recorded in the Interim Financial Statements would have a material adverse effect. The ultimate amount of any liability for such matters, including interest and penalties, is uncertain and the Company is defending its position in each case.

During 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 filed an appeal against the tax assessment, which is currently under review by the Dutch tax authorities. During Q1 2023, the Dutch tax authorities initiated an assessment for 2017 and 2018. The Company and its legal advisors consider it more likely than not that the resolution of the assessment will be favorable to the Company. On that basis, the Company has not recognized a provision for this assessment. In the event of an unfavorable resolution, the Company estimates a potential assessment in the aggregate amount of approximately \$4,900 (including in respect of 2016, 2017 and 2018 income taxes).

### CONDA GUARANTEES

Conda's operating and environmental permits require certain obligations related to environmental and reclamation activities to be guaranteed. As at March 31, 2023 and December 31, 2022, Conda's guarantee requirements were \$77,739. As at March 31, 2023, Conda had surety bonds in place for its guarantee requirements.

As at March 31, 2023, the Company had posted letters of credit of \$32,793 under the LC Facility as collateral for Conda's surety bonds.

### US ENVIRONMENTAL PROTECTION AGENCY ("EPA") MATTERS

The Company's EPA Matters are described in greater detail in the 2022 Audited Financial Statements.

### 13. SEGMENT REPORTING

For the three months ended March 31, 2023, the Company had net income (loss) by segment as follows:

<i>(unaudited in thousands of US Dollars)</i>	Conda		Arraias		Development and exploration	Corporate	Total
<b>Revenues</b>	\$	116,013	\$	3,569	\$	—	\$ 119,582
Cost of goods sold		76,819		3,788		—	80,607
<b>Gross margin</b>	\$	39,194	\$	(219)	\$	—	\$ 38,975
Selling, general and administrative expenses		1,106		273		285	7,875
<b>Operating income (loss)</b>	\$	38,088	\$	(492)	\$	(285)	\$ (7,875)
Foreign exchange gain (loss)		(2)		76		401	(487)
Other income		17		32		38	—
Finance expense, net		(1,702)		136		(84)	(3,836)
<b>Income (loss) before income taxes</b>	\$	36,401	\$	(248)	\$	70	\$ (12,198)
Current and deferred income tax expense (recovery)		8,416		—		—	(12,598)
<b>Net income (loss)</b>	\$	27,985	\$	(248)	\$	70	\$ 400

For the three months ended March 31, 2022, the Company had net income (loss) by segment as follows:

<i>(unaudited in thousands of US Dollars)</i>	Conda		Arraias		Development and exploration	Corporate	Total
<b>Revenues</b>	\$	147,530	\$	2,323	\$	—	\$ 149,853
Cost of goods sold		88,607		2,763		—	91,370
<b>Gross margin</b>	\$	58,923	\$	(440)	\$	—	\$ 58,483
Selling, general and administrative expenses		988		585		269	10,582
<b>Operating loss</b>	\$	57,935	\$	(1,025)	\$	(269)	\$ (10,582)
Foreign exchange gain (loss)		(1)		718		(406)	11
Other income, net		8,386		(11)		(10)	—
Finance expense, net		(1,206)		(226)		(2)	(8,258)
<b>Income (loss) before income taxes</b>	\$	65,114	\$	(544)	\$	(687)	\$ (18,829)
Current and deferred income tax expense (recovery)		15,379		—		—	(3,334)
<b>Net income (loss)</b>	\$	49,735	\$	(544)	\$	(687)	\$ (15,495)

As at March 31, 2023, the Company had total assets and total liabilities by segment as follows:

<i>(unaudited in thousands of US Dollars)</i>	Conda		Arraias		Development and exploration	Corporate	Total
<b>Total assets</b>	\$	404,330	\$	143,084	\$	76,601	\$ 12,473
<b>Total liabilities</b>	\$	208,714	\$	10,584	\$	3,419	\$ 130,403

As at December 31, 2022, the Company had total assets and total liabilities by segment as follows:

<i>(unaudited in thousands of US Dollars)</i>	Conda		Arraias		Development and exploration	Corporate	Total
<b>Total assets</b>	\$	391,490	\$	143,545	\$	76,544	\$ 2,430
<b>Total liabilities</b>	\$	213,228	\$	10,765	\$	3,046	\$ 133,852

As at March 31, 2023 and December 31, 2022, the Company had property, plant and equipment and mineral properties by segment as follows:

<i>(unaudited in thousands of US Dollars)</i>	Conda		Arraias		Development and exploration		Corporate		Total
<b>Balance as at March 31, 2023</b>	\$	217,579	\$	117,889	\$	76,279	\$	272	\$ 412,019
<b>Balance as at December 31, 2022</b>	\$	215,765	\$	118,488	\$	76,214	\$	309	\$ 410,776

As at March 31, 2023 and December 31, 2022, the Company had property, plant and equipment and mineral properties by region as follows:

<i>(unaudited in thousands of US Dollars)</i>	March 31, 2023		December 31, 2022	
Brazil (South America)	\$	126,997	\$	127,602
US (North America)		217,832		216,054
Guinea-Bissau (Africa)		67,190		67,120
<b>Property, plant and equipment, and mineral properties, net</b>	\$	<b>412,019</b>	\$	<b>410,776</b>

#### 14. NET CHANGE IN NON-CASH WORKING CAPITAL

For the three months March 31, 2023 and 2022, the Company had net change in non-cash working capital as follows:

<i>(unaudited in thousands of US Dollars)</i>	For the three months ended March 31,	
	2023	2022
Accounts receivable	\$ (5,724)	\$ (12,693)
Inventories, net	(3,308)	163
Other assets and prepaids	2,382	1,422
Accounts payable and accrued liabilities	(10,086)	1,572
Other liabilities and provisions	(4,157)	(1,885)
<b>Net change in non-cash working capital</b>	\$ <b>(20,893)</b>	\$ <b>(11,421)</b>

#### 15. FAIR VALUE MEASUREMENT AND RISK FACTORS

##### FAIR VALUE MEASUREMENT

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

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

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

The Company recognizes transfers between the levels of the fair value hierarchy at the date of the event or change in circumstances that caused the transfer. For the three months ended March 31, 2023 and 2022, there were no such transfers.

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

Long-term debt is recorded on the consolidated balance sheets at amortized cost. The fair value of long-term debt is determined by applying a discount rate, reflecting an appropriate credit spread considering the Company's credit rating, to future related cash flows. As such, long-term debt is classified within Level 3 of the fair value hierarchy. As at March 31, 2023 and December 31, 2022, the Company's long-term debt was stated at an amortized cost of \$121,464 and \$128,124, respectively and had a fair value of \$111,442 and \$118,725, respectively.

## **RISK FACTORS**

The risk factors considered in the Interim Financial Statements remain consistent with those considered in the 2022 Audited Financial Statements.

## **16. SUBSEQUENT EVENTS**

### **RSU PLAN**

Subsequent to March 31, 2023, the Company issued 324,056 shares (net of 104,264 shares withheld to pay applicable taxes) due to vesting under its RSU Plan.

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