Management's Discussion and Analysis of Operations and Financial Condition
For the three and six months ended June 30, 2021 and 2020

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF OPERATIONS AND FINANCIAL CONDITION

This management's discussion and analysis of operations and financial condition ("MD&A") is as of August 25, 2021 and should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements for the three and six months ended June 30, 2021 (the "Interim Financial Statements"), the Company's audited consolidated financial statements for the year ended December 31, 2020 (the "Audited Financial Statements") and accompanying management's discussion and analysis of operations and financial condition for the year ended December 31, 2020 (the "Annual MD&A"). Except as otherwise noted, all figures in this MD&A are presented in thousands of US Dollars ("$") and in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and Interpretations issued by the International Financial Reporting Interpretations Committee applicable to the preparation of condensed interim financial statements, including International Accounting Standards 34 Interim Financial Reporting.

This MD&A considers both IFRS and certain non-IFRS measures that management considers to evaluate the Company's operational and financial performance. Non-IFRS measures are a numerical measure of a company's performance, that either include or exclude amounts that are not normally included or excluded from the most directly comparable IFRS measures. Management believes that the non-IFRS measures provide useful supplemental information to investors, analysts, lenders and others. In evaluating non-IFRS measures, investors, analysts, lenders and others should consider that non-IFRS measures do not have any standardized meaning under IFRS and that the methodology applied by the Company in calculating such non-IFRS measures may differ among companies and analysts. Non-IFRS measures should not be considered as a substitute for, nor superior to, measures of financial performance prepared in accordance with IFRS. Definitions and reconciliations of non-IFRS measures to the most directly comparable IFRS measures are included in Section 7 of this MD&A.

This MD&A contains ''forward-looking information" within the meaning of applicable Canadian securities legislation. Management believes that forward-looking information provides useful supplemental information to investors, analysts, lenders and others. In evaluating forward-looking information, investors, lenders and others should consider that forward looking information may not be appropriate for other purposes and are cautioned not to put undue reliance on forward-looking information. Forward-looking information contained in this MD&A is based on the opinions, assumptions and estimates of management set out herein, which management believes are reasonable as at the date the statements are made. Such opinions, assumptions and estimates are inherently subject to a variety of risks and uncertainties and other known and unknown factors that could cause actual events or results to differ materially from those projected in forward-looking information. Although the Company has attempted to identify crucial factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Cautionary statements regarding forward-looking information and risks and uncertainties affecting forward-looking information are included in Section 7 of this MD&A.

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

1. GENERAL COMPANY INFORMATION

OVERVIEW

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

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

As at June 30, 2021, the Company was a Cayman Islands corporation. On July 1, 2021, the Company completed a redomicilation from the Cayman Islands to the US. The redomiciliation was implemented as a continuation of the Company's jurisdiction of incorporation from the Cayman Islands to the State of Delaware. In connection with the redomiciliation, the Company has changed its name from Itafos to Itafos Inc. The Company is headquartered in Houston, TX (see Notes 1 and 24 in the Interim Financial Statements).

The Company's shares trade on the TSX Venture Exchange under the ticker symbol "IFOS". The Company's principal shareholder is CL Fertilizers Holding LLC ("CLF"). CLF is an affiliate of Castlelake, L.P., a global private investment firm (see Notes 1 and 22 in the Interim Financial Statements).

BUSINESSES AND PROJECTS

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

Item	Conda[i]	Arraias[ii]	Farim	Santana	Araxá
Ownership[iii]	100%	98.3%	100%	99.4%	100%
Location	Idaho, US	Tocantins, Brazil	Farim, Guinea-Bissau	Pará, Brazil	Minas Gerais, Brazil
Status	Operating	Idled	Construction ready	Maintaining option	Maintaining option
Mineral Reserves[iv]	13.1Mt at avg. 26.6% P_2O_5	Under review	44.0Mt at avg. 30.0% P_2O_5	Under review	Under review
Measured and Indicated Mineral Resources[iv]	50.3Mt at avg. 25.5% P_2O_5	79.0Mt at avg. 4.9% P_2O_5	105.6Mt at avg. 28.4% P_2O_5	60.4Mt at avg. 12.0% P_2O_5	6.3Mt at avg. 5.0% TREO and at avg. 1.0% Nb_2O_5
Inferred Mineral Resources[iv]	0.7Mt at avg. 25% P_2O_5	12.7Mt at avg. 3.9% P_2O_5	37.6Mt at avg. 27.7% P_2O_5	26.6Mt at avg. 5.6% P_2O_5	21.9Mt at avg. 4.0% TREO and 0.6% Nb_2O_5
Mine life[iv]	Through mid-2026	Under review	25 years	Under review	Under review
Products	MAP, MAP+, SPA, MGA and APP	SSP, SSP+ and excess sulfuric acid	Phosphate rock	SSP and excess sulfuric acid	Rare earth oxides and niobium oxide
Annual production capacity	550kt	500kt SSP and SSP+ and 40kt excess sulfuric acid	1.3Mt	500kt SSP and 30kt excess sulfuric acid	8.7kt rare earth oxides and 0.7kt niobium oxide

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

ii. Arraias' key infrastructure consists of its mines, beneficiation plant, sulfuric acid plant, acidulation plant and granulation plant.

iii. Non-controlling interests represented by preferred non-voting shares issued by the Company in 2018 upon exercise of warrants held by creditors under the 2016 Brazilian restructuring proceedings (see Note 2 in the Interim Financial Statements).

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

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

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

The Company's latest respective technical reports are available under the Company's profile on SEDAR at www.sedar.com and on the Company's website at www.itafos.com.

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

The Company's businesses and projects are described in greater detail in the Annual MD&A.

2. HIGHLIGHTS

OVERALL HIGHLIGHTS

For the three months ended June 30, 2021

For the three months ended June 30, 2021, the Company's overall highlights were as follows:

Market Highlights

Diammonium phosphate ("DAP") New Orleans ("NOLA") prices averaged $629/tonne in Q2 2021 compared to $298/tonne in Q2 2020, up 111% year-over-year driven by strong agriculture and phosphate fertilizer market supply and demand dynamics.

Financial Highlights

- generated revenues of $103,316 in Q2 2021 compared to $62,111 in Q2 2020 primarily due to higher realized prices and higher sales volumes at Conda;
- generated adjusted EBITDA of $33,654 in Q2 2021 compared to $11,324 in Q2 2020 primarily due to higher realized prices and higher sales volumes at Conda and lower costs following the idling of Arraias, which were partially offset by higher input costs at Conda and higher corporate selling, general and administrative expenses (see Section 7); and
- recorded net income (loss) of $9,582 in Q2 2021 compared to $(20,814) in Q2 2020 primarily due to the same factors that resulted in higher adjusted EBITDA, lower depreciation and depletion and write-off of mineral properties recorded in 2020, which were partially offset by higher finance and income tax expenses.

Business Highlights

EHS

- continued corporate-wide risk mitigation measures to address potential impacts to employees, contractors and operations as a result of the coronavirus disease 2019 ("COVID-19") pandemic, which resulted in no material impact to operations; and
- sustained environmental, health and safety ("EHS") excellence, including no reportable environmental releases and one recordable incident, which resulted in a consolidated Total Reportable Incident Frequency Rate[1] ("TRIFR") of 0.84.

Conda

- completed a full scope plant turnaround at Conda during June 2021, including certain activities that had been deferred following the Company's decision to conduct a reduced scope plant turnaround in 2020 as part of Company's COVID-19 risk mitigation measures;
- produced 107,517 tonnes at Conda in Q2 2021 compared to 134,391 tonnes in Q2 2020 primarily due to a full scope plant turnaround at Conda during June 2021;
- generated revenues of $103,316 at Conda in Q2 2021 compared to $61,948 in Q2 2020 primarily due to higher realized prices and higher sales volumes;
- generated adjusted EBITDA at Conda of $37,705 in Q2 2021 compared to $14,458 in Q2 2020 primarily due to higher realized prices and higher sales volumes, which were partially offset by higher input costs (see Section 7);

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

- recorded net income at Conda of $24,370 in Q2 2021 compared to $3,428 in Q2 2020 primarily due to the same factors that resulted in higher adjusted EBITDA and lower depreciation and depletion, which were partially offset by higher finance and income tax expenses;
- advanced activities related to the extension of Conda's mine life through permitting and development of Husky 1/North Dry Ridge ("H1/NDR"), including progression of the National Environmental Policy Act ("NEPA") Environmental Impact Statement ("EIS") preparation and public engagement process; and
- advanced activities related to the optimization of Conda's EBITDA generation, including:
  - continuation of the ramp up of MAP+ production and sales volumes,
  - advancement of initiative to produce and sell hydrofluorosilicic acid ("HFSA"), including advancement of detailed engineering, design and procurement and advancement of a potential offtake agreement; and
  - advancement of the magnesium oxide ("MgO") reduction initiative to enhance SPA production and sales volumes, including advancement of test work.

Other Segments

- maintained the idling of Arraias following best practices; and
- maintained Farim at construction ready state while optimizing costs.

For the six months ended June 30, 2021

For the six months ended June 30, 2021, the Company's overall highlights were as follows:

<u>Market Highlights</u>

DAP NOLA prices averaged $591/tonne in H1 2021 compared to $299/tonne in H1 2020, up 98% year-over-year driven by strong agriculture and phosphate fertilizer market supply and demand dynamics.

<u>Financial Highlights</u>

- generated revenues of $193,458 in H1 2021 compared to $137,472 in H1 2020 primarily due to higher realized prices at Conda, which were partially offset by lower sales volumes at Conda and completion in 2020 of a program to monetize remaining inventory and raw materials to partially offset costs at Arraias;
- generated adjusted EBITDA of $54,312 in H1 2021 compared to $10,536 in H1 2020 primarily due to higher realized prices at Conda and lower costs following the idling of Arraias, which were partially offset by lower sales volumes and higher input costs at Conda (see Section 7); and
- recorded net income (loss) of $11,483 in H1 2021 compared to $(39,103) in H1 2020 primarily due to the same factors that resulted in higher adjusted EBITDA, lower depreciation and depletion and write-off of mineral properties recorded in 2020, which were partially offset by higher finance and income tax expenses.

<u>Business Highlights</u>

EHS

- continued corporate-wide risk mitigation measures to address potential impacts to employees, contractors and operations as a result of the COVID-19 pandemic, which resulted in no material impact to operations; and
- sustained EHS excellence, including no reportable environmental releases and two recordable incidents, which resulted in a consolidated TRIFR of 0.84.

Conda

- completed a full scope plant turnaround at Conda during June 2021, including certain activities that had been deferred following the Company's decision to conduct a reduced scope plant turnaround in 2020 as part of Company's COVID-19 risk mitigation measures;

- produced 252,708 tonnes at Conda in H1 2021 compared to 273,287 tonnes in H1 2020 primarily due to a full scope plant turnaround at Conda during June 2021;
- generated revenues of $193,458 at Conda in H1 2021 compared to $132,880 in H1 2020 primarily due to higher realized prices, which were partially offset by lower sales volumes;
- generated adjusted EBITDA at Conda of $61,869 in H1 2021 compared to $22,753 in H1 2020 primarily due to higher realized prices, which were partially offset by lower sales volumes and higher input costs (see Section 7);
- recorded net income at Conda of $39,134 in H1 2021 compared to $4,383 in H1 2020 primarily due to the same factors that resulted in higher adjusted EBITDA and lower depreciation and depletion, which were partially offset by higher finance and income tax expenses;
- advanced activities related to the extension of Conda's mine life through permitting and development of H1/NDR, including progression of the NEPA EIS preparation and public engagement process; and
- advanced activities related to the optimization of Conda's EBITDA generation, including:
  - continuation of the ramp up of MAP+ production and sales volumes,
  - advancement of initiative to produce and sell HFSA, including completion of a concept study, advancement of detailed engineering, design and procurement and advancement of a potential offtake agreement; and
  - advancement of MgO reduction initiative to enhance SPA production and sales volumes, including advancement of test work.

Other Segments

- maintained the idling of Arraias following best practices; and
- maintained Farim at construction ready state while optimizing costs.

Subsequent to June 30, 2021

Subsequent to June 30, 2021, the Company's overall highlights were as follows:

- completed a redomiciliation from the Cayman Islands to the US and changed its name from Itafos to Itafos Inc. (see Notes 1 and 24 in the Interim Financial Statements);
- closed three-year, $205,000 secured term loan (the "Term Loan");
- repaid existing secured term credit facility (the "Credit Facility");
- amended existing secured working capital facility at Conda (the "Conda ABL") to increase the commitment amount from $20,000 to $40,000 and extend term; and
- amended existing unsecured and subordinated promissory note (the "Promissory Note") to cancel the remaining availability and extend term.

ITAFOS

FINANCIAL HIGHLIGHTS

For the three and six months ended June 30, 2021 and 2020, the Company's financial highlights were as follows:

(unaudited in thousands of US Dollars except as otherwise noted)	*For the three months ended June 30,* 2021	2020	% change	For the six months ended June 30, 2021	2020	% change
Revenues	$ 103,316	$ 62,111	66%	$ 193,458	$ 137,472	41%
Gross margin	32,606	(6,414)	n/m	51,135	(12,733)	n/m
Adjusted EBITDA[i]	33,654	11,324	198%	54,312	10,536	416%
Net income (loss)	9,582	(20,814)	n/m	11,483	(39,103)	n/m
Basic earnings (loss) per share	$ 0.05	$ (0.11)	n/m	$ 0.06	$ (0.21)	n/m
Fully diluted earnings (loss) per share	$ 0.05	$ (0.11)	n/m	$ 0.06	$ (0.21)	n/m
Maintenance capex[i]	$ 15,553	$ 1,454	970%	$ 17,076	$ 3,373	406%
Growth capex[i]	2,600	1,591	63%	3,900	2,997	30%
Total Capex[i]	**$ 18,153**	**$ 3,045**	**496%**	**$ 20,976**	**$ 6,370**	**229%**
Free cash flow[i]	$ 25,389	$ 379	6599%	$ 40,121	$ (7,507)	n/m

i. Non-IFRS measure (see Section 7).

For the three months ended June 30, 2021 and 2020, the Company's financial highlights were explained as follows:

Item	Q2 2021 vs Q2 2020
Revenues	Revenues increased primarily due to higher realized prices and higher sales volumes at Conda
Adjusted EBITDA	Adjusted EBITDA increased primarily due to higher realized prices and higher sales volumes at Conda and lower costs following the idling of Arraias, which were partially offset by higher input costs at Conda and higher corporate selling, general and administrative expenses (see Section 7)
Net income (loss)	Net income (loss) increased primarily due to the same factors that resulted in higher adjusted EBITDA, lower depreciation and depletion and write-off of mineral properties recorded in 2020, which were partially offset by higher finance and income tax expenses
Maintenance capex	Maintenance capex increased primarily due to the completion of a full scope turnaround at Conda during June 2021 compared to a reduced scope turnaround in 2020 (see Section 7)
Growth capex	Growth capex increased primarily due to activities related to the initiative to produce and sell HFSA at Conda and activities related to the stage-gate restart program at Arraias, whereas activities related to the extension of Conda's mine life through permitting and developing H1/NDR were largely consistent (see Section 7)
Free cash flow	Free cash flow increased primarily due to higher cash flows from operating activities and lower working capital requirements, which were partially offset by higher cash maintenance capex (see Section 7)

For the six months ended June 30,2021 and 2020, the Company's financial highlights were explained as follows:

Item	H1 2021 vs H1 2020
Revenues	Revenues increased primarily due to higher realized prices at Conda, which were partially offset by lower sales volumes at Conda and completion in 2020 of a program to monetize remaining inventory and raw materials to partially offset costs at Arraias
Adjusted EBITDA	Adjusted EBITDA increased primarily due to higher realized prices at Conda and lower costs following the idling of Arraias, which were partially offset by lower sales volumes and higher input costs at Conda
Net income (loss)	Net income (loss) increased primarily due to the same factors that resulted in higher adjusted EBITDA, lower depreciation and depletion and write-off of mineral properties recorded in 2020, which were partially offset by higher finance and income tax expenses;
Maintenance capex	Maintenance capex increased primarily due to the completion of a full scope turnaround at Conda during June 2021 compared to a reduced scope turnaround in 2020 (see Section 7)
Growth capex	Growth capex increased primarily due to activities related to the initiative to produce and sell HFSA at Conda and activities related to the stage-gate restart program at Arraias, whereas activities related to the extension of Conda's mine life through permitting and developing H1/NDR were largely consistent (see Section 7)
Free cash flow	Free cash flow increased primarily due to higher cash flows from operating activities and lower working capital requirements, which were partially offset by higher cash maintenance capex (see Section 7)

As at June 30, 2021 and December 31, 2020, the Company's financial highlights were as follows:

(unaudited in thousands of US Dollars)	June 30, 2021	December 31, 2020	% change
Total assets	$ 505,103	$ 477,304	6%
Total liabilities	410,521	394,881	4%
Net debt[i]	213,765	233,926	(9)%
Adjusted net debt[i]	133,192	166,335	(20)%
Total equity	94,582	82,423	15%

i. Non-IFRS measure (see Section 7 and Note 24 in the Interim Financial Statements).

As at June 30, 2021 and December 31, 2020, the Company's financial highlights were explained as follows:

Item	Q2 2021 vs Q4 2020
Total assets	Total assets increased primarily due to higher cash and cash equivalents and property, plant and equipment, which were partially offset by lower inventories and other non-current assets
Total liabilities	Total liabilities increased primarily due to in-kind interest related to the Credit Facility and Promissory Note and higher accounts payable and accrued liabilities
Net debt	Net debt decreased primarily due to higher cash and cash equivalents, which was partially offset by in-kind interest related to the Credit Facility and Promissory Note (see Section 7)
Adjusted net debt	Adjusted net debt decreased primarily due to the same factors that resulted in decreased net debt and higher related party debt (see Section 7)
Total equity	Total equity increased primarily due to net income recorded during the period and issuance of shares by the Company under its restricted share unit plan (the "RSU Plan")

BUSINESS HIGHLIGHTS

Conda

COVID-19 Risk Mitigation Measures

The Company continues to monitor potential risks to Conda's employees, contractors and operations as a result of the COVID-19 pandemic. Conda has been deemed an essential business as part of the agriculture and phosphate fertilizer sector and therefore has not been forced to shut down operations on account of the COVID-19 pandemic. In response to the COVID-19 pandemic, the Company has implemented and continued risk mitigation measures at Conda to address potential impacts to its employees, contractors and operations as described in the Annual MD&A. The Company is not currently projecting any material impact on Conda's operations as a result of the COVID-19 pandemic.

EHS Highlights

For the three months ended June 30, 2021, Conda sustained EHS excellence with no reportable environmental releases and one recordable incident, which resulted in a TRIFR of 1.06. For the six months ended June 30, 2021, Conda sustained EHS excellence with no reportable environmental releases and two recordable incidents, which resulted in a TRIFR of 1.06.

Plant Turnaround

During June 2021, completed a full scope plant turnaround at Conda, including certain activities that had been deferred following the Company's decision to conduct a reduced scope plant turnaround in 2020 as part of Company's COVID-19 risk mitigation measures. Conda's plant turnaround was completed on schedule and within budget. The plant turnaround focused on inspection, testing, repair and preventative maintenance of critical equipment, including cleaning the phosphate rock reactor.

Business Highlights

For the three and six months ended June 30, 2021 and 2020, Conda's business highlights were as follows:

(unaudited in thousands of US Dollars except as otherwise noted)	*For the three months ended June 30,* 2021	2020	% change	*For the six months ended June 30,* 2021	2020	% change
Production volumes (tonnes)						
MAP[i]	69,232	85,018	(19)%	144,180	175,566	(18)%
MAP+[i]	3,949	1,538	157%	32,014	6,813	370%
SPA[ii]	28,066	37,173	(24)%	65,896	77,438	(15)%
MGA[ii]	147	120	23%	342	703	(51)%
APP[i]	6,123	10,542	(42)%	10,276	12,767	(20)%
Production volumes (tonnes)	**107,517**	**134,391**	**(20)%**	**252,708**	**273,287**	**(8)%**
Production volumes (tonnes P_2O_5)	**67,835**	**85,686**	**(21)%**	**157,191**	**176,433**	**(11)%**
Sales volumes (tonnes)						
MAP[i]	78,076	70,812	10%	155,515	178,584	(13)%
MAP+[i]	11,792	3,811	209%	32,012	6,464	395%
SPA[ii]	31,126	33,388	(7)%	67,823	72,619	(7)%
MGA[ii]	147	190	(23)%	342	703	(51)%
APP[i]	8,309	11,967	(31)%	11,154	13,614	(18)%
Sales volumes (tonnes)	**129,450**	**120,168**	**8%**	**266,846**	**271,984**	**(2)%**
Sales volumes (tonnes P_2O_5)	**79,296**	**75,955**	**4%**	**165,310**	**173,335**	**(5)%**
Realized price ($/tonne)[iii]						
MAP[i]	$ 591	$ 316	87%	$ 525	$ 303	73%
MAP+[i]	$ 639	$ 360	78%	$ 559	$ 362	54%
SPA[ii]	$ 1,433	$ 975	47%	$ 1,284	$ 957	34%
MGA[ii]	$ 1,399	$ 1,026	37%	$ 1,394	$ 967	44%
APP[i]	$ 585	$ 456	28%	$ 563	$ 456	23%
Revenues ($)						
MAP	$ 46,133	$ 22,364	106%	$ 81,718	$ 54,196	51%
MAP+	$ 7,529	$ 1,371	449%	$ 17,906	$ 2,337	666%
SPA	$ 44,588	$ 32,558	37%	$ 87,082	$ 69,464	25%
MGA	$ 206	$ 195	6%	$ 477	$ 680	(30)%
APP	$ 4,860	$ 5,460	(11)%	$ 6,275	$ 6,203	1%
Revenues	**$ 103,316**	**$ 61,948**	**67%**	**$ 193,458**	**$ 132,880**	**46%**
Revenues per tonne P_2O_5[iii]	**$ 1,303**	**$ 816**	**60%**	**$ 1,170**	**$ 767**	**53%**
Cash costs[iii]	**$ 64,303**	**$ 48,430**	**33%**	**$ 129,248**	**$ 109,998**	**18%**
Cash costs per tonne P_2O_5[iii]	**$ 811**	**$ 638**	**27%**	**$ 782**	**$ 635**	**23%**
Cash margin[iii]	**$ 39,013**	**$ 13,518**	**189%**	**$ 64,210**	**$ 22,882**	**181%**
Cash margin per tonne P_2O_5[iii]	**$ 492**	**$ 178**	**176%**	**$ 388**	**$ 132**	**194%**
Adjusted EBITDA[iii]	$ 37,705	$ 14,458	161%	$ 61,869	$ 22,753	172%
Maintenance capex[iii]	$ 15,507	$ 1,454	967%	$ 17,030	$ 3,373	405%
Growth capex[iii]	$ 1,941	$ 1,357	43%	$ 2,851	$ 3,281	(13)%
Total capex[iii]	**$ 17,448**	**$ 2,811**	**521%**	**$ 19,881**	**$ 6,654**	**199%**

i. P_2O_5 basis considers MAP as 52% P_2O_5, MAP+ as 39% P_2O_5 and APP as 34% P_2O_5.
ii. Presented on a 100% P_2O_5 basis.
iii. Non-IFRS measure (see Section 7).

For the three months ended June 30, 2021 and 2020, Conda's business highlights were explained as follows:

Item	Q2 2021 vs Q2 2020
Production volumes	Production volumes decreased primarily due to the completion of a full scope plant turnaround during June 2021 compared to a reduced scope plant turnaround in 2020
Sales volumes	Sales volumes increased due to higher MAP lifting and ramp up of MAP+ production, which were partially offset by lower SPA and APP due to lower production
Revenues	Revenues increased due to higher realized prices and higher sales volumes
Cash margin per tonne P_2O_5	Cash margin per tonne P_2O_5 increased primarily due to higher realized prices, which were partially offset by higher input costs (see Section 7)
Adjusted EBITDA	Adjusted EBITDA increased primarily due to higher realized prices and higher sales volumes, which were partially offset by higher input costs (see Section 7)
Maintenance capex	Maintenance capex increased primarily due to the completion of a full scope plant turnaround during June 2021 compared to a reduced scope plant turnaround in 2020 (see Section 7)
Growth capex	Growth capex increased primarily due to activities related to the initiative to produce and sell HFSA, whereas activities related to H1/NDR were largely consistent (see Section 7)

For the six months ended June 30, 2021 and 2020, Conda's business highlights were explained as follows:

Item	H1 2021 vs H1 2020
Production volumes	Production volumes decreased primarily due to the completion of a full scope plant turnaround during June 2021 compared to a reduced scope plant turnaround in 2020
Sales volumes	Sales volumes decreased due to lower MAP and SPA production driven by a full scope plant turnaround during June 2021, as well as lower APP production, which were partially offset by ramp up of MAP+ production
Revenues	Revenues increased due to higher realized prices, which were partially offset by lower sales volumes
Cash margin per tonne P_2O_5	Cash margin per tonne P_2O_5 increased primarily due to higher realized prices, which were partially offset by lower sales volumes and higher input costs (see Section 7)
Adjusted EBITDA	Adjusted EBITDA increased primarily due to higher realized prices, which were partially offset by lower sales volumes and higher input costs (see Section 7)
Maintenance capex	Maintenance capex increased primarily due to the completion of a full scope plant turnaround during June 2021 compared to a reduced scope plant turnaround in 2020 (see Section 7)
Growth capex	Growth capex decreased primarily due to 2020 activities related to the extension of Conda's mine life through permitting and development of H1/NDR, which were partially offset by 2021 activities related to the initiative to produce and sell HFSA (see Section 7)

Mine Life Extension

For the three and six months ended June 30, 2021, the Company advanced activities related to the extension of Conda's mine life through permitting and development of H1/NDR, including progression of the NEPA EIS preparation and public engagement process.

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

EBITDA Optimization

For the three months ended June 30, 2021, the Company advanced activities related to optimizing Conda's EBITDA generation as follows:

- continued ramp up of MAP+ production and sales volumes;
- advanced initiative to produce and sell HFSA, including advancement of detailed engineering, design and procurement and advancement of a potential offtake agreement; and
- advanced MgO reduction initiative to enhance SPA production and sales volumes, including advancement of test work.

For the six months ended June 30, 2021, the Company advanced activities related to optimizing Conda's EBITDA generation as follows:

- continued ramp up of MAP+ production and sales volumes;
- advanced initiative to produce and sell HFSA, including completion of a concept study, advancement of detailed engineering, design and procurement and advancement of a potential offtake agreement; and
- advanced MgO reduction initiative to enhance SPA production and sales volumes, including advancement of test work.

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

Arraias

COVID-19 Risk Mitigation Measures

The Company continues to monitor potential risks to Arraias' employees, contractors and operations as a result of the COVID-19 pandemic. Arraias has been deemed an essential business as part of the agriculture and phosphate fertilizer sector and therefore has not been forced to shut down operations or care and maintenance activities on account of the COVID-19 pandemic. In response to the COVID-19 pandemic, the Company has implemented and continued risk mitigation measures at Arraias to address potential impacts to its employees, contractors and operations as described in the Annual MD&A. The Company is not currently projecting any material impact on Arraias' care and maintenance activities as a result of the COVID-19 pandemic.

EHS Highlights

For the three and six months ended, June 30, 2021, Arraias sustained EHS excellence with no reportable environmental releases or recordable incidents, which resulted in a TRIFR of 0.00.

Idling

On November 21, 2019, the Company announced its decision to idle Arraias and suspend the previously announced Repurpose Plan. For the three and six months ended June 30, 2021, the Company maintained the idling of Arraias following best practices.

Stage-Gate Restart Program

During Q2 2020, the Company launched a stage-gate restart program at Arraias. Each stage-gate must be cleared before progressing to the next stage of the program, thereby limiting exposure and managing risk. The first stage-gate is the development of a revised geological model and long-term mine plan of the Domingos pit. The revised long-term mine plan will be developed to verify the ability to deliver constant ore grade to the beneficiation process, while the beneficiation plant process design will be revised to match the geometallurgical characterization of the ore. The revised geological model and long-term mine plan is being prepared by Golder Associates Inc. ("Golder") and is expected to be completed by Q4 2021.

As part of the first stage-gate, the Company engaged leading third-party laboratories to conduct the metallurgical test work that will form the basis of the revised beneficiation process. The portion of the metallurgical test work related to milling, classification and coarse flotation was completed during Q4 2020 and the portion of the metallurgical test work related to fines flotation was completed during Q1 2021.

Also, as a part of the first stage-gate, the Company completed a detailed in-fill drilling program during Q1 2021 by completing 280 diamond core holes for a total of 7,504 meters of drilling. Core sampling and the majority of sample analysis were completed during Q2 2021 with the remainder of the sample analysis expected to be completed during Q3 2021. Following completion of the sample analysis, the revised geological model and long-term mine plan of the Domingos pit is expected to be completed during Q4 2021.

Business Highlights

For the three and six months ended June 30, 2021 and 2020, Arraias' business highlights were as follows:

(unaudited in thousands of US Dollars except as otherwise noted)	*For the three months ended June 30,* 2021	2020	% change	*For the six months ended June 30,* 2021	2020	% change
Production volumes (tonnes)						
SSP[i]	—	—	n/m	—	3,879	n/m
SSP+[i]	—	—	n/m	—	1,113	n/m
Production volumes (tonnes)	**—**	**—**	**n/m**	**—**	**4,992**	n/m
Production volumes (tonnes P_2O_5)	**—**	**—**	**n/m**	**—**	**849**	n/m
Excess sulfuric acid production volumes (tonnes)[ii]	—	—	n/m	—	—	n/m
Sales volumes (tonnes)						
SSP[i]	—	1,886	n/m	—	27,315	n/m
SSP+[i]	—	—	n/m	—	2,459	n/m
Sales volumes (tonnes)	**—**	**1,886**	**n/m**	**—**	**29,774**	n/m
Sales volumes (tonnes P_2O_5)	**—**	**321**	**n/m**	**—**	**4,486**	n/m
Excess sulfuric acid sales volumes (tonnes)	—	—	n/m	—	5,213	n/m
Realized price ($/tonne)[iii]						
SSP[i]	$ —	$ 86	n/m	$ —	$ 134	n/m
SSP+[i]	$ —	$ —	n/m	$ —	$ 184	n/m
Excess sulfuric acid	$ —	$ —	n/m	$ —	$ 90	n/m
Revenues ($)						
SSP, net	$ —	$ 163	n/m	$ —	$ 3,671	n/m
SSP+, net	$ —	$ —	n/m	$ —	$ 453	n/m
Revenues	**$ —**	**$ 163**	**n/m**	**$ —**	**$ 4,124**	**n/m**
Revenues per tonne P_2O_5[iii]	**$ —**	**$ 508**	**n/m**	**$ —**	**$ 919**	**n/m**
Cash costs[iv]	**$ —**	**$ 719**	**n/m**	**$ —**	**$ 9,703**	**n/m**
Cash costs per tonne P_2O_5[iii]	**$ —**	**$ 2,240**	**n/m**	**$ —**	**$ 2,163**	**n/m**
Cash margin[iv]	**$ —**	**$ (556)**	**n/m**	**$ —**	**$ (5,579)**	**n/m**
Cash margin per tonne P_2O_5[iv]	**$ —**	**$ (1,732)**	**n/m**	**$ —**	**$ (1,244)**	**n/m**
Excess sulfuric acid revenues ($)	$ —	$ —	n/m	$ —	$ 468	n/m
Adjusted EBITDA[iii]	$ (938)	$ (1,078)	n/m	$ (1,772)	$ (6,601)	n/m
Maintenance capex[iii]	$ —	$ —	n/m	$ —	$ —	n/m
Growth capex[iii]	$ 156	$ —	n/m	$ 463	$ —	n/m
Total capex[iii]	**$ 156**	**$ —**	**n/m**	**$ 463**	**$ —**	**n/m**

i. P_2O_5 basis considers SSP and SSP+ as 17% P_2O_5.
ii. Excess sulfuric acid production volumes (t) are presented net of production for internal consumption.
iii. Non-IFRS measure (see Section 7).
iv. Non-IFRS measure and excludes sulfuric acid (see Section 7).

For the three and six months ended, June 30, 2021 and 2020, Arraias' business highlights were explained as follows:

Item	H1 2021 vs H1 2020
Production and sales volumes	Production and sales volumes decreased primarily due to completion in 2020 of a program to monetize remaining inventory and raw materials to offset costs
Adjusted EBITDA	Adjusted EBITDA increased primarily due to the idling of Arraias in 2020 and completion in 2020 of a program to monetize remaining inventory and raw materials to offset costs (see Section 7)
Total capex	Total capex increased primarily due to activities related to the stage-gate restart program (see Section 7)

Development & Exploration

For the three and six months ended, June 30, 2021, the Company's development & exploration project highlights were as follows:

- sustained EHS excellence at Farim with no reportable environmental releases or recordable incidents, which resulted in a TRIFR of 0.00;
- maintained Farim at construction ready state while optimizing costs;
- advanced revisions to the executed Farim mining agreement with the Government of Guinea-Bissau to facilitate project financing and update tax incentives;
- maintaining the integrity of the concessions of Santana and Araxá;
- commenced permitting and engaged third parties to update reports for Araxá in support of evaluation of strategic alternatives; and
- advanced the wind down of Paris Hills and Mantaro.

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

Corporate

For the three months ended June 30, 2021, the Company's corporate highlights were as follows:

- issued 34,042 shares (net of 10,958 shares withheld to pay applicable taxes) due to vesting under the Company's RSU Plan (see Note 12 in the Interim Financial Statements.

For the six months ended June 30, 2021, the Company's corporate highlights were as follows:

- issued 1,299,662 shares (net of 382,870 shares withheld to pay applicable taxes) due to vesting under the Company's RSU Plan (see Note 12 in the Interim Financial Statements);
- granted 3,761,637 RSUs under the Company's RSU Plan, including 305,326 RSUs granted to directors, 1,559,777 RSUs granted to management and 1,896,534 RSUs granted to employees and contractors (see Note 12 in the Interim Financial Statements); and
- advanced cost savings initiatives, including merging three holding companies (see Note 2 in the Interim Financial Statements).

Subsequent to the three months ended June 30, 2021, the Company's corporate highlights were as follows:

- issued 52,356 shares (net of 25,829 shares withheld to pay applicable taxes) due to vesting under its RSU Plan (see Note 23 in the Interim Financial Statements); and
- completed a redomiciliation from the Cayman Islands to the US and changed its name from Itafos to Itafos Inc. (see Notes 1 and 23 in the Interim Financial Statements).

As at June 30, 2021 and December 31, 2020, the Company had 186,762,486 and 185,462,284 shares issued and outstanding, respectively.

MARKET HIGHLIGHTS

For the three and six months ended June 30, 2021 and 2020, key phosphate fertilizer market indicators relevant to the Company's operations were as follows:

(in US Dollars per metric tonne)	*For the three months ended June 30,* 2021	2020	% change	For the six months ended June 30, 2021	2020	% change
DAP NOLA	$ 629	$ 298	111%	$ 591	$ 299	98%
Sulfur Vancouver	$ 177	$ 62	185%	$ 161	$ 54	198%
Ammonia Tampa[i]	$ 545	$ 231	136%	$ 457	$ 240	90%

i. 100% of the Company's ammonia is supplied under a long term offtake agreement with pricing indexed to DAP NOLA.

For the three months ended June 30, 2021 and 2020, key phosphate fertilizer market indicators relevant to the Company's operations were explained as follows:

Item	Q2 2021 vs Q2 2020
DAP NOLA	DAP NOLA prices increased due to no significant phosphate fertilizer supply capacity additions, which resulted in continued drawdown of global phosphate fertilizer inventory levels and strong phosphate fertilizer demand underpinned by global coarse grains and oilseeds at multi-year low stocks-to-use ratios and the highest prices in nearly a decade
Sulfur Vancouver	Sulfur Vancouver prices increased due to strong global demand from phosphates and metals consumers, while supply remained limited as refinery run rates remained low due to the impact of the COVID-19 pandemic on fuel demand
Ammonia Tampa	Ammonia Tampa prices increased due to recovery of natural gas prices and a global supply squeeze driven by plant closures, mothballing and scheduled maintenance

For the six months ended June 30,2021 and 2020, key phosphate fertilizer market indicators relevant to the Company's operations were explained as follows:

Item	H1 2021 vs H1 2020
DAP NOLA	DAP NOLA prices increased due to no significant phosphate fertilizer supply capacity additions, which resulted in continued drawdown of global phosphate fertilizer inventory levels and The US International Trade Commission ("ITC") confirmed countervailing duty ("CVD") orders on phosphate fertilizer imports to the US from Morocco and Russia and strong phosphate fertilizer demand underpinned by global coarse grains and oilseeds at multi-year low stocks-to-use ratios and the highest prices in nearly a decade
Sulfur Vancouver	Sulfur Vancouver prices increased due to strong global demand from phosphates and metals consumers, while supply remained limited as refinery run rates remained low due to the impact of the COVID-19 pandemic on fuel demand
Ammonia Tampa	Ammonia Tampa prices increased due to recovery of natural gas prices and a global supply squeeze driven by plant closures, mothballing and scheduled maintenance

3. OUTLOOK

FINANCIAL OUTLOOK

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

The Company provides guidance on certain non-IFRS measures that management considers to evaluate the Company's operational and financial performance. Management believes that the non-IFRS measures provide useful supplemental information to investors, analysts, lenders and others. Definitions and reconciliations of non-IFRS measures to the most directly comparable IFRS measures are included in Section 7 of this MD&A.

The assumptions considered by the Company in preparing its guidance for 2021 are explained as follows:

- adjusted EBITDA considers latest outlook for pricing and key inputs at Conda, maintaining the idling of Arraias, maintaining Farim at construction ready state and costs related to other development and exploration projects and corporate (see Section 7);
- maintenance capex considers planned plant maintenance at Conda (see Section 7);
- growth capex considers activities related to the extension of Conda's mine life through permitting and development of H1/NDR and EBITDA optimization initiatives at Conda (see Section 7); and
- free cash flow considers cash from operating activities and cash from investing activities less cash growth capex (see Section 7).

The Company issued its original guidance for 2021 in the Annual MD&A. The Company revised its guidance in management's discussion and analysis of operations and financial condition as of May 13, 2021. The Company has further revised its guidance for 2021 as follows:

(in millions of US Dollars)	*Actual* **H1 2021**	*Projected* **H2 2021**	*Projected* **FY 2021**
Adjusted EBITDA[i]	$ 54	$ 55-65	$ 110-120
Maintenance capex[i]	17	5-8	22-25
Growth capex[i]	4	8-11	12-15
Free cash flow[i]	40	15-25	55-65

i. Non-IFRS measure (see Section 7).

The Company's revised guidance for FY 2021 is explained as follows:

- increased adjusted EBITDA guidance to $110-120 million (previously $95-105 million) to reflect the Company's view of expected H2 2021 prices at Conda, including the current DAP NOLA prices (100% of Conda's MAP is sold under a long-term offtake agreement with pricing indexed to DAP NOLA on an average three-month trailing basis) and higher SPA prices (see Section 7);
- tightened maintenance capex guidance to $22-25 million (previously $20-25 million) (see Section 7);
- tightened growth capex guidance to $12-15 million (previously $12-17 million) (see Section 7); and
- increased free cash flow guidance to $55-65 million (previously $40-50 million) to reflect the increase in adjusted EBITDA guidance and improved efficiencies in corporate structure following completion of the Company's redomiciliation from the Cayman Islands to the US, which are expected to be partially offset by higher expected H2 2021 working capital requirements (see Section 7 and Note 24 in the Interim Financial Statements).

BUSINESS OUTLOOK

The Company continues to execute on its strategy which is focused on the following:

- extending Conda's current mine life through permitting and development of H1/NDR;
- optimizing Conda's EBITDA generation;
- maintaining the idling of Arraias following best practices while evaluating strategic alternatives;
- maintaining Farim at construction ready state while evaluating strategic alternatives;
- maintaining the integrity of the concessions of Santana and Araxá while evaluating strategic alternatives;
- advancing the wind down of Paris Hills and Mantaro; and
- continuing corporate-wide cost savings initiatives.

MARKET OUTLOOK

The Company expects the current global agriculture and phosphate fertilizer fundamentals to remain strong throughout the remainder of 2021. Specific factors the Company expects to influence the continued strength in the phosphate fertilizer markets are as follows:

- no significant phosphate fertilizer supply capacity additions in 2021 due to voluntary postponement of project schedules in recent years and delays related to the COVID-19 pandemic, resulting in continued drawdown of global phosphate fertilizer inventory levels;
- continued strong phosphate fertilizer demand underpinned by global coarse grains and oilseeds at multi-year low stocks-to-use ratios and the highest prices in nearly a decade, the effects of which are expected to continue beyond the current growing season;
- continued strong pricing and volume fundamentals in the North American phosphate fertilizer markets reflecting the solid demand fundamentals, depleted inventory levels and higher crop prices;
- sulfur prices are expected to remain at current high levels as supply remains tight due to solid demand from phosphates and metals consumers; and
- ammonia prices are expected to remain at high level as higher natural gas prices increase production costs while supply remains low due to closure and mothballing of ammonia plants during the COVID-19 pandemic.

4. SUMMARY OF QUARTERLY RESULTS

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

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

For the three months ended June 30, 2020, March 31, 2020, December 31, 2019 and September 30, 2019, the Company's summary of quarterly results was as follows:

(unaudited in thousands of US Dollars except as otherwise noted)	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019
Net loss	$ (20,814)	$ (18,289)	$ (88,465)	$ (20,778)
Basic loss per share	(0.11)	(0.10)	(0.63)	(0.15)
Diluted loss per share	(0.11)	(0.10)	(0.63)	(0.15)
Total assets	450,713	461,499	510,764	568,630

5. STATEMENTS OF OPERATIONS

For the three and six months ended June 30, 2021 and 2020, the Company's statements of operations were as follows:

(unaudited in thousands of US Dollars except as otherwise noted)	*For the three months ended June 30,* 2021	2020	% change	*For the six months ended June 30,* 2021	2020	% change
Revenues	$ 103,316	$ 62,111	66%	$ 193,458	$ 137,472	41%
Cost of goods sold	70,710	60,076	18%	142,323	141,756	n/m
Write-off of mineral properties	—	8,449	n/m	—	8,449	n/m
Gross margin	**$ 32,606**	**(6,414)**	n/m	**$ 51,135**	**(12,733)**	n/m
Selling, general and administrative expenses	7,680	4,162	85%	13,270	10,086	32
Operating income (loss)	**$ 24,926**	**$ (10,576)**	**n/m**	**$ 37,865**	**$ (22,819)**	**n/m**
Foreign exchange gain (loss)	129	(2,531)	n/m	58	(5,631)	n/m
Other income	42	20	110%	144	1,287	(89)%
Gain (loss) on asset disposal	48	(635)	n/m	48	(635)	n/m
Finance expense	(8,564)	(6,941)	n/m	(16,956)	(13,029)	n/m
Income (loss) before income taxes	**$ 16,581**	**$ (20,663)**	**n/m**	**$ 21,159**	**$ (40,827)**	**n/m**
Current and deferred income tax expense (recovery)	6,999	151	4535%	9,676	(1,724)	n/m
Net income (loss)	**$ 9,582**	**(20,814)**	**n/m**	**$ 11,483**	**(39,103)**	**n/m**
Net income (loss) attributable to non-controlling interest	—	—		—	—	
Net income (loss) attributable to shareholders of the Company	**$ 9,582**	**$ (20,814)**	**n/m**	**$ 11,483**	**$ (39,103)**	**n/m**
Basic earnings (loss) per share	**$ 0.05**	**$ (0.11)**	**n/m**	**$ 0.06**	**$ (0.21)**	**n/m**
Fully diluted earnings (loss) per share	**$ 0.05**	**$ (0.11)**	**n/m**	**$ 0.06**	**$ (0.21)**	**n/m**

For the three months ended June 30, 2021 and 2020, the Company's statements of operations were explained as follows:

Item	Q2 2021 vs Q2 2020
Revenues	Revenues increased primarily due to higher realized prices and higher sales volumes at Conda
Cost of goods sold	Cost of goods sold increased primarily due to higher input costs and sales volumes at Conda, which were partially offset by lower depreciation and depletion
Selling, general and administrative expenses	Selling, general and administrative expenses increased due to higher corporate costs related mainly to share based payment expenses and transaction costs, which were partially offset by reduced idling costs at Arraias related to higher initial spend in 2020 and lower costs in 2021 from maintaining Farim at construction ready state while optimizing costs
Foreign exchange gain (loss)	Foreign exchange loss decreased due to fluctuations between the Brazilian Real and the US Dollar
Finance expense	Finance expense increased primarily due to higher interest related to the Credit Facility and the Promissory Note
Current and deferred income tax expense (recovery)	Current and deferred income tax expense (recovery) increased primarily due to higher income tax expense

For the six months ended June 30, 2021 and 2020, the Company's statements of operations were explained as follows:

Item	H1 2021 vs H1 2020
Revenues	Revenues increased primarily due to higher realized prices at Conda, which were partially offset by lower sales volumes at Conda and completion in 2020 of a program to monetize remaining inventory and raw materials to partially offset costs at Arraias
Cost of goods sold	Cost of goods sold increased primarily due to higher input costs at Conda, which were partially offset by lower sales volumes at Conda, completion in 2020 of a program to monetize remaining inventory and raw materials to partially offset costs at Arraias and lower depreciation and depletion
Selling, general and administrative expenses	Selling, general and administrative expenses increased due to higher corporate costs related to mainly to share based-based payment expenses and transaction costs, which were partially offset by reduced idling costs at Arraias related to higher initial spend in 2020 and lower costs in 2021 from maintaining Farim at construction ready state while optimizing costs
Foreign exchange gain (loss)	Foreign exchange loss decreased due to fluctuations between the Brazilian Real and the US Dollar
Finance expense	Finance expense increased primarily due to higher interest related to the Credit Facility and the Promissory Note
Current and deferred income tax expense (recovery)	Current and deferred income tax expense (recovery) increased primarily due to higher income tax expense

6. FINANCIAL CONDITION

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

LIQUIDITY

As at June 30, 2021, the Company had cash and cash equivalents of $34,872 and liquidity of $42,321 (see Section 7 and Note 24 in the Interim Financial Statements).

As at June 30, 2021, the Company had working capital of $(105,872) (see Section 7). As at June 30, 2021, the Company's working capital was impacted by the reclassification of the Credit Facility from long-term debt to current debt (see Notes 11 and 24 in the Interim Financial Statements).

Refinancing

On August 25, 2021, the Company closed the Term Loan. The proceeds of the Term Loan were used to repay the Credit Facility and to pay related transaction costs and fees. In connection with the closing of the Term Loan, the Company also completed an amendment to the Conda ABL to increase the commitment amount from $20,000 to $40,000 and extend the term, among other modifications as detailed below. Also in connection with the closing of the Term Loan, the Company completed an amendment to the Promissory Note to cancel the remaining availability and extend the term, among other modifications as detailed below (see Note 24 in the Interim Financial Statements).

<u>Term Loan</u>

The key terms of the Term Loan are as follows:

- principal amount of $205,000;
- term of three years;
- interest rate of 8.25% per annum plus the London Interbank Offered Rate ("LIBOR"), subject to a floor of 1.00%, with interest payments payable in cash on a quarterly basis;

- amortization of 15% per annum with principal payments payable on a quarterly basis and a one-time principal payment on or before 15 months after the closing date in an amount sufficient to reduce the outstanding principal balance to $155,000 or less; and
- other terms, financial covenants, fees and cost reimbursements standard and customary for similar agreements.

The guarantors to the Term Loan include various subsidiaries of the Company (the "Guarantors"). The Term Loan is secured by all assets of the Company and the Guarantors.

<u>Amendment to Conda ABL</u>

The key terms of the amendment to the Conda ABL are as follows:

- commitment size increased from $20,000 to $40,000;
- term extended from August 7, 2023 to the earlier of August 25, 2024 and 91 days before the maturity of the Term Loan (if the Term Loan is outstanding on such date);
- collateral expanded from accounts receivable, inventory and cash pledged by Conda to include a second lien on all other assets of the Company and the Guarantors; and
- other modifications to conform terms and conditions with the Term Loan.

Other key terms of the Conda ABL, including the interest rate, were not amended.

<u>Amendment to Promissory Note</u>

The key terms of the amendment to the Promissory Note are as follows:

- commitment amount reduced from $36,000 to $30,600, which cancelled the previously remaining availability of $5,400;
- term extended from payable on demand no earlier than six months after the date on which the Credit Facility is paid in full to payable on demand after the later of (i) August 25, 2024 or (ii) six months after the date on which the Term Loan and the Conda ABL are paid in full and commitments under the Conda ABL are terminated; however, if the obligations under the Term Loan and the Conda ABL are accelerated, then the Promissory Note would become payable on demand;
- interest rate per annum increased from 15% to 18% starting on August 25, 2022 if the Company has not repaid at least $20,000 under the Promissory Note by such date;
- amendment fee of 4% of the principal amount payable in kind at closing;
- exit fee of 4% payable in cash upon any payment of principal; and
- other terms and cost reimbursements standard and customary for similar agreements.

FINANCIAL COVENANTS

The Credit Facility includes financial covenants that require the Company not to exceed certain ratios as at the end of each fiscal quarter. The financial covenants considered in the Credit Facility include requirements for the Company to maintain a consolidated secured leverage ratio and achieve a minimum level of EBITDA at Conda (see Notes 2, 11 and 24 in the Interim Financial Statements).

ITAFOS

SUMMARY BALANCE SHEETS

As at June 30, 2021 and December 31, 2020, the Company's summary balance sheets were as follows:

(unaudited in thousands of US Dollars)	June 30, 2021	December 31, 2020	% change
Cash and cash equivalents	$ 34,872	$ 9,539	266%
Current assets (including cash and cash equivalents)	$ 154,295	$ 134,491	15%
Non-current assets	350,808	342,813	2%
Total assets	**$ 505,103**	**$ 477,304**	**6%**
Current liabilities (excluding current portion of debt)	$ 64,105	$ 54,579	17%
Non-current liabilities (excluding long-term debt)	99,983	100,109	0%
Debt (current and long-term)[i]	246,433	240,193	3%
Total liabilities	**$ 410,521**	**$ 394,881**	**4%**
Shareholders' equity	$ 93,828	$ 81,669	15%
Non-controlling interest	754	754	0%
Total equity	**$ 94,582**	**$ 82,423**	**15%**

i. (see Notes 11 and 24 in the Interim Financial Statements).

As at June 30, 2021 and December 31, 2020, the Company's summary balance sheets were explained as follows:

Item	Q2 2021 vs Q4 2020
Current assets	Current assets increased primarily due to higher cash and cash equivalents, which were partially offset by lower inventories and other current assets
Non-current assets	Non-current assets increased primarily due to capex additions (see Section 7), which were partially offset by the usage of tax credits to reduce tax payables at Arraias and depreciation and depletion
Current liabilities	Current liabilities increased due to higher accounts payable and accrued liabilities
Non-current liabilities	Non-current liabilities increased due to higher share-based payments liability
Debt	Debt increased primarily due to in-kind interest related to the Credit Facility and Promissory Note
Total equity	Total equity increased primarily due to net income recorded during the period and issuance of shares by the Company under its RSU Plan

As at June 30, 2021 and December 31, 2020, the Company did not have any significant off-balance sheet arrangements.

Conda's operating and environmental permits require certain obligations related to environmental and reclamation activities to be guaranteed. As at June 30, 2021, Conda's guarantee requirements were $39,757 for which Conda has purchased surety bonds. As at June 30, 2021, Conda had posted a letter of credit of $7,951 under the Conda ABL as collateral for such surety bonds. During Q2 2021, as part of standard regulatory reviews by the respective governmental agencies, Conda received requests for additional guarantees of $11,723. Subsequent to June 30, 2021, Conda received requests for additional guarantees of $33,599. Conda is in process of implementing an aggregate total of $45,322 of incremental guarantees consisting of $11,723 of incremental guarantees requested during Q2 2021 and $33,599 of incremental guarantees requested subsequent to June 30, 2021 (see Notes 11, 19 and 24 in the Interim Financial Statements).

CAPITAL RESOURCES

As at June 30, 2021 and December 31, 2020, the Company's capital resources were as follows:

(unaudited in thousands of US Dollars)		June 30, 2021		December 31, 2020
Total equity	$	94,582	$	82,423
Net debt[i]		213,765		233,926
Capital resources	**$**	**308,347**	**$**	**316,349**

i. Non-IFRS measure (see Section 7 and Note 24 in the Interim Financial Statements).

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

SUMMARY CASH FLOWS

For the three and six months ended June 30, 2021 and 2020, the Company's summary cash flows were as follows:

	For the three months ended June 30,			*For the six months ended June 30,*		
(unaudited in thousands of US Dollars)	2021	2020	% change	2021	2020	% change
Cash and cash equivalents, beginning of period	**$ 17,675**	**$ 16,686**	**6%**	**$ 9,539**	**$ 29,109**	**(67%)**
Cash flows from (used by) operating activities	34,649	1,261	2648%	50,660	(5,337)	n/m
Cash flows used by investing activities	(11,796)	(2,473)	n/m	(14,191)	(5,039)	n/m
Cash flows from (used by) financing activities	(5,733)	283	n/m	(11,253)	(2,732)	n/m
Effect of foreign exchange of non-US Dollar denominated cash	77	(36)	n/m	117	(280)	n/m
Cash and cash equivalents, end of period	**34,872**	**15,721**	**122%**	**34,872**	**15,721**	**122%**
Free cash flow[i]	25,389	379	6599%	40,121	(7,507)	n/m

i. Non-IFRS measure (see Section 7).

For the three months ended June 30, 2021 and 2020, the Company's summary cash flows were explained as follows:

Item	Q2 2021 vs Q2 2020
Cash flows from (used by) operating	Cash flows from (used by) operating activities increased primarily due to higher net income and lower working capital requirements
Cash flows used by investing	Cash flows used by investing activities increased primarily due to the completion of a full scope plant turnaround at Conda during June 2021, activities related to the initiative to produce and sell HFSA at Conda and activities related to the stage-gate restart program at Arraias
Cash flows from (used by) financing	Cash flows from (used by) financing activities increased primarily due to higher interest expense related to the Credit Facility
Free cash flow	Free cash flow increased primarily due to higher cash flows from operating activities and lower working capital requirements, which were partially offset by higher cash maintenance capex (see Section 7)

For the six months ended June 30, 2021 and 2020, the Company's summary cash flows were explained as follows:

Item	H1 2021 vs H1 2020
Cash flows from (used by) operating	Cash flows from (used by) operating activities increased primarily due to higher net income, timing of income tax payments and lower working capital requirements
Cash flows used by investing	Cash flows used by investing activities increased primarily due to the completion of a full scope plant turnaround at Conda during June 2021, activities related to the initiative to produce and sell HFSA at Conda and activities related to the stage-gate restart program at Arraias
Cash flows used by financing	Cash flows used by financing activities increased primarily due to higher interest expense related to the Credit Facility
Free cash flow	Free cash flow increased primarily due to higher cash flows from operating activities and lower working capital requirements, which were partially offset by higher cash maintenance capex (see Section 7)

CONTRACTUAL OBLIGATIONS

As at June 30, 2021, the Company's contractual obligations were as follows:

(unaudited in thousands of US Dollars)	Within 1 year	Years 2 and 3	Years 4 and 5	After 5 years	Total
Debt	$ 220,487	$ 59,138	$ 404	$ 269.00	**$ 280,298**
Accounts payable and accrued liabilities	58,678	—	—	—	**58,678**
Provisions	2,600	—	—	81,272	**83,872**
Leases	2,730	7,277	4,717	4,587	**19,311**
Contractual obligations	**$ 284,495**	**$ 66,415**	**$ 5,121**	**$ 86,128**	**$ 442,159**

The Company's provisions are representative of the environmental and asset retirement obligations as well as legal contingencies that exist as at June 30, 2021. As at June 30, 2021, Conda, Arraias and Paris Hills had environmental and asset retirement obligations of $75,037, $7,999 and $451, respectively. Liabilities for costs are recorded when it is probable that obligations have been incurred and the amounts can be reasonably estimated (see Note 10 in the Interim Financial Statements).

7. NON-IFRS MEASURES

DEFINITIONS

The Company defines its non-IFRS measures as follows:

Non-IFRS measure	Definition	Most directly comparable IFRS measure
EBITDA	Earnings before interest, taxes, depreciation, depletion and amortization	Net income (loss) and operating income (loss)
Adjusted EBITDA	EBITDA adjusted for non-cash, extraordinary, non-recurring and other items unrelated to the Company's core operating activities	Net income (loss) and operating income (loss)
Total capex	Additions to property, plant, and equipment and mineral properties adjusted for additions to asset retirement obligations, additions to right of use assets, capitalized interest and technical studies	Additions to property, plant and equipment and mineral properties
Maintenance capex	Portion of total capex relating to the maintenance of ongoing operations	Additions to property, plant and equipment and mineral properties
Growth capex	Portion of total capex relating to development of growth opportunities	Additions to property, plant and equipment and mineral properties
Cash total capex	Total capex less accrued capex	Additions to property, plant and equipment and mineral properties
Cash maintenance capex	Maintenance capex less accrued maintenance capex	Additions to property, plant and equipment and mineral properties
Cash growth capex	Growth capex less accrued growth capex	Additions to property, plant and equipment and mineral properties
Net debt	Debt less cash and cash equivalents plus deferred financing costs	Current debt, long-term debt and cash and cash equivalents
Related party debt	Portion of debt held by a related party	Current debt and long-term debt
Adjusted net debt	Net debt adjusted for related party debt	Current debt, long-term debt and cash and cash equivalents
Working capital	Current assets less current liabilities	Current assets and current liabilities
Liquidity	Cash and cash equivalents plus undrawn committed borrowing capacity	Cash and cash equivalents
Realized price	Revenues divided by sales volumes	Revenues
Revenues per tonne P_2O_5	Revenues divided by sales volumes presented on P_2O_5 basis	Revenues
Cash costs	Cost of goods sold less net realizable value adjustments, depreciation, depletion and amortization	Cost of goods sold
Cash costs per tonne P_2O_5	Cash costs divided by sales volumes presented on P_2O_5 basis	Cost of goods sold
Cash margin	Revenues less cash costs	Gross margin
Cash margin per tonne P_2O_5	Revenues per tonne P_2O_5 less cash costs per tonne P_2O_5	Gross margin
Adjusted cash flows from operating activities	Cash flows from operating activities plus technical studies less accrued technical studies	Cash flows from operating activities
Free cash flow	Cash flows from operating activities, which excludes payment of interest expense, plus cash flows from investing activities less cash growth capex	Cash flows from operating activities and cash flows from investing activities

ITAFOS

EBITDA AND ADJUSTED EBITDA

For the three months ended June 30, 2021 and 2020

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

(unaudited in thousands of US Dollars)	Conda	Arraias	Development and exploration	Corporate	Total
Net income (loss)	**$ 24,370**	**$ (568)**	**$ (1,003)**	**$ (13,217)**	**$ 9,582**
Finance expense, net	697	7	2	7,858	8,564
Current and deferred income tax expense	6,952	—	—	47	6,999
Depreciation and depletion	5,771	113	14	43	5,941
EBITDA	**$ 37,790**	**$ (448)**	**$ (987)**	**$ (5,269)**	**$ 31,086**
Unrealized foreign exchange (gain) loss	(51)	(392)	832	(495)	(106)
Share-based payment expense	—	—	—	1,843	1,843
Transaction costs	—	—	—	963	963
Technical studies	(42)	—	—	—	(42)
Other (income) expense, net	8	(98)	—	—	(90)
Adjusted EBITDA	**$ 37,705**	**$ (938)**	**$ (155)**	**$ (2,958)**	**$ 33,654**

(unaudited in thousands of US Dollars)	Conda	Arraias	Development and exploration	Corporate	Total
Operating income (loss)	**$ 31,976**	**$ (1,051)**	**$ (435)**	**$ (5,564)**	**$ 24,926**
Depreciation and depletion	5,771	113	14	43	5,941
Foreign exchange gain (loss) - realized	—	—	266	(243)	23
Share-based payment expense	—	—	—	1,843	1,843
Transaction costs	—	—	—	963	963
Technical studies	(42)	—	—	—	(42)
Adjusted EBITDA	**$ 37,705**	**$ (938)**	**$ (155)**	**$ (2,958)**	**$ 33,654**

For the three months ended June 30, 2020, the Company had EBITDA and adjusted EBITDA by segment as follows:

(unaudited in thousands of US Dollars)	Conda	Arraias	Development and exploration	Corporate	Total
Net income (loss)	**$ 3,428**	**$ (6,020)**	**$ (8,722)**	**$ (9,500)**	**$ (20,814)**
Finance (income) expense, net	(46)	4	3	6,980	6,941
Current and deferred income tax expense (recovery)	(45)	—	—	196	151
Depreciation and depletion	10,206	2,411	22	34	12,673
EBITDA	**$ 13,543**	**$ (3,605)**	**$ (8,697)**	**$ (2,290)**	**(1,049)**
Unrealized foreign exchange loss	103	1,906	398	14	2,421
Write-off of mineral properties	—	—	8,449	—	8,449
Inventory adjustments	812	—	—	—	812
Share-based payment expense				76	76
Other (income) expense, net	—	621	(6)	—	615
Adjusted EBITDA	**$ 14,458**	**$ (1,078)**	**$ 144**	**$ (2,200)**	**$ 11,324**

(unaudited in thousands of US Dollars)	Conda	Arraias	Development and exploration	Corporate	Total
Operating income (loss)	**$ 3,299**	**$ (2,497)**	**$ (8,943)**	**$ (2,435)**	**$ (10,576)**
Depreciation and depletion	10,206	2,411	22	34	12,673
Foreign exchange gain (loss) - realized	141	(992)	616	125	(110)
Write-off of mineral properties	—	—	8,449	—	8,449
Inventory adjustments	812	—	—	—	812
Share-based payment recovery	—	—	—	76	76
Adjusted EBITDA	**$ 14,458**	**$ (1,078)**	**$ 144**	**$ (2,200)**	**$ 11,324**

For the six months ended June 30, 2021 and 2020

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

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

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

For the six months ended June 30, 2020, the Company had EBITDA and adjusted EBITDA by segment as follows:

(unaudited in thousands of US Dollars)		Conda		Arraias		Development and exploration		Corporate		Total
Net income (loss)	**$**	**4,383**	**$**	**(15,572)**	**$**	**(9,093)**	**$**	**(18,821)**	**$**	**(39,103)**
Finance (income) expense, net		(21)		13		4		13,033		13,029
Current and deferred income tax expense (recovery)		(2,147)		—		—		423		(1,724)
Depreciation and depletion		19,737		4,008		45		73		23,863
EBITDA	**$**	**21,952**	**$**	**(11,551)**	**$**	**(9,044)**	**$**	**(5,292)**		**(3,935)**
Unrealized foreign exchange (gain) loss		(12)		5,604		(51)		(10)		5,531
Write-off of mineral properties		—		—		8,449		—		8,449
Inventory adjustments		812		—		—		—		812
Share-based payment expense		—		—		—		331		331
Other (income) expense, net		1		(654)		4		(3)		(652)
Adjusted EBITDA	**$**	**22,753**	**$**	**(6,601)**	**$**	**(642)**	**$**	**(4,974)**	**$**	**10,536**

(unaudited in thousands of US Dollars)		Conda		Arraias		Development and exploration		Corporate		Total
Operating income (loss)	**$**	**2,063**	**$**	**(9,624)**	**$**	**(9,754)**	**$**	**(5,504)**	**$**	**(22,819)**
Depreciation and depletion		19,737		4,008		45		73		23,863
Foreign exchange gain (loss) - realized		141		(985)		618		126		(100)
Write-off of mineral properties		—		—		8,449		—		8,449
Inventory adjustments		812		—		—		—		812
Share-based payment expense		—		—		—		331		331
Adjusted EBITDA	**$**	**22,753**	**$**	**(6,601)**	**$**	**(642)**	**$**	**(4,974)**	**$**	**10,536**

ITAFOS

CAPEX

For the three months ended June 30, 2021 and 2020

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

(unaudited in thousands of US Dollars)	Conda	Arraias	Development and exploration	Corporate	Total
Additions to property, plant and equipment	$ 17,336	$ 1,122	$ 3	$ 413	$ 18,874
Additions to mineral properties	972	—	500	—	1,472
Additions to property, plant and equipment related to asset retirement obligations	(818)	(969)	—	—	(1,787)
Additions to right of use assets	—	3	—	(367)	(364)
Technical studies	(42)	—	—	—	(42)
Total capex	**$ 17,448**	**$ 156**	**$ 503**	**$ 46**	**$ 18,153**
Maintenance capex	15,507	—	—	46	15,553
Growth capex	1,941	156	503	—	2,600

For the three months ended June 30, 2020, the Company had capex by segment as follows:

(unaudited in thousands of US Dollars)	Conda	Arraias	Development and exploration	Corporate	Total
Additions to property, plant and equipment	$ 4,183	$ (1,451)	$ —	$ —	$ 2,732
Additions to mineral properties	1,772	—	234	—	2,006
Additions to property, plant and equipment related to asset retirement obligations	(2,317)	1,451	—	—	(866)
Additions to right of use assets	—	—	—	—	—
Capitalized interest	(827)	—	—	—	(827)
Total capex	**$ 2,811**	**$ —**	**$ 234**	**$ —**	**$ 3,045**
Maintenance capex	1,454	—	—	—	1,454
Growth capex	1,357	—	234	—	1,591

For the six months ended June 30, 2021 and 2020

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

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

For the six months ended June 30, 2020, the Company had capex by segment as follows:

(unaudited in thousands of US Dollars)	Conda	Arraias	Development and exploration	Corporate	Total
Additions to property, plant and equipment	$ 9,345	$ (3,285)	$ —	$ 260	$ 6,320
Additions to mineral properties	4,081	—	(284)	—	3,797
Additions to asset retirement obligations	(5,158)	3,285	—	—	(1,873)
Additions to Right of Use assets	—	—	—	(260)	(260)
Capitalized interest	(1,614)	—	—	—	(1,614)
Total capex	**$ 6,654**	**$ —**	**$ (284)**	**$ —**	**$ 6,370**
Maintenance capex	3,373	—	—	—	3,373
Growth capex	3,281	—	(284)	—	2,997

CASH CAPEX

For the three months ended June 30, 2021 and 2020

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

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

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

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

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

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

For the three months ended June 30, 2020, the Company had cash capex by segment as follows:

(unaudited in thousands of US Dollars)	Conda	Arraias	Development and exploration	Corporate	Total
Total capex	$ 2,811	$ —	$ 234	$ —	$ 3,045
Accrued capex	(1,399)	—	—	—	(1,399)
Total cash capex	**$ 1,412**	**$ —**	**$ 234**	**$ —**	**$ 1,646**

For the three months ended June 30, 2020, the Company had cash maintenance capex by segment as follows:

(unaudited in thousands of US Dollars)	Conda	Arraias	Development and exploration	Corporate	Total
Maintenance capex	$ 1,454	$ —	$ —	$ —	$ 1,454
Accrued maintenance capex	(1,399)	—	—	—	(1,399)
Cash maintenance capex	**$ 55**	**$ —**	**$ —**	**$ —**	**$ 55**

For the three months ended June 30, 2020, the Company had cash growth capex by segment as follows:

(unaudited in thousands of US Dollars)		Conda		Arraias		Development and exploration		Corporate		Total
Growth capex	$	1,357	$	—	$	234	$	—	$	1,591
Accrued growth capex		—		—		—		—		—
Cash growth capex	**$**	**1,357**	**$**	**—**	**$**	**234**	**$**	**—**	**$**	**1,591**

For the six months ended June 30, 2021 and 2020

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

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

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

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

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

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

For the six months ended June 30, 2020, the Company had cash capex by segment as follows:

(unaudited in thousands of US Dollars)		Conda		Arraias		Development and exploration		Corporate		Total
Total capex	$	6,654	$	—	$	(284)	$	—	$	6,370
Accrued capex		(1,701)		—		—		—		(1,701)
Total cash capex	**$**	**4,953**	**$**	**—**	**$**	**(284)**	**$**	**—**	**$**	**4,669**

For the six months ended June 30, 2020, the Company had cash maintenance capex by segment as follows:

(unaudited in thousands of US Dollars)		Conda		Arraias		Development and exploration		Corporate		Total
Maintenance capex	$	3,373	$	—	$	—	$	—	$	3,373
Accrued maintenance capex		(1,573)		—		—		—		(1,573)
Cash maintenance capex	**$**	**1,800**	**$**	**—**	**$**	**—**	**$**	**—**	**$**	**1,800**

For the six months ended June 30, 2020, the Company had cash growth capex by segment as follows:

(unaudited in thousands of US Dollars)	Conda	Arraias	Development and exploration	Corporate	Total
Growth capex	$ 3,281	$ —	$ (284)	$ —	$ 2,997
Accrued growth capex	(128)	—	—	—	(128)
Cash growth capex	**$ 3,153**	**$ —**	**$ (284)**	**$ —**	**$ 2,869**

NET DEBT, RELATED PARTY DEBT AND ADJUSTED NET DEBT

As at June 30, 2021 and December 31, 2020, the Company had net debt as follows:

(unaudited in thousands of US Dollars)	June 30, 2021	December 31, 2020
Current debt[i]	$ 196,062	$ 2,437
Long-term debt[i]	50,371	237,756
Cash and cash equivalents	(34,872)	(9,539)
Deferred financing costs related to the Credit Facility	2,204	3,272
Net debt	**$ 213,765**	**$ 233,926**

i. (see Notes 11 and 24 in the Interim Financial Statements).

As at June 30, 2021 and December 31, 2020, the Company had related party debt as follows:

(unaudited in thousands of US Dollars)	June 30, 2021	December 31, 2020
CLF participation in the Credit Facility[i]	$ 41,500	$ 31,372
Promissory Note[i]	38,643	35,820
Canadian debentures issued to CLF	430	399
Related party debt	**$ 80,573**	**$ 67,591**

i. (see Notes 22 and 24 in the Interim Financial Statements).

As at June 30, 2021 and December 31, 2020, the Company had adjusted net debt as follows:

(unaudited in thousands of US Dollars)	June 30, 2021	December 31, 2020
Net debt[i]	$ 213,765	$ 233,926
Related party debt[i]	(80,573)	(67,591)
Adjusted net debt	**$ 133,192**	**$ 166,335**

i. (see Note 24 in the Interim Financial Statements).

WORKING CAPITAL

As at June 30, 2021 and December 31, 2020, the Company had working capital as follows:

(unaudited in thousands of US Dollars)		June 30, 2021		December 31, 2020
Cash and cash equivalents	$	34,872	$	9,539
Accounts receivable		22,934		21,949
Inventories, net		88,520		93,435
Other current assets		7,969		9,568
Accounts payable and accrued liabilities		(58,678)		(50,986)
Provisions		(2,600)		(760)
Current debt[i]		(196,062)		(2,437)
Contract liabilities		(97)		(21)
Other current liabilities		(2,730)		(2,812)
Working capital	**$**	**(105,872)**	**$**	**77,475**

i. (see Notes 11 and 24 in the Interim Financial Statements).

LIQUIDITY

As at June 30, 2021 and December 31, 2020, the Company had liquidity as follows:

(unaudited in thousands of US Dollars)		June 30, 2021		December 31, 2020
Cash and cash equivalents	$	34,872	$	9,539
Promissory Note undrawn borrowing capacity[i]		5,400		5,400
Conda ABL undrawn borrowing capacity[i]		2,049		2,049
Liquidity	**$**	**42,321**	**$**	**16,988**

i. (see Notes 11, 23 and 24 in the Interim Financial Statements).

REVENUES PER TONNE P_2O_5

For the three months ended June 30, 2021 and 2020

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

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

For the three months ended June 30, 2020, the Company had revenues per tonne P_2O_5 by segment as follows:

(unaudited in thousands of US Dollars except as otherwise noted)		Conda		Arraias
Revenues	$	61,948	$	163
Sales volumes (tonnes P_2O_5)		75,955		321
Revenues per Tonne P_2O_5	**$**	**816**	**$**	**508**

For the six months ended June 30, 2021 and 2020

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

(unaudited in thousands of US Dollars except as otherwise noted)		Conda		Arraias
Revenues	$	193,458	$	—
Total sales volumes (tonnes P_2O_5)		165,310		—
Revenues per Tonne P_2O_5	**$**	**1,170**	**$**	**—**

For the six months ended June 30, 2020, the Company had revenues per tonne P_2O_5 by segment as follows:

(unaudited in thousands of US Dollars except as otherwise noted)		Conda		Arraias
Revenues	$	132,880	$	4,124
Total sales volumes (tonnes P_2O_5)		173,335		4,486
Revenues per Tonne P_2O_5	**$**	**767**	**$**	**919**

CASH COSTS AND CASH COSTS PER TONNE P_2O_5

For the three months ended June 30, 2021 and 2020

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

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

For the three months ended June 30, 2020, the Company had cash costs and cash costs per tonne P_2O_5 by segment as follows:

(unaudited in thousands of US Dollars except as otherwise noted)		Conda		Arraias
Cost of goods sold	$	57,824	$	2,248
Inventory adjustments		812		—
Depreciation and depletion		(10,206)		(1,529)
Cash costs	**$**	**48,430**	**$**	**719**
Sales volumes (tonnes P_2O_5)		75,955		321
Cash costs per tonne P_2O_5	**$**	**638**	**$**	**2,240**

For the six months ended June 30, 2021 and 2020

For the six months ended June 30, 2021, the Company had cash costs and cash costs per tonne P2O5 by segment as follows:

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

For the six months ended June 30, 2020, the Company had cash costs and cash costs per tonne P2O5 by segment as follows:

(unaudited in thousands of US Dollars except as otherwise noted)		Conda		Arraias
Cost of goods sold	$	128,923	$	12,829
Inventory adjustments		812		—
Depreciation and depletion		(19,737)		(3,126)
Cash costs	**$**	**109,998**	**$**	**9,703**
Total sales volumes (tonnes P_2O_5)		173,335		4,486
Cash costs per tonne P_2O_5	**$**	**635**	**$**	**2,163**

CASH MARGIN AND CASH MARGIN PER TONNE P_2O_5

For the three months ended June 30, 2021 and 2020

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

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

For the three months ended June 30, 2020, the Company had cash margin and cash margin per tonne P_2O_5 by segment as follows:

(unaudited in thousands of US Dollars except as otherwise noted)		Conda		Arraias
Revenues	$	61,948	$	163
Cash costs		48,430		719
Cash margin	**$**	**13,518**	**$**	**(556)**
Sales volumes (tonnes P_2O_5)		75,955		321
Cash margin per tonne P_2O_5	**$**	**178**	**$**	**(1,732)**

For the six months ended June 30, 2021 and 2020

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

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

For the six months ended June 30, 2020, the Company had cash margin and cash margin per tonne P_2O_5 by segment as follows:

(unaudited in thousands of US Dollars except as otherwise noted)		Conda		Arraias
Revenues	$	132,880	$	4,124
Cash costs		109,998		9,703
Cash margin	**$**	**22,882**	**$**	**(5,579)**
Total sales volumes (tonnes P_2O_5)		173,335		4,486
Cash margin per tonne P_2O_5	**$**	**132**	**$**	**(1,244)**

ADJUSTED CASH FLOWS FROM OPERATING ACTIVITIES

For the three and six months ended June 30, 2021 and 2020, The Company had adjusted cash flows from operating activities as follows:

	For the three months ended June 30,				*For the six months ended June 30,*			
(unaudited in thousands of US Dollars)		2021		2020		2021		2020
Cash flows from (used by) operating activities	$	34,649	$	1,261	$	50,660	$	(5,337)
Technical studies		—		—		—		—
Adjusted cash flows from (used by) operating activities	**$**	**34,649**	**$**	**1,261**	**$**	**50,660**	**$**	**(5,337)**

FREE CASH FLOW

For the three and six months ended June 30, 2021 and 2020, the Company had free cash flow as follows:

	For the three months ended June 30,				*For the six months ended June 30,*			
(unaudited in thousands of US Dollars)		2021		2020		2021		2020
Adjusted cash flows from (used by) operating activities	$	34,649	$	1,261	$	50,660	$	(5,337)
Cash flows used by investing activities		(11,796)		(2,473)		(14,191)		(5,039)
Less: Cash growth capex		2,536		1,591		3,652		2,869
Free cash flow	**$**	**25,389**	**$**	**379**	**$**	**40,121**	**$**	**(7,507)**

8. BUSINESS RISKS AND UNCERTAINTIES

FORWARD-LOOKING INFORMATION

This MD&A contains “forward-looking information” within the meaning of applicable Canadian securities legislation.

Except for statements of historical fact relating to the Company, information contained in this MD&A may constitute forward-looking information, including any information as to the Company’s mission, strategy, outlook, plans or future operational and financial performance. Generally, forward-looking information can be identified by the use of forward-looking terminology such as “plans”, “expects”, “is expected”, “estimates”, “intends”, or variations of such words and phrases or statements that certain actions, events or results “may”, “could”, “would”, “might” or “will be taken”, “occur” or “be achieved.”

Forward-looking information contained in this MD&A may include, without limitation, statements with respect to the Company’s:

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

RISKS AND UNCERTAINTIES

The forward-looking information contained in this MD&A is based on the opinions, assumptions and estimates of management set out herein, which management believes are reasonable as at the date the statements are made. Those opinions, assumptions and estimates are inherently subject to a variety of risks and uncertainties and other known and unknown factors that could cause actual events or results to differ materially from those projected in the forward-looking information.

These factors include risks and uncertainties relating to:

- commodity price risks;
- operating risks;
- safety risks;
- Mineral Reserves and Mineral Resources risks;
- mine development and completion risks;
- foreign operations risks;
- regulatory risks;
- environmental risks;
- weather risks;
- climate change risks;
- currency risks;
- competition risks;
- counterparty risks;
- financing risks;
- additional capital risks;

- credit risks;
- key personnel risks;
- impairment risks;
- cybersecurity risks;
- transportation risks;
- infrastructure risks;
- equipment and supplies risks;
- concentration risks;
- litigation risks;
- permitting and licensing risks;
- land title and access rights risks;
- insurance and uninsured risks;
- acquisitions and integration risks;
- malicious acts risks;
- stock price volatility risks;
- limited operating history risks;
- technological advancement risks;
- tax risks;
- foreign subsidiaries risks;
- reputation damage risks;
- controlling shareholder risks; and
- conflicts of interest risks.

Although the Company has attempted to identify crucial factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. The reader is cautioned not to place undue reliance on forward-looking information. The forward-looking information contained herein is presented for the purpose of assisting investors in understanding the Company's expected operational and financial performance and the Company's plans and objectives and may not be appropriate for other purposes.

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

For the three and six months ended June 30, 2021, there have been no changes to the risks and uncertainties that have materially affected, or are reasonably likely to materially affect, the Company's forward-looking information.

9. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with IFRS requires the Company to make estimates and judgments that affect the reported amounts of the assets, liabilities, revenues and expenses reported each period. Each of these estimates varies with respect to the level of judgment involved and the potential impact on the Company's reported financial results. Evaluations of estimates and judgments occur continuously. Estimates and judgments are based on historical experience and other factors including expectations of future events that are considered reasonable under the circumstances. If the Company's financial condition, change in financial condition or results of operations would be materially impacted by a different estimate or a change in estimate from period to period, estimates are deemed critical. By their nature, these estimates are subject to measurement uncertainty, and changes in these estimates may affect the financial statements of future periods (see Note 4 in the Audited Financial Statements).

10. CONTROLS AND PROCEDURES

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

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

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

For the three months ended June 30, 2021, there were no changes to the Company’s controls and procedures that have materially affected, or are reasonably likely to materially affect, the Company’s DC&P and ICFR.

11. OTHER DISCLOSURES

RELATED PARTY TRANSACTIONS

The Company’s related party transactions include key management compensation and debt from CLF, its principal shareholder (see Notes 22 and 24 in the Interim Financial Statements).

QUALIFIED PERSON

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

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

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

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