Condensed Consolidated Interim Financial Statements
for the three months ended March 31, 2018
(Unaudited)

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ITAFOS

CONDENSED CONSOLIDATED INTERIM BALANCE SHEETS
AS AT MARCH 31,2018 AND DECEMBER 31, 2017

(unaudited in thousands of US Dollars)		March 31, 2018		December 31, 2017
Assets				
Cash	$	10,795	$	63,677
Accounts receivable		28,815		116
Inventories (*Note 6*)		114,185		8,277
Other current assets (*Note 9*)		20,585		9,005
Total current assets	$	174,380	$	81,075
Property, plant and equipment (net) (*Note 7*)		283,299		263,427
Mineral properties (*Note 8)*		128,763		47,195
Investments in associates (*Notes 10*)		-		15,074
Other long-term assets (*Note 9*)		13,200		14,520
Total non-current assets	$	425,262	$	340,216
Total assets	$	599,642	$	421,291
Liabilities				
Accounts payable and accrued liabilities (*Note 11*)	$	89,185	$	16,937
Current debt (*Note 12a*)		93,562		25,530
Contract liabilities (*Note 5)*		352		-
Other current liabilities (*Note 12b*)		224		184
Current debentures (*Note 12c*)		873		960
Provisions (*Note 14*)		750		542
Total current liabilities	$	184,946	$	44,153
Other long-term liabilities (*Note 13*)		9,659		8,733
Long-term portion of debentures (*Note 12c*)		2,305		2,240
Other liabilities (*Notes 12b)*		1,641		1,614
Provisions (*Note 14*)		5,984		2,952
Total long-term liabilities	$	19,589	$	15,539
Total liabilities	$	204,535	$	59,692
Equity				
Share capital (*Note 15*)		509,897		486,562
Contributed surplus		246,626		246,626
Cumulative translation adjustment reserve		7,785		8,455
Deficit		(378,263)		(389,106)
Equity attributable to shareholders of the parent	$	386,045	$	352,537
Non-controlling interest		9,062		9,062
Total equity	$	395,107	$	361,599
Total liabilities and equity	$	599,642	$	421,291

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

Approved by the Board

Signed "Anthony Cina"
ANTHONY CINA
Director

Signed "Brent de Jong"
BRENT DE JONG
Director

ITAFOS

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF OPERATIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2018 AND MARCH 31, 2017

(unaudited in thousands of US Dollars except for shares and per share amounts)		March 31, 2018		March 31, 2017
Revenues, net (*Note 5*)	$	58,116	$	–
Cost of goods sold		43,643		–
	$	14,473	$	–
Expenses				
Selling, general and administrative expenses	$	5,222	$	3,469
Operating income (loss)		9,251		(3,469)
Unrealized foreign exchange gain/(loss) (*Note 16*)		(29)		(767)
Other income (expense), net		(191)		(1,608)
Finance income (expense), net (*Note 17*)		(1,985)		(79)
Gain (loss) from investment in associates (*Note 10*)		7,909		(337)
Income (loss) before income taxes	$	14,955	$	(6,260)
Current and deferred income tax expense		4,112		309
Net Income (loss) attributable to parent	$	10,843	$	(6,569)
Net income (loss) attributable to non-controlling interest		–		–
Net Income (loss)	$	10,843	$	(6,569)
Basic earnings per share	$	0.08	$	(0.10)
Fully diluted earnings per share	$	0.08	$	(0.10)

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

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
FOR THE THREE MONTHS ENDED MARCH 31, 2018 AND MARCH 31, 2017

(unaudited in thousands of US Dollars)		**March 31, 2018**		March 31, 2017
Net income (loss)	**$**	**10,843**	$	(6,569)
Other comprehensive income (loss)				
Items that may be reclassified subsequently to profit or loss:				
Cumulative translation adjustment from investment in associates		**(670)**		75
Total other comprehensive income (loss) attributable to parent	**$**	**10,173**	$	(6,494)
Other comprehensive income (loss) attributable to non-controlling interest		**–**		–
Total other comprehensive income (loss)	**$**	**10,173**	$	(6,494)

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

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CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY FOR THE THREE MONTHS ENDED MARCH 31, 2018 AND MARCH 31, 2017

(unaudited in thousands of US Dollars except for shares)	Number of shares	Amount	Contributed surplus	Cumulative translation adjustment reserve	Deficit	Equity attributable to shareholders of the parent	Non-controlling interest	Total equity
Balance as at January 1, 2018	**128,018,569**	**$ 486,562**	**$ 246,626**	**$ 8,455**	**$ (389,106)**	**$ 352,537**	**$ 9,062**	**$ 361,599**
Net Income (loss)	–	–	–	–	10,843	10,843	–	10,843
Accumulated other comprehensive income (loss)	–	–	–	–	–	–	–	–
Cumulative translation adjustment	–	–	–	(670)	–	(670)	–	(670)
February 2018, Issuance of shares to acquire GBL (*Note 4*)	11,301,732	23,335	–	–	–	23,335	–	–
Balance as at March 31, 2018	**139,320,301**	**$ 509,897**	**$246,626**	**$ 7,785**	**$ (378,263)**	**$ 386,045**	**$ 9,062**	**$ 395,107**
Balance as at January 1, 2017	**57,528,838**	**$ 374,508**	**$246,626**	**$ 7,171**	**$ (358,695)**	**$ 269,610**	**$ –**	**$ 269,610**
Net income (loss)	–	–	–	–	(6,569)	(6,569)	–	(6,569)
Accumulated other comprehensive income (loss)	–	–	–	–	–	–	–	–
Cumulative translation adjustment	–	–	–	75	–	75	–	75
March 2017, Issuance of shares from private placement (*Note 15*)	19,883,128	29,840	–	–	–	29,840	–	29,840
March 2017, Issuance of shares from debt conversion	1,906,541	3,000	–	–	–	3,000	–	3,000
Balance as at March 31, 2017	**79,318,507**	**$ 407,348**	**$246,626**	**$ 7,246**	**$ (365,264)**	**$ 295,956**	**$ –**	**$ 295,956**

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, 2018 AND MARCH 31, 2017

(unaudited in thousands of US Dollars)		March 31, 2018		March 31, 2017
Operating activities				
Net income (loss)	$	10,843	$	(6,569)
Adjustments for the following items:				
Depreciation and depletion		39		–
Share-based payment (recovery) expense		616		196
Current and deferred income tax expense		4,112		309
(Gain) loss from investment in associates (*Note 10)*		(7,909)		337
Unrealized foreign exchange (gain) loss (*Note 16*)		29		767
Financial expense (*Note 17*)		1,985		79
Net change in non-cash working capital (*Note 20*)		(22,649)		2,200
Cash flows from operating activities	$	(12,934)	$	(2,681)
Investing activities				
Addition of property, plant and equipment and mineral properties	$	(8,455)	$	(5,919)
Acquisition of Itafos Conda (*Note 4*)		(66,500)		–
Cash received from Itafos Conda at acquisition		725		–
Acquisition of GBL (*Note 4*)		(25,539)		–
Issuance of note to GBL		(4,500)		–
Cash received from GBL at acquisition		2,898		–
Cash flows from investing activities	$	(101,371)	$	(5,919)
Financing activities				
Proceeds from debt financing (*Note 12a*)	$	61,421	$	3,000
Net proceeds from issuance of shares (*Note 15*)		–		29,840
Cash flows from financing activities	$	61,421	$	32,840
Effect of foreign exchange of non-US Dollar denominated cash	$	2	$	(97)
Increase (decrease) in cash		(52,882)		24,143
Cash, beginning of period		63,677		2,875
Cash, end of period	$	10,795	$	27,018

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

1. GENERAL COMPANY INFORMATION

Itafos (TSXV: IFOS) (the "Company") is a vertically integrated phosphate based fertilizers and specialty products company with an attractive portfolio of long-term strategic businesses located in key fertilizer markets worldwide.

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

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

The Company's principal shareholder is CL Fertilizers Holding, LLC ("CLF"), formerly known as Zaff LLC. CLF is an affiliate of Castlelake L.P ("Castlelake"), a global private investment firm. The Company has received a commitment from Castlelake to continue to provide financial support as required to meet its liabilities as and when they became due to ensure business continuity and ongoing operations over the next 12 months.

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

2. BASIS OF PREPARATION AND PRESENTATION

Statement of Compliance

These condensed consolidated interim financial statements have been prepared by management in accordance with International Financial Reporting Standards as issued by the Internal Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. These condensed consolidated interim financial statements should be read in conjunction with the Company's last annual consolidated financial statements as at and for the year ended December 31, 2017, which includes information necessary or useful to understand the Company's business and financial statement presentation.

These condensed consolidated interim financial statements were authorized for issuance by the Board of Directors of the Company on May 15, 2018.

Basis of Preparation and Presentation

These condensed consolidated interim financial statements have been prepared under the historical cost convention and on a going concern basis. The Company will be able to continue its operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. For the period ended March 31, 2018 the

Company reported a net income of $10,843 and an accumulated deficit of $378,263. For the period ended December 31, 2017, the Company reported a net loss of $30,411 and an accumulated deficit of $389,106. In 2017 and during Q1 2018, the Company continued to generate net financing proceeds from the issuance of shares and debt financing. In Q1 2018, the Company received funding from various lenders (including CLF) in the aggregate amount of $61,421 and documented these transactions by means of unsecured promissory notes from the Company to each lender (see Note 12). This financing is a step in the Company's plan to bridge its short-term financing needs.

Currencies

The Company's presentation currency is US Dollars ("$") and its functional currency is US Dollars except for GB Minerals Ltd. ("GBL"), whose functional currency is Canadian Dollars ("C$") and GB Minerais Sarl, a subsidiary of GBL, whose functional currency is Central African Francs. The Company will reassess GBL and its subsidiaries functional currencies upon changes to underlying transactions, events and conditions, such as development of Itafos Farim. References herein to R$ are to the Brazilian Real.

Consolidation

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

At December 31, 2017, the Company has wholly owned subsidiaries located in Barbados, Brazil, the British Virgin Islands, Canada, the Cayman Islands, the Netherlands, Peru and the US, as well as non-controlling interests in certain of its subsidiaries in Brazil. During Q1 2018, GBL became a wholly owned subsidiary when the Company acquired all of the issued and outstanding common shares of GBL not previously owned directly or indirectly by Itafos (see Note 4). As at December 31, 2017, the Company accounted for GBL by the equity method as the Company had significant influence over GBL but did not control it. During Q1 2018, warrants with third parties were exercised, resulting in a non-controlling interest in certain of the Company's subsidiaries in Brazil, Itafos Arraias and Itafos Santana (see Note 15).

The Company's non-controlling interests are as follows:

	Company Ownership	Non-controlling interest ownership
Itafos Arraias Mineracao e Fertilizantes S.A. (Itafos Arraias)	96.8%	3.2%
Itafos Santana Mineracao e Fertilizantes S.A. (Itafos Santana)	99.4%	0.6%

Principal Shareholder

The Company's principal shareholder is CLF, a Delaware limited liability company with offices in Minnesota, US. As at December 31, 2017, CLF beneficially owned and controlled 81,452,992 shares of the Company, representing approximately 63.6% of the issued and outstanding shares on an undiluted basis. As at March 31, 2018, CLF beneficially owned and controlled 81,452,992 shares of the Company representing approximately 58.5% of the issued and outstanding shares on an undiluted basis. CLF is also a related party (see Note 21).

Critical Accounting Estimates and Judgments

Except as noted below, the critical accounting estimates and judgments included in the Company's audited consolidated financial statements for the year ended December 31, 2017 remain applicable for these condensed consolidated interim financial statements.

Commencement of Commercial Production

Judgment is required in determining the date that property, plant and equipment is available for use. An asset is available for use when it is in the location and condition necessary to operate in the manner intended by management. At this time, the Company commences depreciation of the asset and ceases capitalization of borrowing costs. The Company considers several factors in making the determination of when an asset is available for use including, but not limited to, design capacity of the asset, production levels achieved and commissioning status. The Company defines the achievement of commercial production as the date that an asset has achieved a consistent level of production, evidenced by 30 consecutive days of sustainable production at 75% capacity utilization.

In July 2017, the Company completed the recommissioning of Itafos Arraias. Currently, the Company is ramping up production at Itafos Arraias and expects to achieve commercial production by the end of Q2 2018.

Estimate of Fair Value of Business Combination

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Except as noted below, the accounting policies adopted in the preparation of these condensed consolidated interim financial statements are consistent with those followed in the preparation of the Company’s audited consolidated financial statements for the year ended December 31, 2017 where applicable.

IFRS 15 Revenue from Contracts with Customers

The Company has adopted IFRS 15, Revenue from Contracts with Customers (IFRS 15) effective January 1, 2018 on a full retrospective basis in accordance with the transitional provisions of IFRS 15. The Company did not own any projects that were in commercial production prior to adoption of this standard. As such, no adjustment has been recorded to the comparative figures. Revenue earned through sales at Itafos Arraias in prior periods were further capitalized into property, plant and equipment as Itafos Arraias has not commenced commercial production.

For the three months ended March 31, 2018, the Company’s policies for accounting for revenues were as follows:

Revenue from Sale of Goods

Itafos Conda sells MAP, SPA, MGA and APP to its customers in the North American market. The Company recognizes revenue from these sales when control of the product has transferred to the customer as specified by the contract delivery terms agreed with the customer (e.g., Free on Board, Freight Paid Allowance, Delivery Prepaid). The product has transferred to the customer when the customer has legal title to and the risk and rewards of ownership of the product and the customer is able to direct the use of and obtain substantially all of the remaining benefits from the product. Revenue is measured at the transaction price agreed under the contract. Payment of the transaction price is due based on the terms stated in the contract.

Variable Consideration

Itafos Conda’s revenue is subject to variable consideration such as rebates and credits. These rebates are normally outlined in the contracts and are subject to customers meeting certain volume thresholds. The Company estimates the variable consideration to be at the most likely amount to which it is entitled. The Company includes the likely amount in the transaction price to the extent that it is probable that a significant reversal of revenue will not occur when the uncertainty will be resolved. Estimates of variable consideration and its inclusion in the transaction price is based on management’s assessment of anticipated performance and information reasonably available to the Company.

IFRS 9 Financial Instruments

The Company has adopted IFRS 9, Financial Instruments (IFRS 9) effective January 1, 2018 on a retrospective basis and applied the transitional provisions, so that any adjustments would be recorded in opening retained earnings at January 1, 2018. IFRS 9, addresses the classification, measurement and recognition of financial assets and financial liabilities. The adoption of IFRS 9 supersedes the guidance relating to the classification and measurement of financial instruments in IAS 39, Financial Instruments: Recognition and Measurement (IAS 39).

IFRS 9 requires financial assets to be classified into three measurement categories on initial recognition: (i) those measured at fair value through profit and loss, (ii) those measured at fair value through other comprehensive income and (iii) those measured at amortized cost. Measurement and classification of financial assets is dependent on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. For financial liabilities, the IFRS 9 requirements are similar to those of IAS 39. The main distinction is that, in cases where the fair value option is chosen for financial liabilities, the part of a fair value change relating to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

Under the IFRS 9 model the Company has classified and measured its financial assets and financial liabilities as follows:

Financial assets/liabilities	Original classification and measurement (IAS 39)	New classification and measurement (IFRS 9)
Cash and cash equivalents	Loans and receivables at amortized cost	Amortized cost
Accounts receivables	Loans and receivables at amortized cost	Amortized cost
Accounts payable and accrued liabilities	Other liabilities at amortized cost	Amortized cost
Debt and promissory notes	Other liabilities at amortized cost	Amortized cost

IFRS 9 includes clarification on the accounting for modifications of financial liabilities. The Company has accounted for modifications in accordance with the clarifications when IAS 39 was applied in the prior periods, to calculate effective interest rate on financial liabilities using the original effective interest rate and recognize any gain or loss through profit and loss.

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

The Company has no hedges on its condensed consolidated interim financial statements for the reporting period. Except as noted above, the adoption of IFRS 9 did not result in a change in the carrying values of any of the Company's financial instruments on the transition date.

IFRS 16 Leases (Effective January 1, 2019)

In January 2016, the IASB issued IFRS 16, Leases, which eliminates the classification of leases as either operating or finance leases for a lessee. Under IFRS 16, all leases are considered finance leases and will be recorded on the balance sheet. Exempt from IFRS 16 will be leases to explore for, or use minerals, oil, natural gas and similar non-regenerative resources, as well as leases that are 12 months or less in duration or for leases of low-value assets. The requirement to record all leases as finance leases under IFRS 16 will increase lease assets and lease liabilities on an entity's financial statements. IFRS 16 will also change the nature of expenses relating to leases as the straight-line lease expense previously recognized for operating leases will be replaced with depreciation expense for lease assets and finance expense for lease liabilities. IFRS 16 includes an overall disclosure objective and requires a company to disclose (i) information about lease assets and expenses and cash flows related to leases, (ii) a maturity analysis of lease liabilities and (iii) any additional company-specific information that is relevant to satisfying the disclosure objective. IFRS 16 is effective from January 1, 2019. The Company is currently assessing and quantifying the effect of this standard on its condensed consolidated interim financial statements. On the transition date of January 1, 2019, the Company expects to recognize additional leases on its consolidated balance sheet, which will increase its debt and property, plant and equipment balances. As a result of recognizing additional finance leases, the Company also expects an increase in depreciation expense and finance expense.

4. ACQUISITIONS

Itafos Conda

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

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

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

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

The Company is currently in the process of fair valuing its acquisition of Itafos Conda. As of the date of approval of the condensed consolidated interim financial statements, this process is not yet complete and as such the Company has currently stated the values of the assets and liabilities on an estimated basis. The Company will finalize the fair values of the assets and liabilities on or before December 31, 2018.

Itafos Conda contributed net revenues of $58,116 and net income of $10,249 to the Company for the period from January 12, 2018 to March 31, 2018. If the acquisition had occurred on January 1, 2018, net revenue and net income for the three months ended March 31, 2018 would have been $65,557 and $12,270, respectively.

In connection with the Itafos Conda acquisition, certain other agreements were entered into by Itafos Conda and a subsidiary of Agrium related to mining activities and services. Among those other agreements, Itafos Conda and a subsidiary of Agrium entered into a phosphate ore supply agreement whereby Itafos Conda purchases phosphate ore from a subsidiary of Agrium (see Notes 6 and 11). Itafos Conda and a subsidiary of Agrium also entered into a mining services agreement whereby Itafos Conda agreed to engage and cause its mining contractor to provide certain mining services for the benefit of a subsidiary of Agrium (see Notes 9 and 11).

Also in connection with the Itafos Conda acquisition, Agrium agreed to assume full liability for all environmental and asset retirement obligations relating to the pre-acquisition operations of Itafos Conda. As current owner and operator of Itafos Conda, the Company may be held liable for certain environmental and asset retirement obligations. Because Agrium agreed to assume full liability for all environmental and asset retirement obligations relating to the pre-acquisition operations of Itafos Conda and given management's view that the likelihood of Agrium failing to perform on its obligations is remote, the Company has not recorded any contingencies for pre-acquisition environmental and asset retirement obligations.

GBL

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

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

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

(unaudited in thousands of US Dollars)		February 27, 2018
Cash	$	25,539
Shares		23,335
747,948,785 common shares of GBL or 68.67% interest	$	48,874
Total consideration for net assets (100%)	**$**	**71,185**
Fair value of assets acquired and liabilities assumed		
Mineral properties	$	81,224
Cash and cash equivalents		2,898
Other current assets		488
Property, plant and equipment		206
Notes payable		(11,976)
Accounts receivable and accrued liabilities		(1,547)
Other long-term liabilities		(108)
Net assets acquired	**$**	**71,185**

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

5. REVENUE

For the three months ended March 31, 2018 and March 31, 2017, the Company had revenues as follows:

(unaudited in thousands of US Dollars)		**March 31, 2018**		March 31, 2017
MAP	**$**	**34,909**	$	–
SPA, net		**23,207**		–
Revenues, net	**$**	**58,116**	**$**	**–**

For the three months ended March 31, 2018, the Company recorded revenues from Itafos Conda. For the three months ended March 31, 2017, the Company recorded no revenues. Of the revenues recorded from Itafos Conda, 100% of MAP revenues were generated from Agrium and approximately 60% of SPA revenues were generated from three key customers. Itafos Arraias was in development stage during both periods and as such all revenues generated were offset against costs capitalized. For the three months ended March 31, 2018 and March 31, 2017, Itafos Arraias revenues offset against costs capitalized were $1,699 and $0, respectively.

As at March 31, 2018 and December 31, 2017, the Company had $352 and $0 respectively, relating to Contract liabilities. Contract liabilities are payments received in advance by Itafos Conda from customers relating to performance obligations that are not yet complete, as the product has not yet been delivered.

6. INVENTORIES

As at March 31, 2018 and December 31, 2017, the Company had inventories as follows:

(unaudited in thousands of US Dollars)	March 31, 2018	December 31, 2017
Finished goods	$ 9,855	$ 567
Work in process	12,672	7,813
Raw materials	93,161	2,790
Spare parts	2,610	1,220
Net realizable value adjustments	(4,113)	(4,113)
Total inventories	**$ 114,185**	**$ 8,277**

Of the raw materials, $4,401 are related to the phosphate ore supply agreement between Itafos Conda and a subsidiary of Agrium (see Note 4). The Company has booked a corresponding payable in its accounts payable and accrued liabilities section (see Note 11).

At December 31, 2017, the net realizable value adjustments of $4,113 were related to spare parts and work in process at Itafos Arraias. At March 31, 2018, the same net realizable value adjustments were progressed to finished goods.

7. PROPERTY, PLANT AND EQUIPMENT

As at March 31, 2018 and December 31, 2017, the Company had property, plant and equipment as follows:

(unaudited in thousands of US Dollars)	Land	Buildings and plant	Machinery, equipment and other	Asset under construction	Total property, plant and equipment
Cost					
Balance as at December 31, 2017	**$ 3,273**	**$ 128,078**	**$ 156,918**	**$ 36,351**	**$ 324,620**
Acquisitions *(Note 4)*	–	6,500	206	–	6,706
Additions	935	2,944	298	9,028	13,205
Disposals	–	–	–	–	–
Balance as at March 31, 2018	**$ 4,208**	**$ 137,522**	**$ 157,422**	**$ 45,379**	**$ 344,531**
Accumulated depreciation					
Balance as at December 31, 2017	**$ –**	**$ 24,725**	**$ 36,468**	**$ –**	**$ 61,193**
Additions	–	–	39	–	39
Disposals	–	–	–	–	–
Balance as at March 31, 2018	**$ –**	**$ 24,725**	**$ 36,507**	**$ –**	**$ 61,232**
Carry value					
As at December 31, 2017	**$ 3,273**	**$ 103,353**	**$ 120,450**	**$ 36,351**	**$ 263,427**
As at March 31, 2018	**$ 4,208**	**$ 112,797**	**$ 120,915**	**$ 45,379**	**$ 283,299**

Effective January 1, 2017, Itafos Arraias was determined to be in development stage. As a result, pre-commercial production costs incurred are capitalized and not subject to depreciation. As at March 31, 2018, $9,028 of development costs were capitalized related to Itafos Arraias. The balances of property, plant and equipment as at March 31, 2018 and March 31, 2017 include capitalized interest of $1,953 and $1,605, respectively.

8. MINERAL PROPERTIES

As at March 31, 2018 and December 31, 2017, the Company had mineral properties as follows:

(unaudited in thousands of US Dollars)	Development costs	Exploration and evaluation costs	Accumulated depletion	Net book value
Balance as at December 31, 2017	**$ 30,178**	**$ 18,755**	**$ (1,738)**	**$ 47,195**
Acquisitions *(Note 4)*		81,224		81,224
Additions	–	344	–	344
Balance as at March 31, 2018	**$ 30,178**	**$ 100,323**	**$ (1,738)**	**$ 128,763**

9. OTHER ASSETS

As at March 31, 2018 and December 31, 2017, the Company had other assets as follows:

(unaudited in thousands of US Dollars)	March 31, 2018	December 31, 2017
Tax credits	**$ 14,635**	$ 14,478
Promissory note receivable from GBL (balance includes interest accrual)	**–**	5,145
Advances to suppliers	**2,211**	1,690
Mining prepaid expenses	**4,896**	–
Other receivables	**6,006**	–
Deposits	**3,000**	–
Other	**3,037**	2,212
Other assets	**$ 33,785**	$ 23,525
Less: current portion	**20,585**	9,005
Other long-term assets	**$ 13,200**	**$ 14,520**

As at March 31, 2018 and December 31, 2017, the Company had other current assets as follows:

(unaudited in thousands of US Dollars)	March 31, 2018	December 31, 2017
Tax credits	**$ 2,051**	$ 483
Promissory note receivable from GBL (balance includes interest accrual)	**–**	5,145
Advances to suppliers	**2,211**	1,690
Mining prepaid expenses	**4,896**	–
Other receivables	**6,006**	–
Deposits	**3,000**	–
Other	**2,421**	1,687
Other current assets	**$ 20,585**	**$ 9,005**

Mining prepaid expenses are expenses paid in advance as a part of the Itafos Conda acquisition.

Other receivables are related to the mining services agreement between Itafos Conda and a subsidiary of Agrium (see Note 4). The Company has a corresponding accrual in its other payables and accrued liabilities section (see Note 11).

Deposits represent cash collateral posted to certain of the Itafos Conda's key services providers.

Tax credits consist of Brazilian state and federal taxes that accumulated primarily on purchases of property, plant and equipment. The tax credits can be applied to offset and potentially reimburse certain value added taxes and other taxes payable in future periods. As at March 31, 2018, and December 31, 2017, the Company had tax credits of $14,635 and $14,478, respectively (net of 20% tax credit allowance, which has been determined on the average of credits accepted by the Brazilian tax authorities for the years 2012, 2013 and Q1 2014).

During 2017, the Company provided a loan to GBL in the amount of $5,000 through the issuance of a promissory note to the Company. This promissory note matures on January 31, 2018 and has a 15% interest rate with interest payable quarterly. On February 1, 2018, the Company provided an additional loan to GBL in the amount of $4,500. This transaction was documented by means of an unsecured promissory note from GBL to the Company. Following the completion of the GBL Arrangement on February 27, 2018, these notes were treated as intercompany balance and eliminated on consolidation (see Note 4).

10. INVESTMENTS IN ASSOCIATES

As at December 31, 2017, the Company accounted for its investment in GBL using the equity method. On February 27, 2018, the Company completed the acquisition of all of the issued and outstanding common shares not previously owned directly or indirectly by Itafos of GBL, the owner of Itafos Farim (see Note 4). As a result of the acquisition, as at March 31, 2018, the Company consolidated GBL into its condensed consolidated interim financial statements.

For the period December 31, 2016 through March 31, 2018, the Company had changes in investments in associates as follows:

(unaudited in thousands of US Dollars)		**Investments in associates**
Balance as at December 31, 2016	**$**	**15,600**
Proportionate share of net income (loss)		(1,820)
Proportionate share of other comprehensive income (loss)		(55)
Currency translation adjustment from investment in associate		1,349
Balance as at December 31, 2017	**$**	**15,074**
Proportionate share of net income (loss)		7,909
Proportionate share of other comprehensive income (loss)		(670)
Transfer to mineral properties	**$**	**22,313**

11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

As at March 31, 2018 and December 31, 2017, the Company had accounts payable and accrued liabilities as follows:

(unaudited in thousands of US Dollars)		**March 31, 2018**		December 31, 2017
Payroll and related taxes payable	$	2,761	$	2,266
Taxes payable		9,544		5,450
Trade payables		13,972		3,745
Accrued liabilities and other		18,229		5,476
Rebates		364		–
Other payables		4,401		–
Accrued liabilities payable through MAP offtake agreement		39,914		–
Accounts payable and accrued liabilities	**$**	**89,185**	**$**	**16,937**

The taxes payable balances primarily consist of overdue taxes related to ex-employees and payroll tax amounts at Itafos Arraias. Interest has been accrued on these amounts.

Taxes payable for the period ended March 31, 2018 includes $3,789 of tax provision relating to Itafos Conda. The residual amount is primarily attributable to the Brazilian tax amnesty program (“PERT”). On September 29, 2017, the Company applied to PERT, which allows discounts on tax penalties and interest. The request was accepted, effective on the day of the filing and receipt of the first payment on September 29, 2017. The Company opted to make a payment for the minimum amount of its consolidated tax liability and agreed to make future payment installments over an eight-year period.

Trade payables are predominantly due to the normal scale of operations of Itafos Conda.

Accrued liabilities and other includes $5,044 of liabilities related to the mining services agreement between Itafos Conda and a subsidiary of Agrium (see Note 4). The Company has a corresponding receivable in its other receivables (see Note 9).

Rebates are payables accrued by Itafos Conda in anticipation of customers meeting volume offtake thresholds.

Other payables are payables to a mining contractor that are a part of the phosphate ore supply agreement between Itafos Conda and a subsidiary of Agrium (see Notes 4 and 6).

Accrued liabilities payable through MAP offtake agreement represents the balance of the Itafos Conda purchase price payable to Agrium. This balance is subject to adjustment based on the working capital adjustment based on the final determination of the working capital value at closing (see Note 4).

12. DEBT, DEBENTURES AND OTHER LIABILITIES

a) Current Debt

During 2017, the Company raised funds through issuances of debt in the form of unsecured promissory notes with various lenders (including CLF). Some of these notes were either assigned or converted to equity during 2017. For notes converted to equity, related accrued interest was capitalized and converted to equity, while the outstanding notes continued to accrue interest at the rate of 15%. At December 31, 2017 the notes payable balance including accrued interest was $25,530.

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

For the period January 1, 2017 through March 31, 2018, the Company had changes in debt as follows:

(unaudited in thousands of US Dollars)		Current debt
Balance as at December 31, 2016	**$**	**–**
Issuance of promissory notes		36,000
Interest accruals and Original Issuing Discount		2,299
Extinguishment of promissory notes		(2,250)
Capitalization of promissory notes		(10,519)
Balance as at December 31, 2017	**$**	**25,530**
Issuance of promissory notes		61,421
Interest accruals		3,903
Acquisition of promissory notes from GBL Arrangement		2,708
Balance as at March 31, 2018	**$**	**93,562**

b) Other Liabilities

As at March 31, 2018 and December 31, 2017, the Company had other liabilities as follows:

(unaudited in thousands of US Dollars)		March 31, 2018		December 31, 2017
Brazilian debentures	$	1,780	$	1,713
Other equity warrants		85		85
Other liabilities	$	1,865	$	1,798
Less: current portion		224		184
Other long-term liabilities	$	1,641	**$**	**1,614**

Brazilian debentures of $1,780 and $1,713 as at March 31, 2018 and December 31, 2017, respectively, mature in ten years on August 29, 2026. The debentures have a 10% interest rate with interest and principal paid in equal annual installments.

Warrants of $85 and $85 as at March 31, 2018 and December 31, 2017, respectively, are related to the acquisition of control of Stonegate Agricom Ltd. ("STG"), the entity through which the Company owns Itafos Paris Hills and Itafos Mantaro. On July 18, 2017, 100,000,000 outstanding common share purchase warrants of STG were exchanged for 800,000 ordinary share purchase warrants of the Company.

c) Canadian Debentures

As at March 31, 2018 and December 31, 2017, the Company had Canadian debentures as follows:

(unaudited in thousands of US Dollars)		March 31, 2018		December 31, 2017
Canadian debentures	$	3,178	$	3,200
Less: current portion		873		960
Other liabilities	$	2,305	$	**2,240**

Canadian debentures of $3,178 and $3,200 (including accrued interest), as at March 31, 2018 and December 31, 2017, respectively, were issued to CLF and to Banco Modal S.A. ("Modal") and originally matured in 10 years on October 27, 2026. The debentures originally had a 10% interest rate with interest and principal payable in equal annual installments. On July 28, 2017, CLF assigned to Modal C$1,753 of the C$2,584 convertible debenture issued by the Company to CLF on October 27, 2016 (the "CLF Debenture"). Following the assignment, the parties agreed to break into two separate instruments, the CLF Debenture to reflect (i) Modal as the holder of C$1,753 and (ii) CLF as the holder of C$831. In addition, the Company and Modal agreed to amend its convertible debentures of C$1,107 and C$1,753. The amendments reduced the term from 10 years to 4 years and reduced the interest rate from 10% to 7.5%. As the change in future payment terms expected was determined to not be substantial, the amendments were recorded as a debt modification. Accordingly, the effective interest rate on the Modal debenture was recalculated at the amendment date based on the carrying value of the debt and the expected future payment terms and a loss was recognized as borrowing cost.

13. OTHER LONG-TERM LIABILITIES

Other Long-Term Liabilities

As at March 31, 2018 and December 31, 2017, the Company had other long-term liabilities as follows:

(unaudited in thousands of US Dollars)		March 31, 2018		December 31, 2017
Withholding taxes payable	$	7,781	$	7,488
Long-term taxes payable		251		251
Share-based payments		1,610		994
Other liabilities		17		–
Other long-term liabilities	$	9,659	**$**	**8,733**

Withholding taxes payable of $7,781 and $7,488 as at March 31, 2018 and December 31, 2017, respectively, are mainly related to the taxes payable to the Brazilian tax authorities resulting from intercompany loans between the Company's subsidiaries. In accordance with intercompany loan agreements, these taxes are due after 2020 (upon maturity of the intercompany loans).

Share-based payments of $1,610 and $994 as at March 31, 2018 and December 31, 2017, respectively, are related to the restricted share units ("RSUs") granted by the Company under the Company's restricted share unit plan (the "RSU Plan"). In Q1 2018 and during 2017, the Company granted 1,214,303 and 1,631,880 (net of forfeitures) RSUs respectively under the Company's RSU Plan. The maximum number of shares which may be reserved for issuance under the RSU Plan at any time is 5,213,403 shares. In accordance with the RSU Plan, the RSUs vest 25% on the second anniversary of the date of grant and 75% on the third anniversary of the date of grant. The RSU Plan allows the participant to elect to redeem its RSUs in exchange for shares or cash. The RSUs are accounted for as cash-settled share-based payments with a liability being recognized for services acquired. The initial measurement is at the fair value of the liability considering the market price of the share. Until the liability is settled, the fair value of the liability is remeasured at the end of each reporting period with any changes in fair value recognized in the consolidated statement of operations. For the three months ended

March 31, 2018 and March 31, 2017, share-based payment expense of $616 and $196, respectively, has been recognized in the condensed consolidated interim statements of operations.

For the period December 31, 2017 through March 31, 2018, the Company had changes in RSUs as follows:

(unaudited in thousands of US Dollars)	**RSUs**
Balance as at December 31, 2017	**1,631,880**
Granted	1,214,303
Forfeited	–
Balance as at March 31, 2018	**2,846,183**

14. PROVISIONS

As at March 31, 2018 and December 31, 2017, the Company had provisions as follows:

(unaudited in thousands of US Dollars)		**March 31, 2018**		December 31, 2017
Legal contingencies	$	750	$	542
Environmental and asset retirement obligations		5,984		2,952
Provisions	$	6,734	$	3,494
Less: current portion		750		542
Non-current provisions	$	**5,984**	**$**	**2,952**

15. SHARE CAPITAL

Authorized Capital

The Company is authorized to issue up to 5,000,000,000 shares. On February 27, 2018, the Company as a part of the GBL arrangement, issued 11,301,732 shares (see Note 4). On March 9, 2017, the Company completed a private placement of shares at a price of C$2.10 per share and received net proceeds of $32,840 (after deducting transaction costs of $1,214). This amount includes $29,840 from the issuance of shares through private placement and conversion of $3,000 through the issuance of 1,906,541 shares to settle notes payable to CLF. On July 18, 2017, an aggregate of 2,985,777 ordinary shares of the Company were issued to STG shareholders at an exchange ratio of 0.008 of a Company's share for each outstanding STG share for a net conversion of $4,327 (see Note 2). On December 15, 2017, the Company completed a private placement of shares at a price of C$2.10 per share and received net proceeds of $74,887. As at March 31, 2018 and December 31, 2017, and the Company had 139,320,301 and 128,018,569 and issued and outstanding shares, respectively.

For the three months ended March 31, 2018 and March 31, 2017, the Company had weighted-average number of shares and dilutive share equivalents as follows:

	March 31, 2018	March 31, 2017
Weighted average number of shares	132,162,537	63,097,309
Weighted average number of dilutive options and convertible debentures	2,846,183	–
Diluted weighted average number of shares	**135,008,720**	**63,097,309**

Non-Controlling Interest of Brazilian Subsidiaries

Brazilian warrants with third parties exercised into preferred shares of Brazilian subsidiaries Itafos Arraias and Itafos Santana at a conversion rate of R$1 per share had an original expiration date of December 31, 2017. There are 29,804,079 preferred shares issued in the Brazilian' subsidiaries.

The Brazilian warrants were recorded at fair value at R$1 per share and R$0.01 conversion subscription price. The preferred shares will participate, on equal terms with other classes of shares, in declared dividends of the respective companies. In effect, earnings are only attributable to non-controlling interests when the preferred shareholders are paid dividends. Annual net and comprehensive loss is not allocated to non-controlling interests until the net book assets of the Brazilian subsidiaries are below the book value of the preferred shares.

The non-controlling interest ("NCI") percentage in the Brazilian subsidiaries is 3.8% (see Note 2). As a result of the conversion of warrants to preferred shares, the net warrant expense of $6,962 as at December 31, 2017 was recorded in NCI. The preferred shares issued were valued at a total of $9,062 at December 31, 2017. No net loss or comprehensive loss was allocated to NCI for the three months ended March 31, 2018.

16. UNREALIZED FOREIGN EXCHANGE GAIN (LOSS)

During the three months ended March 31, 2018 and March 31, 2017, the Company recognized an unrealized foreign exchange loss of $29 and $767, respectively. These amounts are primarily comprised of the unrealized loss resulting from translating monetary items denominated in Brazilian Reals and Canadian Dollars.

17. FINANCE INCOME (EXPENSE)

For the three months ended March 31, 2018 and March 31, 2017, the Company had finance income (expense) as follows:

(unaudited in thousands of US Dollars)		**March 31, 2018**		March 31, 2017
Interest expense	$	(2,156)	$	(69)
Other financial expense		–		(11)
Interest income		171		1
Finance income (expense)	$	(1,985)	$	(79)

18. COMMITMENTS AND CONTINGENCIES

From time to time, the Company may be involved in legal proceedings that arise in the ordinary course of its business. The amount of any ultimate liabilities (including interest and penalties) with respect to these actions is not expected to, in the opinion of management, materially affect the Company's financial position, results of operations or cash flows. Based on the Company's knowledge and assessment of events as at March 31, 2018, the Company does not believe that the outcome of any of the matters, individually or in aggregate, not recorded in these condensed consolidated interim financial statements would have a material adverse effect. The Company has currently accrued $750 in relation to labor and other claims that have been made. The ultimate outcome of these claims is uncertain at this time and management is defending its position in each case.

19. SEGMENT REPORTING

The Company reports across four segments including (i) Itafos Conda, (ii) Itafos Arraias, (iii) development and exploration and (iv) corporate. The development and exploration segment is comprised of activities related to the Company's development projects including (i) Itafos Paris Hills, (ii) Itafos Farim, (iii) Itafos Santana, (iv) Itafos Araxá and (v) Itafos Mantaro. The Corporate segment is comprised of administrative activities in the Cayman Islands, US, Brazil, the Netherlands, Canada and Barbados.

For the three months ended March 31, 2018 the Company reported operating segment net income (loss) as follows:

(unaudited in thousands of US Dollars)	Itafos Conda	Itafos Arraias	Development and exploration	Corporate	Total
Revenues, net	**$ 58,116**	–	–	–	**$ 58,116**
Cost of goods sold	43,643	–	–	–	43,643
	$ 14,473	**$ –**	**$ –**	**$ –**	**$ 14,473**
Operating expenses					
Selling, general and administrative expenses	490	**1,158**	243	3,331	5,222
Operating income (loss)	**$ 13,983**	**$ (1,158)**	**$ (243)**	**$ (3,331)**	**$ 9,251**
Unrealized foreign exchange gain (loss)	–	(81)	(26)	78	(29)
Other Income (expense), net	53	(244)	–	–	(191)
Finance (expense) income, net	–	–	(38)	(1,947)	(1,985)
Gain (loss) from investment in associates	–	–	7,909	–	7,909
Income (loss) before income taxes	**$ 14,036**	**$ (1,483)**	**$ 7,602**	**$ (5,200)**	**$ 14,955**
Current and deferred income tax	3,789	–	–	323	4,112
Net income (loss)	**$ 10,247**	**$ (1,483)**	**$ 7,602**	**$ (5,523)**	**$ 10,843**

For the three months ended March 31, 2017 the Company reported operating segment net income (loss) as follows:

(unaudited in thousands of US Dollars)	Itafos Conda	Itafos Arraias	Development and exploration	Corporate	Total
Revenues, net	**$ –**	**–**	**–**	**–**	**$ –**
Cost of goods sold	–	–	–	–	–
	$ –	**–**	**–**	**–**	**$ –**
Operating expenses					
Selling, general and administrative expenses	–	2,149	29	1,291	3,469
Operating income (loss)	**$ –**	**$ (2,149)**	**$ (29)**	**$ (1,291)**	**$ (3,469)**
Unrealized foreign exchange gain (loss)	–	(2,743)	554	1,422	(767)
Other Income (expense), net	–	(1,559)	(49)	–	(1,608)
Finance (expense) income, net	–	(15)	(1)	(63)	(79)
Gain (loss) from investment in associates	–	–	(337)	–	(337)
Income (loss) before income taxes	**$ –**	**$ (6,466)**	**$ 138**	**$ 68**	**$ (6,260)**
Current and deferred income tax	–	–	–	309	309
Net income (loss)	**$ –**	**$ (6,466)**	**$ 138**	**$ (241)**	**$ (6,569)**

20. NET CHANGE IN NON-CASH WORKING CAPITAL

For the three months ended March 31, 2018 and March 31, 2017, the Company had net change in non-cash working capital as follows:

(unaudited in thousands of US Dollars)	**March 31, 2018**	March 31, 2017
Accounts receivable	**$ (28,698)**	$ (100)
Inventories	**(3,381)**	(67)
Other assets and prepaids	**(9,114)**	(2,438)
Accounts payable and accrued liabilities	**26,610**	4,721
Accrued liabilities payable through MAP offtake agreement	**(8,726)**	–
Other liabilities and provisions	**660**	84
Net change in non-cash working capital	**$ (22,649)**	$ **2,200**

21. RELATED PARTY TRANSACTIONS

The Company's related party transactions include key management compensation and notes from CLF, its principal shareholder (see Note 2).

Key Management Compensation

Key management includes directors and officers of the Company. For the three months ended March 31, 2018 and March

31, 2017, the Company paid or has payables to key management for employee services as follows:

(unaudited in thousands of US Dollars)		March 31, 2018		March 31, 2017
Management compensation and director fees	$	728	$	742
Other benefits		14		13
Key management compensation	$	742	$	**755**

CLF Notes

On January 12, 2018 and February 26, 2018, the Company received $13,000 and $16,842, respectively, of financing proceeds from CLF. Of the notes outstanding with CLF, $8,421 was assigned to a third-party lender. As at March 31, 2018, the assigned note is outstanding and accruing interest.

On February 23, 2017, the Company received funding from CLF in the amount of $3,000 and documented such transaction by means of a note (the “CLF Note”). On March 9, 2017, CLF settled the CLF Note via the receipt of 1,906,541 shares.

22. FAIR VALUE MEASUREMENT AND RISK FACTORS

The Company’s activities expose it to a variety of financial risks, including, but not limited to, credit risk, liquidity risk, interest rate risk, foreign currency risk and commodity price risk. The Company’s risk exposures and the impact on the Company’s financial performance are summarized below.

Credit Risk

Credit risk is the risk of loss associated with counterparty’s inability to fulfill its payment obligations. The Company’s credit risk is primarily attributable to certain other long-term assets. Management reviews the aging of receivables and reduces the carrying value to provide for possible losses. As at March 31, 2018 and December 31, 2017, the Company had accounts receivable of $28,815 and $116, respectively. Cash consists of funds that have been deposited with reputable financial institutions and management believes the risk of loss to be remote.

Liquidity Risk

The Company continues to focus on improved efficiencies in operations to maximize margins as well as fund development activities and further growth. In addition to the equity financing raised in its private placement, management is pursuing further equity and/or debt financing to support the funding of strategic, general corporate and working capital requirements. Based on Itafos’ strong capital base combined with continued interest in its platform from a diverse set of potential investors, management does not anticipate any significant challenges in raising such financings. The Company is in the process of securing a long-term debt financing structure and is in advanced discussions with interested potential investors. Based on the current operating plan and potential growth initiatives, the Company also expects to raise additional equity funding. In addition, with the acquisition of Itafos Conda (a cash flow generating facility) on January 12, 2018, the Company has further consolidated its operating as well as financial position (see Note 4).

Foreign Currency Risk

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

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

On February 27, 2018, the Company completed the acquisition of all of the issued and outstanding common shares not previously owned directly or indirectly by Itafos of GBL, the owner of Itafos Farim (see Note 4). GBL’s functional currency is Canadian Dollars and the functional currency of its subsidiary GB Minerais Sarl is Central African Francs. The currency translation impact of such non-US Dollar currencies has been minimal and has been recorded in the condensed consolidated interim financial statements.

Commodity Price Risk

The Company is exposed to commodity price risk with respect to global fertilizer prices. Global fertilizer prices are affected by various forces including global supply and demand, interest rates, exchange rates, inflation or deflation and the political and economic conditions of major fertilizer producing countries. The profitability of the Company is directly related to the market price of its products. Future price declines could negatively impact the Company's future operations. The Company has not hedged any of its future fertilizer sales.

Capital Management

The Company manages its capital to ensure that the Company and its subsidiaries will be able to continue as a going concern while attempting to maximize shareholder return through the optimization of equity and debt financing. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of management to sustain future development of the Company. The Company monitors its capital through its net cash position. The Company maintains this structure by managing working capital and capital spending programs and reviews its capital management approach on an ongoing basis

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. Those three levels are referenced below in descending order of the reliability of the inputs used to estimate the fair value.

- Level 1: Valuations based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Valuations based on directly or indirectly observable inputs in active markets for similar assets or liabilities, other than Level 1 prices such as quoted interest or currency exchange rates; and
- Level 3: Valuations based on significant inputs that are not derived from observable market data, such as discounted cash flow methodologies based on internal cash flow forecasts.

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. There were no such transfers during the period.

The fair values of cash, accounts receivables, accounts payable, accrued liabilities, debt and debentures approximate their carrying values in the consolidated balance sheets since 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 condensed interim consolidated balance sheets at March 31, 2018 at amortized cost. The fair value of long-term debt is determined by applying a discount rate, reflecting the credit spread based on the Company's credit rating, to future related cash flows which is categorized within Level 2 of the fair value hierarchy. As at March 31, 2018, the Company's long-term debt was stated at amortized cost and had a fair value of $3,946.

23. SUBSEQUENT EVENTS

As of the date of approval of the condensed consolidated interim financial statements, there have been no subsequent events.

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