Condensed Consolidated Interim Financial Statements
for the three and six months ended June 30, 2020 and 2019
(Unaudited)

TABLE OF CONTENTS

CONDENSED CONSOLIDATED INTERIM BALANCE SHEETS
AS AT JUNE 30, 2020 AND DECEMBER 31, 2019

(unaudited in thousands of US Dollars)		June 30, 2020		December 31, 2019
Assets				
Cash and cash equivalents	$	15,721	$	29,109
Accounts receivable		17,184		23,446
Inventories, net *(Note 4)*		92,980		105,039
Other current assets *(Note 7)*		5,242		6,563
Total current assets	**$**	**131,127**	**$**	**164,157**
Long-term inventories, net *(Note 4)*		1,551		1,551
Property, plant and equipment, net *(Note 5)*		200,643		214,817
Mineral properties, net *(Note 6)*		107,207		117,790
Deferred tax assets *(Note 17)*		605		858
Other long-term assets *(Note 7)*		9,580		11,591
Total non-current assets	**$**	**319,586**	**$**	**346,607**
Total assets	**$**	**450,713**	**$**	**510,764**
Liabilities				
Accounts payable and accrued liabilities *(Note 8)*	$	40,257	$	72,062
Provisions *(Note 9)*		807		2,382
Current debt *(Note 10)*		2,472		2,459
Contract liabilities		850		702
Other current liabilities *(Note 11)*		2,204		2,446
Total current liabilities	**$**	**46,590**	**$**	**80,051**
Long-term debt *(Note 10)*		221,133		208,851
Deferred tax liabilities *(Note 17)*		2,495		6,980
Long-term provisions *(Note 9)*		57,136		54,952
Other long-term liabilities *(Note 11)*		17,733		17,671
Total long-term liabilities	**$**	**298,497**	**$**	**288,454**
Total liabilities	**$**	**345,087**	**$**	**368,505**
Equity				
Share capital *(Note 12)*		531,647		529,177
Contributed surplus		246,626		246,626
Cumulative translation adjustment reserve		4,660		4,660
Deficit		(686,369)		(647,266)
Equity attributable to shareholders of the parent	**$**	**96,564**	**$**	**133,197**
Non-controlling interest *(Notes 2 and 12)*		9,062		9,062
Total equity	**$**	**105,626**	**$**	**142,259**
Total liabilities and equity	**$**	**450,713**	**$**	**510,764**

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
Director

Signed "Mhamed Ibnabdeljalil"
MHAMED IBNABDELJALIL
Director

ITAFOS

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF OPERATIONS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2020 AND 2019

(unaudited in thousands of US Dollars except for per share amounts)	*For the three months ended June 30,* 2020	2019	*For the six months ended June 30,* 2020	2019
Revenues *(Note 13)*	**$ 62,111**	**$ 103,072**	**$ 137,472**	**$ 176,250**
Cost of goods sold	60,076	110,022	141,756	183,362
Write-off of mineral properties	8,449	—	8,449	—
	$ (6,414)	**$ (6,950)**	**$ (12,733)**	**$ (7,112)**
Expenses				
Selling, general and administrative expenses *(Note 14)*	4,162	7,129	10,086	12,977
Operating loss	**$ (10,576)**	**$ (14,079)**	**$ (22,819)**	**$ (20,089)**
Foreign exchange loss *(Notes 15 and 22)*	(2,531)	(958)	(5,631)	(1,816)
Other income (expense)	20	(2,472)	1,287	(1,772)
Loss on asset disposal	(635)	—	(635)	—
Finance expense, net *(Note 16)*	(6,941)	(5,621)	(13,029)	(11,062)
Loss before income taxes	**$ (20,663)**	**$ (23,130)**	**$ (40,827)**	**$ (34,739)**
Current and deferred income tax expense (recovery) *(Note 17)*	151	(1,533)	(1,724)	189
Net loss attributable to shareholders of the parent	**$ (20,814)**	**$ (21,597)**	**$ (39,103)**	**$ (34,928)**
Net loss attributable to non-controlling interest	—	—	—	—
Net loss	**$ (20,814)**	**$ (21,597)**	**$ (39,103)**	**$ (34,928)**
Basic loss per share *(Note 12)*	**$ (0.11)**	**$ (0.15)**	**$ (0.21)**	**$ (0.25)**
Fully diluted loss per share *(Note 12)*	**$ (0.11)**	**$ (0.15)**	**$ (0.21)**	**$ (0.25)**

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

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2020 AND 2019

(unaudited in thousands of US Dollars)	*For the three months ended June 30,* 2020	2019	*For the six months ended June 30,* 2020	2019
Net loss	**$ (20,814)**	**$ (21,597)**	**$ (39,103)**	**$ (34,928)**
Other comprehensive income (loss)				
Items that may be reclassified subsequently to profit or loss:				
Cumulative translation adjustment *(Notes 2 and 22)*	—	(379)	—	1,005
Total other comprehensive loss attributable to shareholders of the parent	**$ (20,814)**	**$ (21,976)**	**$ (39,103)**	**$ (33,923)**
Other comprehensive income (loss) attributable to non-controlling interest	—	—	—	—
Total other comprehensive loss	**$ (20,814)**	**$ (21,976)**	**$ (39,103)**	**$ (33,923)**

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

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 2020 AND 2019

(unaudited in thousands of US Dollars except for number of 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 December 31, 2019	**178,551,065**	**$ 529,177**	**$ 246,626**	**$ 4,660**	**$ (647,266)**	**$ 133,197**	**$ 9,062**	**$ 142,259**
Net loss	—	—	—	—	(39,103)	(39,103)	—	(39,103)
Accumulated other comprehensive income (loss)	—	—	—	—	—	—	—	—
Issuance of shares under RSU Plan *(Notes 3 and 12)*	1,911,759	732	—	—	—	732	—	732
Issuance of shares in connection with the Facility *(Notes 10 and 12)*	5,000,000	1,738	—	—	—	1,738	—	1,738
Balance as at June 30, 2020	**185,462,824**	**$ 531,647**	**$ 246,626**	**$ 4,660**	**$ (686,369)**	**$ 96,564**	**$ 9,062**	**$ 105,626**
Balance as at December 31, 2018	**142,070,301**	**$ 515,029**	**$ 246,626**	**$ 3,655**	**$ (502,593)**	**$ 262,717**	**$ 9,062**	**$ 271,779**
Adjustment on initial application of IFRS 16 *(Note 3)*	—	—	—	—	(502)	$ (502)	$ —	(502)
Adjusted balance as at January 1, 2019	**142,070,301**	**515,029**	**246,626**	**3,655**	**(503,095)**	**262,215**	**9,062**	**271,277**
Net loss	—	—	—	—	(34,928)	(34,928)	—	(34,928)
Accumulated other comprehensive income (loss)	—	—	—	—	—	—	—	—
Cumulative translation adjustment *(Note 22)*	—	—	—	1,005	—	1,005	—	1,005
Repurchase of shares through the NCIB *(Note 12)*	(1,771,500)	(1,028)	—	—	—	(1,028)	—	(1,028)
Balance as at June 30, 2019	**140,298,801**	**$ 514,001**	**$ 246,626**	**$ 4,660**	**$ (538,023)**	**$ 227,264**	**$ 9,062**	**$ 236,326**

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

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2020 AND 2019

(unaudited in thousands of US Dollars)		*For the six months ended June 30,* 2020		2019
Operating activities				
Net loss	$	(39,103)	$	(34,928)
Adjustments for the following items:				
Depreciation and depletion		23,863		21,009
Cash settlement of share-based payments *(Note 11)*		(39)		(9)
Share-based payment expense *(Note 11)*		331		261
Current and deferred income tax expense (recovery) *(Note 17)*		(1,724)		189
Income tax payments		(10,352)		—
Unrealized foreign exchange (loss) gain		5,531		165
Write-off of mineral properties		8,449		—
Finance expense, net *(Note 16)*		13,029		11,062
Net change in non-cash working capital *(Note 20)*		(5,322)		24,737
Cash flows from (used by) operating activities	**$**	**(5,337)**	$	22,486
Investing activities				
Addition of property, plant and equipment and mineral properties *(Notes 5 and 6)*	$	(5,039)	$	(14,215)
Maturity of short-term investments		—		2,106
Cash flows used by investing activities	**$**	**(5,039)**	$	(12,109)
Financing activities				
Proceeds from debt *(Note 10)*		5,885		—
Repayment of debt *(Note 10)*		(1,931)		—
Repayment of principal portion of lease liabilities *(Note 11)*		(2,167)		(1,059)
Payment of interest expense *(Note 10)*		(4,519)		(4,250)
Repurchase of shares through the NCIB *(Note 12)*		—		(1,028)
Cash flows used by financing activities	**$**	**(2,732)**	$	(6,337)
Effect of foreign exchange of non-US Dollar denominated cash	$	(280)	$	(27)
Increase (decrease) in cash		(13,388)		4,013
Cash, beginning of period		29,109		9,919
Cash, end of period	**$**	**15,721**	**$**	**13,932**

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

(unaudited amounts in thousands of US Dollars)

1. GENERAL COMPANY INFORMATION

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

The Company's businesses and projects are as follows:

- Itafos Conda – a vertically integrated phosphate mine and fertilizer business with capacity to produce and sell monoammonium phosphate ("MAP"), MAP with micronutrients ("MAP+"), superphosphoric acid ("SPA"), merchant grade phosphoric acid ("MGA") and ammonium polyphosphate ("APP") located in Idaho, US;
- Itafos Arraias[1] – a vertically integrated phosphate mine and fertilizer business with capacity to produce and sell single superphosphate ("SSP"), SSP with micronutrients ("SSP+") and excess sulfuric acid located in Tocantins, Brazil;
- Itafos Farim – a high-grade phosphate mine project located in Farim, Guinea-Bissau;
- Itafos Paris Hills – a high-grade phosphate mine project located in Idaho, US;
- Itafos Santana – a vertically integrated high-grade phosphate mine and fertilizer plant project located in Pará, Brazil;
- Itafos Mantaro – a phosphate mine project located in Junin, Peru; and
- Itafos Araxá – a vertically integrated rare earth elements and niobium mine and extraction plant project located in Minas Gerais, Brazil.

The Company's principal shareholder is CL Fertilizers Holding LLC ("CLF"). CLF is an affiliate of Castlelake L.P., a global private investment firm (see Note 21). CLF is a Delaware limited liability company with offices in Minnesota, US. As at June 30, 2020, CLF beneficially owned and controlled 124,961,722 shares of the Company, representing approximately 67.4% of the issued and outstanding shares on an undiluted basis. As at December 31, 2019, CLF beneficially owned and controlled 124,149,216 shares of the Company, representing approximately 69.5% of the issued and outstanding shares on an undiluted basis (see Note 12). CLF is a related party (see Note 21).

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

2. BASIS OF PREPARATION AND PRESENTATION

STATEMENT OF COMPLIANCE

These unaudited 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. These Interim Financial Statements should be read in conjunction with the Company's audited consolidated financial statements as at and for the year ended December 31, 2019, which include information necessary or useful to understand the Company's business and financial statement presentation.

[1] Itafos Arraias previously produced and sold PK compounds as part of the repurpose plan, which was enabled by purchasing higher grade phosphate rock from third parties.

These Interim Financial Statements were authorized for issuance by the Company's Board of Directors on August 26, 2020.

GOING CONCERN BASIS

These Interim Financial Statements have been prepared and presented under the historical cost convention and on a going concern basis. In August 2020, the Company received a commitment from CLF to invest up to an incremental $3,000, if required, for the Company to meet its liabilities as and when they become due to ensure business continuity and ongoing operations through June 30, 2021. The investment amount may be reduced by any amount of new capital raised by the Company from investors other than CLF (see **CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS** in this Note 2 below).

BASIS OF PRESENTATION

As at June 30, 2020, the Company has reclassified certain items to conform with current period presentation as follows:

- As at December 31, 2019, the Company had $1,059 of current debentures presented as a separate line item on the condensed consolidated interim balance sheets, which are now presented within current debt (see Note 10); and
- As at December 31, 2019, the Company had $1,702 of long-term debentures presented as a separate line item on the condensed consolidated interim balance sheets, which are now presented within long-term debt (see Note 10).

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 Interim Financial Statements include the accounts of the Company and its subsidiaries. All intercompany balances and intercompany transactions are eliminated on consolidation.

As at June 30, 2020 and December 31, 2019, the Company had subsidiaries located in Barbados, Brazil, the British Virgin Islands, the Cayman Islands, Guinea-Bissau, the Netherlands, Peru, Switzerland and the US. As at December 31, 2019, the Company also had a wholly-owned subsidiary located in Portugal, which was dissolved in May 2020. As at December 31, 2019, the Company had two wholly-owned subsidiaries in Barbados, one of which was dissolved in April 2020.

As at June 30, 2020 and December 31, 2019, the Company had non-controlling interest ("NCI") as follows:

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

CURRENCIES

The Company's presentation and functional currency is US Dollars ("$"). In May 2019, Itafos Farim Holdings (formerly known as GB Minerals Ltd) changed its functional currency from Canadian Dollars ("C$") to US Dollars and Itafos Farim, Sarl (formerly known as GB Minerais Sarl), a wholly-owned subsidiary of Itafos Farim Holdings, changed its functional currency from Central African Francs to US Dollars (see Note 22).

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, 2019 remain applicable for these Interim Financial Statements.

Impact of the Novel Strain of Coronavirus ("COVID-19")

On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic. The Company is closely monitoring potential risks to its operations as a result of COVID-19, 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 COVID-19 (see Note 22). In response to COVID-19, the Company has implemented working practices at its businesses and projects to address potential impacts to its employees, contractors and operations and will take further measures in the future, if required.

Ability to Continue as a Going Concern

In August 2020, the Company received a commitment from CLF to invest up to an incremental $3,000, if required, for the Company to meet its liabilities as and when they become due to ensure business continuity and ongoing operations through June 30, 2021. The investment amount may be reduced by any amount of new capital raised by the Company from investors other than CLF.

The amount of the commitment from CLF was based on the Company's business plan. The Company has made judgments and estimates in forming assumptions of future activities, future cash flows and timing of those cash flows. The Company made significant assumptions in preparing its business plan, including, but not limited to, commodity prices, production and sales volumes and operating costs. Changes to such assumptions could result in a cash shortfall and/or financial covenant default, unless otherwise remedied (see Note 22). While the Company has a demonstrated track record of raising capital and amending its financial covenants, there can be no assurance of the Company's ability to do so going forward.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Except as noted below, the accounting policies adopted in the preparation of these 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, 2019, where applicable.

RESTRICTED SHARE UNITS

The Company grants restricted share units ("RSUs") under the Company's restricted share unit plan (the "RSU Plan") to compensate selected directors, management, employees and contractors. There have been no changes to the Company's RSU Plan except with respect to vesting (see Note 11).

Through December 31, 2019, the RSUs granted under the Company's RSU Plan vest 1/4 on the second anniversary of the grant date and 3/4 on the third anniversary of the grant date.

After December 31, 2019, the RSUs granted under the Company's RSU Plan vest as follows:

- for RSUs granted to directors, employees and contractors, 1/3 on the anniversary of the grant date over a period of three years;
- for RSUs granted to the Chief Executive Officer ("CEO"), based on a combination of time and performance with 50% of the RSUs vesting on January 1, 2021 and 50% of the RSUs vesting on January 1, 2022 subject to achievement of certain key performance indicators as established by the Company's Board of Directors; and
- for RSUs granted to management other than the CEO, based on a combination of time and performance with 50% of the RSUs vesting 1/3 on the anniversary of the grant date over a period of three years and 50% of the RSUs vesting on the third anniversary of the grant date subject to achievement of certain key performance indicators as established by the Company's Board of Directors.

IFRS 3 BUSINESS COMBINATIONS ("IFRS 3")

In October 2018, the IASB issued amendments to the guidance in IFRS 3, which revises the definition of a business. The revised guidance introduces an optional concentration test that, if met, eliminates the need for further assessment. To be considered a business, an acquisition would have to include an input and a substantive process that together significantly contribute to the ability to create outputs. The new guidance provides a framework to evaluate when an input and a substantive process are present. It is also no longer necessary to assess whether market participants are capable of replacing missing elements or integrating the acquired activities and assets. These amendments are effective and shall be applied to business combinations for which the acquisition date is on or after the beginning of the first annual reporting periods beginning on or after January 1, 2020 and to asset acquisitions that occur on or after the beginning of that period.

NEW ACCOUNTING STANDARDS EFFECTIVE IN 2020

The IASB have issued certain new accounting standards and interpretations that are mandatory for accounting periods after December 31, 2019. Certain of the new accounting standards and interpretations are as follows:

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

The Company concluded that the effect of such new accounting standards and interpretations did not have a material impact. Accordingly, the Company has not recorded any adjustment to these Interim Financial Statements.

4. INVENTORIES

As at June 30, 2020 and December 31, 2019, the Company had inventories as follows:

(unaudited in thousands of US Dollars)		**June 30, 2020**		**December 31, 2019**
Finished goods	$	20,428	$	27,738
Work in process		3,266		5,998
Raw materials		54,598		56,085
Spare parts		17,051		19,417
Net realizable value adjustments		(812)		(2,648)
Inventories, net	**$**	**94,531**	**$**	**106,590**
Less: current portion		(92,980)		(105,039)
Long-term inventories, net	**$**	**1,551**	**$**	**1,551**

As at June 30, 2020, net realizable value adjustments of $(812) were related to finished goods at Itafos Conda. As at December 31, 2019, net realizable value adjustments of $(2,648) were comprised of $(2,008) and $(640) related to finished goods at Itafos Conda and Itafos Arraias, respectively.

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

ITAFOS

5. PROPERTY, PLANT AND EQUIPMENT

As at June 30, 2020 and December 31, 2019, 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, 2019	**$ 24,699**	**$ 131,192**	**$ 139,200**	**$ 48,609**	**$ 343,700**
Additions	—	415	2,370	3,275	6,060
Disposals/transfers	—	—	10,993	(10,993)	—
Balance as at June 30, 2020	**$ 24,699**	**$ 131,607**	**$ 152,563**	**$ 40,891**	**$ 349,760**
Accumulated depreciation					
Balance as at December 31, 2019	**$ —**	**$ 30,978**	**$ 97,905**	**$ —**	**$ 128,883**
Additions	—	2,921	17,313	—	20,234
Disposals/transfers	—	—	—	—	—
Balance as at June 30, 2020	**$ —**	**$ 33,899**	**$ 115,218**	**$ —**	**$ 149,117**
Property, plant and equipment, net					
As at December 31, 2019	**$ 24,699**	**$ 100,214**	**$ 41,295**	**$ 48,609**	**$ 214,817**
As at June 30, 2020	**$ 24,699**	**$ 97,708**	**$ 37,345**	**$ 40,891**	**$ 200,643**

As at June 30, 2020 and December 31, 2019, the balances of property, plant and equipment include capitalized interest of $10,561 and $8,947, respectively.

RIGHT-OF-USE ASSETS

As at June 30, 2020 and December 31, 2019, the Company had right-of-use assets, recorded as a component of property, plant and equipment, as follows:

(unaudited in thousands of US Dollars)	Right-of-use assets-buildings and plant	Right-of-use assets-machinery, equipment and other	Total right-of-use assets
Balance as at December 31, 2019	**$ 227**	**$ 13,774**	**$ 14,001**
Additions	260	1,251	1,511
Balance as at June 30, 2020	**$ 487**	**$ 15,025**	**$ 15,512**
Accumulated depreciation			
Balance as at December 31, 2019	**$ 71**	**$ 4,103**	**$ 4,174**
Additions	46	1,792	1,838
Balance as at June 30, 2020	**$ 117**	**$ 5,895**	**$ 6,012**
Right-of-use assets, net			
Balance as at December 31, 2019	**$ 156**	**$ 9,671**	**$ 9,827**
Balance as at June 30, 2020	**$ 370**	**$ 9,130**	**$ 9,500**

The Company is unable to quantify the value of certain of its right-of-use assets because the lease payments are variable and not dependent upon an index or rate. In such cases, the Company did not recognize a right-of-use asset or corresponding lease liability. For the three and six months ended June 30, 2020, the Company had $4,122 and $8,716, respectively of costs related to variable lease payments that are not dependent on an index or rate.

The Company is exempt from quantifying the value of certain of its right-of-use assets for leases that are 12 months or less in duration or for leases of low-value assets. In such cases, the Company did not recognize a right-of-use asset or corresponding lease liability. For the three and six months ended June 30, 2020, the Company's costs related to short-term leases of low-value assets were not material.

6. MINERAL PROPERTIES

As at June 30, 2020 and December 31, 2019, the Company had mineral properties as follows:

(unaudited in thousands of US Dollars)	Development costs	Exploration and evaluation costs	Accumulated depletion	Total mineral properties
Balance as at December 31, 2019	**$ 57,609**	**$ 79,318**	**$ (19,137)**	**$ 117,790**
Additions	4,081	(284)	—	3,797
Depletion	—	—	(6,421)	(6,421)
Write-off	—	(7,959)	—	(7,959)
Balance as at June 30, 2020	**$ 61,690**	**$ 71,075**	**$ (25,558)**	**$ 107,207**

As at June 30, 2020, the Company recorded a write-off of mineral properties of $8,449 related to Itafos Paris Hills, of which $7,959 corresponds to mineral properties and $490 corresponds to environmental and asset retirement obligations (see Notes 9 and 23).

7. OTHER ASSETS

As at June 30, 2020 and December 31, 2019, the Company had other assets as follows:

(unaudited in thousands of US Dollars)	June 30, 2020	December 31, 2019
Brazilian tax credits	$ 10,387	$ 13,169
Advances to suppliers	541	905
Prepaid expenses	3,114	2,870
Other	780	1,210
Other assets	**$ 14,822**	**$ 18,154**
Less: current portion	(5,242)	(6,563)
Other non-current assets	**$ 9,580**	**$ 11,591**

As at June 30, 2020 and December 31, 2019, the Company had other current assets as follows:

(unaudited in thousands of US Dollars)	June 30, 2020	December 31, 2019
Brazilian tax credits	$ 1,463	$ 2,371
Advances to suppliers	541	905
Prepaid expenses	3,114	2,870
Other	124	417
Other current assets	**$ 5,242**	**$ 6,563**

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

As at June 30, 2020 and December 31, 2019, the Company had accounts payable and accrued liabilities as follows:

(unaudited in thousands of US Dollars)		June 30, 2020		December 31, 2019
Payroll and related taxes payable	$	3,936	$	6,539
Taxes payable		6,367		16,263
Trade payables		15,983		32,379
Accrued liabilities and other		9,340		12,428
Rebates		2,377		1,147
Other payables		2,254		3,306
Accounts payable and accrued liabilities	**$**	**40,257**	**$**	**72,062**

9. PROVISIONS

As at June 30, 2020 and December 31, 2019, the Company had provisions as follows:

(unaudited in thousands of US Dollars)		June 30, 2020		December 31, 2019
Legal contingencies	$	318	$	2,382
Environmental and asset retirement obligations		57,625		54,952
Provisions	**$**	**57,943**	**$**	**57,334**
Less: current portion		(807)		(2,382)
Long-term provisions	**$**	**57,136**	**$**	**54,952**

For the six months ended June 30, 2020, the Company had changes in environmental and asset retirement obligations as follows:

(unaudited in thousands of US Dollars)		Environmental and asset retirement obligations
Balance as at December 31, 2019	**$**	**54,952**
Additions		2,019
Accretion		654
Balance as at June 30, 2020	**$**	**57,625**

As at June 30, 2020, the Company recorded $490 of environmental and asset retirement obligations related to Itafos Paris Hills (see Notes 6 and 23).

10. DEBT

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

(unaudited in thousands of US Dollars)		June 30, 2020		December 31, 2019
Facility	$	187,391	$	181,046
Deferred financing costs related to the Facility		(4,251)		(5,118)
CLF Promissory Note		27,909		20,689
Gavilon Facility		8,300		9,415
Notes payable related to equipment purchases at Itafos Conda		2,130		2,517
Brazilian debentures		915		1,203
Canadian debentures issued to CLF		455		456
Canadian debentures issued to Banco Modal S.A.		756		1,102
Debt	**$**	**223,605**		**211,310**
Less: current portion		(2,472)		(2,459)
Long-term debt	**$**	**221,133**	**$**	**208,851**

The Company's secured term credit facility (the "Facility") bears interest at 12% per annum (5% payable in cash and 7% payable in-kind until December 6, 2020; 9% payable in cash and 3% payable in-kind thereafter) with a bullet repayment at maturity on June 6, 2022. The Facility includes restrictive financial covenants that require the Company not to exceed certain ratios as at the end of each fiscal quarter commencing September 30, 2020 (see Note 22).

The Company's unsecured and subordinated promissory note (the "CLF Promissory Note") bears interest at 15% per annum on drawn amounts and is payable on demand no earlier than six months after the date on which the Facility is paid in full. As at June 30, 2020, an additional $10,700 was available under the CLF Promissory Note to be drawn by the Company at its sole discretion through December 31, 2020 (the "Availability Period"). An availability fee of 4% per annum is payable in-kind on undrawn amounts during the Availability Period (see Notes 21, 22 and 23).

Itafos Conda's secured working capital facility (the "Gavilon Facility") bears interest at 8% per annum on drawn amounts and 4% per annum on undrawn committed amounts and matures on October 31, 2021. As at June 30, 2020, an additional $1,700 was available under the committed tranche of the Gavilon Facility and an additional tranche of $10,000 was available to be committed and drawn by Itafos Conda subject to agreement on certain terms and conditions (see Notes 22 and 23).

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

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

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

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

For the period December 31, 2019 through June 30, 2020, the Company had changes in debt as follows:

(unaudited in thousands of US Dollars)		Current debt		Long-term debt
Balance as at December 31, 2019	**$**	**2,459**	**$**	**208,851**
Proceeds from the CLF Promissory Note		—		5,300
Accrual of in kind interest of the CLF Promissory Note		—		1,921
Capitalization of in-kind interest of the Facility		—		6,327
Payment of cash interest of the Facility		(4,519)		—
Accrual of cash interest of the Facility		4,521		—
Change in accrued in-kind interest of the Facility		—		17
Amortization of financing costs of the Facility		—		866
Proceeds from the Gavilon Facility		—		585
Repayment of the Gavilon Facility		—		(1,700)
Change in notes payable related to equipment purchases at Itafos Conda		80		(468)
Change in Brazilian debentures		(66)		(222)
Change in Canadian debentures issued to CLF		(3)		2
Change in Canadian debentures issued to Banco Modal S.A.		—		(115)
Repayment of Canadian debentures issued to Banco Modal S.A.		—		(231)
Balance as at June 30, 2020	**$**	**2,472**	**$**	**221,133**

11. OTHER LIABILITIES

As at June 30, 2020 and December 31, 2019, the Company had other long-term liabilities as follows:

(unaudited in thousands of US Dollars)		June 30, 2020		December 31, 2019
Taxes payable	$	7,791	$	7,808
Share-based payments		273		863
Lease liabilities		11,270		11,428
Other		603		18
Other liabilities	**$**	**19,937**	**$**	**20,117**
Less: current portion		(2,204)		(2,446)
Other long-term liabilities	**$**	**17,733**	**$**	**17,671**

TAXES PAYABLE

As at June 30, 2020, and December 31, 2019, taxes payable were primarily related to the taxes payable to the Brazilian tax authorities resulting from intercompany loans between the Company's subsidiaries that would become due upon maturity.

SHARE-BASED PAYMENTS

As at June 30, and December 31, 2019, share-based payments were related to RSUs granted by the Company under its RSU Plan (see Note 3).

For the period December 31, 2019 through June 30, 2020, the Company had changes in RSUs as follows:

	RSUs
Balance as at December 31, 2019	**4,339,605**
Granted	5,009,348
Cash settled	(100,928)
Vested	(2,315,594)
Forfeited	(226,497)
Balance as at June 30, 2020	**6,705,934**

For the six months ended June 30, 2020, the Company granted 5,009,348 RSUs under its RSU Plan, including 621,279 RSUs granted to directors, 2,081,980 RSUs granted to management (including 1,035,468 granted to the CEO) and 2,306,089 RSUs granted to employees and contractors (see Note 3).

For the six months ended June 30, 2020, the Company issued 1,911,759 shares (net of 403,835 shares withheld to pay applicable taxes) due to vesting under its RSU Plan (see Notes 3 and 12).

For the six months ended June 30, 2020 and 2019, the Company cash settled 100,928 and 13,500 RSUs, respectively for $39 and $9, respectively due to vesting under its RSU Plan (see Note 3).

For the three months ended June 30, 2020 and 2019, the Company had share based payment expense of $76 and $261, respectively. For the six months ended June 30, 2020 and 2019, the Company had share-based payment expense of $331 and $119, respectively.

LEASE LIABILITIES

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

As at June 30, 2020, and December 31, 2019, the Company had other current liabilities as follows:

(unaudited in thousands of US Dollars)		June 30, 2020		December 31, 2019
Lease liabilities	$	2,204	$	2,446
Other current liabilities	**$**	**2,204**	**$**	**2,446**

As at June 30, 2020, the Company had total future contractual payments for leases recognized under IFRS 16 as follows:

(unaudited in thousands of US Dollars)		June 30, 2020
Within 1 year	$	2,204
Between 2 and 3 years		5,665
Between 4 and 5 years		4,495
After 5 years		945
Total contractual payments	**$**	**13,309**

For the period December 31, 2019 through June 30, 2020, the Company had changes in lease liabilities as follows:

(unaudited in thousands of US Dollars)		Current lease liabilities		Long-term lease liabilities
Balance as at December 31, 2019	**$**	**2,446**	**$**	**8,982**
New leases		105		1,403
Lease interest accruals		501		—
Lease payments		(848)		(1,319)
Balance as at June 30, 2020	**$**	**2,204**	**$**	**9,066**

12. SHARE CAPITAL

AUTHORIZED CAPITAL

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

SHARES ISSUED AND OUTSTANDING

As at June 30, 2020 and December 31, 2019, the Company had 185,462,824 and 178,551,065 shares issued and outstanding, respectively.

On January 31, 2020, the Company issued 5,000,000 shares to lenders of the Facility in exchange for eliminating additional interest of 1% per annum payable in cash for each quarter that the Company's consolidated secured leverage ratio is equal to or greater than 4.00:1.00 at the end of such quarter (see Notes 10 and 21).

For the three months ended June 30, 2020, the Company issued 11,347 shares (net of 3,653 shares withheld to pay applicable taxes) due to vesting under its RSU Plan (see Notes 3 and 11). For the six months ended June 30, 2020, the Company issued 1,911,759 shares (net of 403,835 shares withheld to pay applicable taxes) due to vesting under its RSU Plan (see Notes 3 and 11).

For the six months ended June 30, 2019, the Company repurchased and cancelled 1,771,500 shares through the Normal Course Issuer Bid ("NCIB") for $1,028. For the six months ended June 30, 2020, the Company did not repurchase any shares under the NCIB as the NCIB terminated on December 13, 2019.

For the three and six months ended June 30, 2020 and 2019, the Company had weighted-average number of shares and dilutive share equivalents as follows:

	For the three months ended June 30,		*For the six months ended June 30,*	
	2020	**2019**	**2020**	**2019**
Weighted average number of shares	185,459,956	140,486,334	183,039,606	141,220,751
Weighted average number of potentially dilutive RSUs	1,451,914	2,083,828	1,451,914	3,037,996
Diluted weighted average number of shares	**186,911,870**	**142,570,162**	**184,491,520**	**144,258,747**

For the three and six months ended June 30, 2020 the Company had net losses. Accordingly, all potentially dilutive RSUs were excluded from diluted weighted average number of shares as these instruments were anti-dilutive.

NCI

As at June 30, 2020 and December 31, 2019, the Company had NCI of $9,062 and $9,062, respectively (see Note 2).

13. REVENUES

For the three and six months ended June 30, 2020 and 2019, Itafos Conda had revenues as follows:

	For the three months ended June 30,		*For the six months ended June 30,*	
(unaudited in thousands of US Dollars)	**2020**	**2019**	**2020**	**2019**
MAP	$ 22,364	$ 48,067	$ 54,196	$ 82,553
MAP+	1,371	—	2,337	—
SPA	32,558	34,082	69,464	67,715
MGA	195	683	680	712
APP	5,460	8,925	6,203	10,082
Revenues	**$ 61,948**	**$ 91,757**	**$ 132,880**	**$ 161,062**

For the three months ended June 30, 2020 and 2019, Itafos Conda recorded approximately 63% and 70%, respectively, of its total revenues from three customers. For the six months ended June 30, 2020 and 2019, Itafos Conda recorded approximately 68% and 70%, respectively, of its total revenues from three customers.

For the three and six months ended June 30, 2020 and 2019, Itafos Arraias had revenues as follows:

	For the three months ended June 30,		For the six months ended June 30,	
(unaudited in thousands of US Dollars)	**2020**	**2019**	**2020**	**2019**
SSP	$ 163	$ 3,290	$ 3,671	$ 4,464
SSP+	—	6,825	453	8,176
PK compounds	—	—	—	—
Excess sulfuric acid, net	—	1,200	468	2,548
Revenues	**$ 163**	**$ 11,315**	**$ 4,592**	**$ 15,188**

For the three months ended June 30, 2020 and 2019, Itafos Arraias recorded approximately 77% and 88%, respectively, of its SSP and SSP+ revenues from three customers. For the six months ended June 30, 2020 and 2019, Itafos Arraias recorded approximately 36% and 78%, respectively, of its SSP and SSP+ revenues from three customers.

14. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

For the three and six months ended June 30, 2020 and 2019, the Company had selling, general and administrative expenses as follows:

	For the three months ended June 30,		For the six months ended June 30,	
(in thousands of US Dollars)	**2020**	**2019**	**2020**	**2019**
Payroll expenses	$ 2,172	$ 3,252	$ 4,607	$ 6,080
Professional fees	682	1,514	2,009	2,524
Share-based payments expense	76	261	331	119
Insurance expenses	447	357	818	596
Office, travel and general administrative expense	597	1,595	1,738	3,358
Director fees	188	150	583	300
Selling, general and administrative expenses	**$ 4,162**	**$ 7,129**	**$ 10,086**	**$ 12,977**

15. FOREIGN EXCHANGE GAIN (LOSS)

For the three months ended June 30, 2020 and 2019, the Company recognized a foreign exchange loss of $2,531 and $958, respectively. For the six months ended June 30, 2020 and 2019, the Company recognized a foreign exchange loss of $5,631 and $1,816, respectively.

These amounts are primarily comprised of the gain or loss resulting from remeasuring monetary items denominated in Brazilian Reals and Canadian Dollars.

16. FINANCE EXPENSE (INCOME)

For the three and six months ended June 30, 2020 and 2019, the Company had finance expense (income) as follows:

	For the three months ended June 30,		For the six months ended June 30,	
(unaudited in thousands of US Dollars)	**2020**	**2019**	**2020**	**2019**
Interest expense	$ 7,551	$ 5,761	$ 14,154	$ 11,420
Interest capitalized in property, plant and equipment	(827)	(451)	(1,614)	(841)
Interest on lease liabilities	220	307	501	557
Interest income	(3)	4	(12)	(74)
Finance expense, net	**$ 6,941**	**$ 5,621**	**$ 13,029**	**$ 11,062**

17. INCOME TAXES

For the three and six months ended June 30, 2020 and 2019, the Company had total current and deferred income tax expense (income) as follows:

(unaudited in thousands of US Dollars)	*For the three months ended June 30,* 2020	2019	*For the six months ended June 30,* 2020	2019
Current income tax expense	$ 1,452	$ 134	$ 2,115	$ 2,899
Deferred income tax income	(1,301)	(1,667)	(3,839)	(2,710)
Total current and deferred income tax expense (income), net	**$ 151**	**$ (1,533)**	**$ (1,724)**	**$ 189**

The Company calculates an estimated average annual effective tax rate for each of the jurisdictions in which it operates. For the three months ended June 30, 2020 and 2019, the Company had effective tax rates of (0.7)% and 6.6%, respectively. For the six months ended June 30, 2020 and 2019, the Company had effective tax rates of 5.7% and (0.5)%, respectively.

DEFERRED TAX ASSETS

As at June 30, 2020 and December 31, 2019, the Company had changes in deferred tax assets as follows:

(unaudited in thousands of US Dollars)	**Payroll and related taxes payable**	**Total deferred tax assets**
Balance as at December 31, 2019	**$ 858**	**$ 858**
Credit to profit or loss	(253)	(253)
Balance as at June 30, 2020	**$ 605**	**$ 605**

Deferred tax assets are recognized for the carry-forward of unused tax losses and/or credits to the extent that it is probable that taxable profits will be available against which the unused tax losses and/or credits can be utilized.

As at June 30, 2020, the Company had Brazilian tax losses of approximately $484,910 that may be carried forward indefinitely to offset taxable income in any given period. The Company has not recognized any deferred tax assets for its temporary differences. The interpretation of tax regulations and legislation and their application to the Company's business is subject to change. Accordingly, the Company's ability to realize deferred income tax assets could significantly affect net income or cash flows in future periods.

DEFERRED TAX LIABILITIES

As at June 30, 2020 and December 31, 2019, the Company had changes in deferred tax liabilities as follows:

(unaudited in thousands of US Dollars)	**Property, plant and equipment**	**Inventories**	**Mineral properties**	**Total deferred tax liabilities**
Balance as at December 31, 2019	**$ 12,715**	**$ 1,126**	**$ (6,861)**	**$ 6,980**
Credit to profit or loss	(2,173)	(101)	(2,211)	(4,485)
Balance as at June 30, 2020	**$ 10,542**	**$ 1,025**	**$ (9,072)**	**$ 2,495**

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 June 30, 2020, the Company does not believe that the outcome of any of the matters, individually or in aggregate, not recorded in these Interim Financial Statements would have a material adverse effect. As at June 30, 2020, the Company has currently accrued $318 in relation to labor and other claims that have been made (see Note 9). The ultimate outcome of these claims is uncertain at this time and the Company 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 (i) Itafos Farim (ii), Itafos Paris Hills, (iii) Itafos Santana, (iv) Itafos Mantaro and (v) Itafos Araxá. The corporate segment is comprised of support, administrative and financing activities.

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

For the three months ended June 30, 2020 and 2019

For the three months ended June 30, 2020, the Company had net income (loss) by segment as follows:

(unaudited in thousands of US Dollars)	Itafos Conda	Itafos Arraias	Development and exploration	Corporate	Total
Revenues	**$ 61,948**	**$ 163**	**$ —**	**$ —**	**$ 62,111**
Cost of goods sold	57,824	2,252	—	—	60,076
Write-off of mineral properties	—	—	8,449	—	8,449
	$ 4,124	**$ (2,089)**	**$ (8,449)**	**$ —**	**$ (6,414)**
Operating expenses					
Selling, general and administrative expenses	825	408	494	2,435	4,162
Operating income (loss)	**$ 3,299**	**$ (2,497)**	**$ (8,943)**	**$ (2,435)**	**$ (10,576)**
Foreign exchange gain (loss)	38	(2,898)	218	111	(2,531)
Other Income	—	14	6	—	20
Loss on asset disposal	—	(635)	—	—	(635)
Finance income (expense), net	46	(4)	(3)	(6,980)	(6,941)
Income (loss) before income taxes	**$ 3,383**	**$ (6,020)**	**$ (8,722)**	**$ (9,304)**	**$ (20,663)**
Current and deferred income tax expense (recovery)	(45)	—	—	196	151
Net income (loss)	**$ 3,428**	**$ (6,020)**	**$ (8,722)**	**$ (9,500)**	**$ (20,814)**

For the three months ended June 30, 2019, the Company had net income (loss) by segment as follows:

(unaudited in thousands of US Dollars)	Itafos Conda	Itafos Arraias	Development and exploration	Corporate	Total
Revenues	**$ 91,757**	**$ 11,315**	—	—	**$ 103,072**
Cost of goods sold	92,396	17,626	—	—	110,022
	$ (639)	**$ (6,311)**	**$ —**	**$ —**	**$ (6,950)**
Operating expenses					
Selling, general and administrative expenses	976	876	15	5,262	7,129
Operating loss	**$ (1,615)**	**$ (7,187)**	**$ (15)**	**$ (5,262)**	**$ (14,079)**
Foreign exchange gain (loss)	168	(1,347)	192	29	(958)
Other Income (expense), net	255	(2,734)	—	7	(2,472)
Finance income (expense), net	(85)	(109)	44	(5,471)	(5,621)
Income (loss) before income taxes	**$ (1,277)**	**$ (11,377)**	**$ 221**	**$ (10,697)**	**$ (23,130)**
Current and deferred income tax expense (recovery)	(1,837)	—	—	304	(1,533)
Net income (loss)	**$ 560**	**$ (11,377)**	**$ 221**	**$ (11,001)**	**$ (21,597)**

For the six months ended June 30, 2020 and 2019

For the six months ended June 30, 2020, the Company had net income (loss) by segment as follows:

(unaudited in thousands of US Dollars)	Itafos Conda	Itafos Arraias	Development and exploration	Corporate	Total
Revenues	$ 132,880	$ 4,592	$ —	$ —	$ 137,472
Cost of goods sold	128,923	12,833	—	—	141,756
Write-off of mineral properties	—	—	8,449	—	8,449
	$ 3,957	$ (8,241)	$ (8,449)	$ —	$ (12,733)
Operating expenses					
Selling, general and administrative expenses	1,894	1,383	1,305	5,504	10,086
Operating income (loss)	$ 2,063	$ (9,624)	$ (9,754)	$ (5,504)	$ (22,819)
Foreign exchange gain (loss)	153	(6,589)	669	136	(5,631)
Other Income (expense), net	(1)	1,289	(4)	3	1,287
Loss on asset disposal	—	(635)	—	—	(635)
Finance income (expense), net	21	(13)	(4)	(13,033)	(13,029)
Income (loss) before income taxes	$ 2,236	$ (15,572)	$ (9,093)	$ (18,398)	$ (40,827)
Current and deferred income tax expense (recovery)	(2,147)	—	—	423	(1,724)
Net income (loss)	$ 4,383	$ (15,572)	$ (9,093)	$ (18,821)	$ (39,103)

For the six months ended June 30, 2019, the Company had net income (loss) by segment as follows:

(unaudited in thousands of US Dollars)	Itafos Conda	Itafos Arraias	Development and exploration	Corporate	Total
Revenues	$ 161,062	$ 15,188	$ —	$ —	$ 176,250
Cost of goods sold	154,077	29,285	—	—	183,362
	$ 6,985	$ (14,097)	$ —	$ —	$ (7,112)
Operating expenses					
Selling, general and administrative expenses	2,393	2,575	421	7,588	12,977
Operating income (loss)	$ 4,592	$ (16,672)	$ (421)	$ (7,588)	$ (20,089)
Foreign exchange gain (loss)	147	(2,014)	82	(31)	(1,816)
Other Income (expense), net	851	(2,721)	(3)	101	(1,772)
Finance expense	(189)	(81)	(21)	(10,771)	(11,062)
Income (loss) before income taxes	$ 5,401	$ (21,488)	$ (363)	$ (18,289)	$ (34,739)
Current and deferred income tax expense (recovery)	(391)	—	—	580	189
Net income (loss)	$ 5,792	$ (21,488)	$ (363)	$ (18,869)	$ (34,928)

As at June 30, 2020, the Company had total assets and total liabilities by segment as follows:

(unaudited in thousands of US Dollars)		Itafos Conda		Itafos Arraias		Development and exploration		Corporate		Total
Total assets	$	232,430	$	138,258	$	75,314	$	4,711	**$**	**450,713**
Total liabilities	$	104,815	$	20,522	$	3,244	$	216,506	**$**	**345,087**

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

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

As at June 30, 2020 and December 31, 2019, the Company had property, plant and equipment and mineral properties by segment as follows:

(unaudited in thousands of US Dollars)		Itafos Conda		Itafos Arraias		Development and exploration		Corporate		Total
Balance as at June 30, 2020	$	113,052	$	120,687	$	73,896	$	215	**$**	**307,850**
Balance as at December 31, 2019	$	119,880	$	130,488	$	82,213	$	26	**$**	**332,607**

As at June 30, 2020 and December 31, 2019, the Company had property, plant and equipment and mineral properties by region as follows:

(unaudited in thousands of US Dollars)		June 30, 2020		December 31, 2019
Brazil (South America)	$	129,702	$	141,418
US (North America)		113,267		127,865
Guinea-Bissau (Africa)		64,881		63,324
Property, plant and equipment, net and mineral properties	**$**	**307,850**	**$**	**332,607**

20. NET CHANGE IN NON-CASH WORKING CAPITAL

For the six months ended June 30, 2020 and 2019, the Company had net change in non-cash working capital as follows:

		For the six months ended June 30,		
(unaudited in thousands of US Dollars)		**2020**		**2019**
Accounts receivable	$	6,599	$	5,091
Inventories, net		10,903		26,719
Other assets and prepaids		7,017		2,335
Accounts payable and accrued liabilities		(31,260)		3,110
Other liabilities payable through MAP offtake agreement		—		(12,618)
Other liabilities and provisions		1,419		100
Net change in non-cash working capital	**$**	**(5,322)**	**$**	**24,737**

21. RELATED PARTY TRANSACTIONS

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

KEY MANAGEMENT COMPENSATION

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

For the three and six months ended June 30, 2020 and 2019, the Company had key management compensation as follows:

	For the three months ended June 30,		*For the six months ended June 30,*	
(unaudited in thousands of US Dollars)	**2020**	**2019**	**2020**	**2019**
Management compensation	$ 193	$ 672	$ 1,044	$ 815
Director fees	188	150	583	300
Share-based payments	2	—	378	—
Termination benefits	—	—	179	—
Other benefits	12	16	23	24
Key management compensation	**$ 395**	**$ 838**	**$ 2,207**	**$ 1,139**

RELATED PARTY DEBT

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

(unaudited in thousands of US Dollars)	**June 30, 2020**	**December 31, 2019**
CLF participation in the Facility	$ 30,302	$ 29,274
CLF Promissory Note	27,909	20,689
Canadian debentures issued to CLF	455	456
Related party debt	**$ 58,666**	**$ 50,419**

On January 31, 2020, the Company issued 5,000,000 shares to lenders of the Facility, of which CLF received 812,506 based on its pro-rata debt holding of the Facility (see Notes 10 and 12).

22. 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 and six months ended June 30, 2020 and 2019, there were no such transfers.

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

Long-term debt is recorded on the consolidated balance sheets at amortized cost. The fair value of long-term debt is determined by applying a discount rate, reflecting an appropriate credit spread considering the Company's credit rating, to future related cash flows. As such, long-term debt is classified within Level 2 of the fair value hierarchy. As at June 30, 2020 and December 31, 2019, the Company's long-term debt was stated at an amortized cost of $221,133 and $208,851, respectively and had a fair value of $205,666 and $194,140, respectively.

RISK FACTORS

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

Market Risk

Currency Risk

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

In May 2019, Itafos Farim Holdings (formerly known as GB Minerals Ltd.) changed its functional currency from Canadian Dollars to US Dollars and Itafos Farim, Sarl (formerly known as GB Minerais Sarl), a wholly-owned subsidiary of Itafos Farim Holdings, changed its functional currency from Central African Francs to US Dollars (see Note 2).

For the three and six months ended June 30, 2020 and 2019, the Company had foreign exchange loss and cumulative translation adjustment as follows:

	For the three months ended June 30,		*For the six months ended June 30,*	
(unaudited in thousands of US Dollars)	**2020**	**2019**	**2020**	**2019**
Brazilian Real depreciation against US Dollar (%)	4.8	(1.9)	26.4	(0.8)
Canadian Dollar depreciation (appreciation) against US Dollar (%)	(4.1)	(2.1)	4.7	(4.2)
Foreign exchange loss	$ (2,531)	$ **(958)**	$ (5,631)	$ **(1,816)**
Cumulative translation adjustment	$ —	$ **(379)**	$ —	$ **1,005**

Commodity Price Risk

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

Interest Rate Risk

As at June 30, 2020 and December 31, 2019, the Company's long-term debt was primarily comprised of fixed interest rates (see Note 10).

Credit Risk

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

As at June 30, 2020 and December 31, 2019, the Company had accounts receivable of $17,184 and $23,446, respectively. As at June 30, 2020 and December 31, 2019, Itafos Conda had approximately 75% and 77%, respectively, of total accounts receivable from four customers. As at June 30, 2020 and December 31, 2019, Itafos Arraias had approximately 89% and 58%, respectively, of total accounts receivable from three customers.

Management reviews the aging of accounts receivables and, where necessary, reduces the carrying value to provide for possible losses. As at June 30, 2020 and December 31, 2019, management did not anticipate material credit losses. Accordingly, the Company did not record any credit loss provisions.

Liquidity Risk

The Company will continue to require capital to support its strategic initiatives and development objectives. In addition to cash flows from Itafos Conda, the Company intends to raise additional capital in 2020 and beyond through a combination of equity and debt financings.

On October 31, 2019, Itafos Conda closed the Gavilon Facility. As at June 30, 2020, Itafos Conda had drawn $8,300 under the Gavilon Facility. As at June 30, 2020, an additional $1,700 was available under the committed tranche of the Gavilon Facility and an additional tranche of $10,000 remained available to be committed and drawn by Itafos Conda subject to agreement on certain terms and conditions (see Notes 10 and 23).

On August 10, 2020, Itafos Conda closed a $20,000 secured working capital facility (the "Revolving Facility"), which refinanced the Gavilon Facility. The Revolving Facility considers a commitment to loan up to $20,000, of which $10,000 was drawn at closing. The proceeds of the Revolving Facility were initially used to repay the Gavilon Facility and thereafter will be used for working capital and general purposes. At closing, an additional 10,000 remained available to be drawn by Itafos Conda subject to certain terms and conditions (see Note 23).

On December 31, 2019, the Company completed a $36,000 capital raise with CLF through a non-brokered private placement financing of $15,000 and an amendment to increase the availability of the CLF Promissory Note by $21,000. As at June 30, 2020, the Company had borrowed $10,300 of the available $21,000 under the CLF Promissory Note, with the balance of $10,700 remaining available to be drawn by the Company at its sole discretion during the Availability Period (see Notes 10 and 21).

Subsequent to June 30, 2020, the Company borrowed $5,300 of the available $10,700 under the CLF Promissory Note, with the balance of $5,400 remaining available to be drawn by the Company at its sole discretion during the Availability Period (see Notes 10, 21 and 23).

In August 2020, the Company received a commitment from CLF to invest up to an incremental $3,000, if required, for the Company to meet its liabilities as and when they become due to ensure business continuity and ongoing operations through June 30, 2021. The investment amount may be reduced by any amount of new capital raised by the Company from investors other than CLF (see Note 2).

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

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

Financial Covenant Risk

The Facility includes restrictive financial covenants that require the Company not to exceed certain ratios as at the end of each fiscal quarter commencing September 30, 2020. The financial covenants considered in the Facility include requirements for the Company to maintain a consolidated secured leverage ratio and achieve a minimum level of EBITDA at Itafos Conda. The Company is currently projecting compliance with its financial covenants through June 30, 2021; however, in certain cases with minimal headroom, reaching as low as 1%. Any reductions to global fertilizer pricing trends, or other factors that could reduce cash flow from operations, including, but not limited to, potential operational disruptions due to sulfuric acid supply or resulting from COVID-19, could result in a financial covenant default, unless otherwise remedied. While the Company has a demonstrated track record of amending its financial covenants, there can be no assurance of the Company's ability to do so going forward (see Notes 2, 10 and 23).

Capital Management

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

23. SUBSEQUENT EVENTS

Itafos Conda Turnaround

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

Itafos Conda Sulfuric Acid Supply Disruption

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

Revolving Facility

On August 10, 2020, Itafos Conda closed the Revolving Facility with JPMorgan Chase Bank, N.A., which refinanced the Gavilon Facility. The Revolving Facility considers a commitment to loan up to $20,000, of which $10,000 was drawn at closing. The proceeds of the Revolving Facility were initially used to repay the Gavilon Facility and thereafter will be used for working capital and general purposes. At closing, an additional 10,000 remained available to be drawn by Itafos Conda subject to certain terms and conditions. The Revolving Facility bears interest at a variable rate tied to LIBOR, with an effective rate ranging from approximately 3-4% per annum on drawn amounts and 0.375% per annum on undrawn committed amounts. The Revolving Facility has a maturity of three years, which can be extended by agreement of the parties. The Revolving Facility is secured by the accounts receivable, inventory and cash of Itafos Conda (see Notes 10 and 22).

Gavilon Facility

Subsequent to June 30, 2020, Itafos Conda repaid the Gavilon Facility in full in connection with closing the Revolving Facility (see Notes 10 and 22).

CLF Promissory Note

Subsequent to June 30, 2020, the Company drew and additional $5,300 of the available $10,700 under the CLF Promissory Note, with the balance of $5,400 remaining available to be drawn by the Company at its sole discretion through the Availability Period (see Notes 10, 21 and 22).

Itafos Paris Hills

Subsequent to June 30, 2020, the Company advanced the wind down of the Itafos Paris Hills concession, including issuing mineral lease termination letters to land owners, following completion of the technical report titled “NI 43-101 Technical Report on the Itafos Conda and Itafos Paris Hills Mineral Projects, Idaho, USA” and dated as of July 1, 2019, which defined Husky 1/North Dry Ridge as the Company's path forward for mine life extension at Itafos Conda.

RSUs

Subsequent to June 30, 2020, the Company cash settled 27,154 RSUs for $6 under the RSU Plan (see Note 3).

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