Consolidated Financial Statements
For the years ended December 31, 2022 and 2021
March 23, 2023

ITAFOS

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION

The consolidated financial statements of Itafos Inc. (the "Company") and other financial information contained in the management's discussion and analysis of operations and financial condition ("MD&A") are the responsibility of management and have been approved by the Company's Board of Directors on the recommendation of the Audit Committee. The consolidated financial statements have been prepared on a going concern basis in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"). The consolidated financial statements, where necessary, include amounts which reflect management's best estimates and judgments based on current available information. To provide reasonable assurance regarding the reliability of financial reporting and preparation of financial statements, management maintains internal control over financial reporting.

The Company's Board of Directors, through its Audit Committee, is responsible for ensuring that management fulfills its responsibilities for financial reporting. The Company's Board of Directors is ultimately responsible for reviewing and approving the consolidated financial statements and MD&A.

The Audit Committee meets periodically with management and the independent auditors to review internal accounting controls, critical audit matters, critical accounting policies, significant estimates and judgements, and financial reporting issues and to satisfy itself that all parties are properly discharging their responsibilities. The Audit Committee also reviews the consolidated financial statements, MD&A and the independent auditor's report. The Audit Committee considers and recommends the engagement or reappointment of the independent auditors to the shareholders. The Audit Committee reports its findings to the Company's Board of Directors for its approval of the consolidated financial statements for issuance to the shareholders.

The consolidated financial statements have been audited, on behalf of the shareholders, by the Company's independent auditors, PricewaterhouseCoopers LLP, in accordance with Canadian generally accepted auditing standards. PricewaterhouseCoopers LLP has full and free access to the Audit Committee to discuss their audit and related matters.

Signed "G. David Delaney"
G. DAVID DELANEY
Chief Executive Officer

Signed "Matthew O'Neill"
MATTHEW O'NEILL
Chief Financial Officer

March 23, 2023

Independent auditor's report

To the Shareholders of Itafos Inc.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Itafos Inc. and its subsidiaries (together, the Company) as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

What we have audited
The Company's consolidated financial statements comprise:

- the consolidated balance sheets as at December 31, 2022 and 2021;
- the consolidated statements of operations and comprehensive income for the years then ended;
- the consolidated statements of changes in equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Impairment assessments of mineral properties, net and property, plant and equipment, net (PP&E) for Conda, Arraias and Farim cash generating units (CGUs) *Refer to note 4 – Critical accounting estimates and judgments, note 7 – Impairments, note 8 – Property, plant and equipment and note 9 – Mineral properties to the consolidated financial statements.* As at December 31, 2022, the net book value of mineral properties, net and PP&E amounted to $116.7 million and $294.0 million, respectively, of which a significant portion relates to the Conda, Arraias and Farim CGUs. When indications of impairment for mineral properties and PP&E exist, the Company estimates the recoverable amount of the asset in order to compare such estimated recoverable amount to its carrying value. The Company conducts impairment assessments on its assets at the level of the cash generating unit (CGU) to which the asset belongs. An impairment is recognized for any excess of the carrying value of an asset over its estimated recoverable amount. As at December 31, 2022, the Company's book value of net assets exceeded its market capitalization, which triggered an overall impairment assessment. As a result of the overall impairment trigger, the Company performed valuations to estimate the respective recoverable	Our approach to addressing the matter included the following procedures, among others: • Tested how management determined the recoverable amounts of mineral properties, net and PP&E related to the Conda and Arraias CGUs, which included the following: – Tested the underlying data used in the discounted cash flow models. – Evaluated the reasonableness of future commodity prices by (i) comparing future commodity prices with external market and industry data; and (ii) assessing whether these assumptions were consistent with evidence obtained in other areas of the audit. – Evaluated the reasonableness of the quantity and grade of recoverable reserves and resources by assessing whether these assumptions were consistent with historical information and evidence obtained in other areas of the audit. – Professionals with specialized skill and knowledge in the field of valuation assisted us in assessing the appropriateness of the approach and models used by management and the reasonableness of the discount rate used within the models. • Tested how management determined the recoverable amount of mineral properties, net

Key audit matter	How our audit addressed the key audit matter
amounts of its Cash Generating Units (CGUs) Conda, Arraias and Farim in order to compare such respective estimated recoverable amounts to their respective carrying values. Management determined the recoverable amounts of the Conda and Arraias CGUs based on a fair value less cost of disposal approach (FVLCD) using conventional discounted cash flow models. Key assumptions used in the discounted cash flow models included: quantity and grade of recoverable reserves and resources, future commodity prices and discount rates. Management estimates of the recoverable reserves and resources are based on information prepared by or under the supervision of qualified persons (management's experts). Management determined the recoverable amount of the Farim CGU using a conventional market comparables methodology considering a range of multiples composed of comparable publicly traded companies and transactions. No impairment charge was required for the Conda, Arraias and Farim CGUs as their recoverable amounts were above their respective carrying values. We considered this a key audit matter due to the significant audit effort and subjectivity in performing procedures to test the key assumptions used by management in determining the recoverable amounts of the CGUs, which involved significant judgment by management. We were also assisted by professionals with specialized skill and knowledge in the field of valuation.	and PP&E related to the Farim CGU, which included the following: – Evaluated the reasonableness of comparable companies used by management in their valuation, considering if such comparable companies and transactions have similar characteristics in terms of nature of the project and reserves and resources. – Professionals with specialized skill and knowledge in the field of valuation assisted in assessing the appropriateness of the method used by management and the reasonableness of the comparable companies and transactions identified by management. • Tested the disclosures, including the sensitivity analysis, made in the consolidated financial statements with regard to the impairment assessments of mineral properties, net and PP&E for Conda, Arraias and Farim CGUs.

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is John Donnelly.

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
March 23, 2023

CONSOLIDATED BALANCE SHEETS
AS AT DECEMBER 31, 2022 AND 2021

(in thousands of US Dollars)	As at December 31, 2022	2021
Assets		
Cash and cash equivalents	$ 42,811	$ 31,565
Accounts receivable	22,892	39,688
Inventories, net *(Note 6)*	122,335	112,704
Other current assets *(Note 10)*	10,363	11,173
Total current assets	**$ 198,401**	**$ 195,130**
Long-term inventories, net *(Note 6)*	1,305	1,505
Property, plant and equipment, net *(Note 8)*	294,040	313,073
Mineral properties, net *(Note 9)*	116,736	120,746
Other long-term assets *(Note 10)*	3,527	3,399
Total non-current assets	**$ 415,608**	**$ 438,723**
Total assets	**$ 614,009**	**$ 633,853**
Liabilities		
Accounts payable and accrued liabilities *(Note 11)*	$ 60,838	$ 61,469
Provisions *(Note 12)*	3,063	4,072
Current debt *(Note 13)*	29,217	52,838
Contract liabilities	987	913
Other current liabilities *(Note 14)*	2,972	2,544
Total current liabilities	**$ 97,077**	**$ 121,836**
Long-term debt *(Note 13)*	98,907	187,010
Deferred tax liabilities, net *(Note 22)*	78	1,670
Long-term provisions *(Note 12)*	143,981	170,232
Other long-term liabilities *(Note 14)*	20,848	18,500
Total long-term liabilities	**$ 263,814**	**$ 377,412**
Total liabilities	**$ 360,891**	**$ 499,248**
Equity		
Share capital *(Note 15)*	536,203	532,390
Contributed surplus	246,626	246,626
Cumulative translation adjustment reserve	4,660	4,660
Deficit	(535,140)	(650,236)
Shareholders' equity *(Notes 2 and 15)*	**$ 252,349**	**$ 133,440**
Non-controlling interest *(Notes 2 and 15)*	769	1,165
Total equity	**$ 253,118**	**$ 134,605**
Total liabilities and equity	**$ 614,009**	**$ 633,853**

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

Approved by the Company's Board of Directors

Signed "Anthony Cina"
ANTHONY CINA
Chairman

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

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(in thousands of US Dollars except as otherwise noted)	*For the years ended December 31,* 2022	2021
Revenues *(Note 17)*	**$ 593,288**	**$ 413,247**
Cost of goods sold	378,411	276,372
Gross margin	**$ 214,877**	**$ 136,875**
Selling, general and administrative expenses *(Note 18)*	29,493	25,896
Operating income	**$ 185,384**	**$ 110,979**
Foreign exchange loss *(Notes 19 and 27)*	(1,639)	(634)
Other income, net *(Note 20)*	9,033	541
Loss on asset disposal	—	(97)
Finance expense, net *(Note 21)*	(45,924)	(37,244)
Income before income taxes	**$ 146,854**	**$ 73,545**
Current and deferred income tax expense *(Note 22)*	32,154	22,106
Net income	**$ 114,700**	**$ 51,439**
Net income (loss) and comprehensive income (loss) attributable to non-controlling interest *(Notes 2 and 15)*	(396)	411
Net Income and comprehensive income	**$ 115,096**	**$ 51,028**
Basic earnings ($/share) *(Note 16)*	**$ 0.61**	**$ 0.28**
Diluted earnings ($/share) *(Note 16)*	**$ 0.60**	**$ 0.27**

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(in thousands of US Dollars except as otherwise noted)	Number of shares		Amount		Contributed surplus		Cumulative translation adjustment reserve		Deficit		Shareholders' equity		Non-controlling interest		Total equity
Balance as at December 31, 2020 *(Note 2)*	**185,462,824**	**$**	**531,647**	**$**	**246,626**	**$**	**4,660**	**$**	**(701,264)**	**$**	**81,669**	**$**	**754**	**$**	**82,423**
Net income									51,028		51,028		411		51,439
Issuance of shares under RSU Plan *(Notes 3 and 15)*	1,352,018		743		—		—		—		743		—		743
Balance as at December 31, 2021 *(Note 2)*	**186,814,842**	**$**	**532,390**	**$**	**246,626**	**$**	**4,660**	**$**	**(650,236)**	**$**	**133,440**	**$**	**1,165**	**$**	**134,605**
Net income (loss)	—		—		—		—		115,096		115,096		(396)		114,700
Issuance of shares under RSU Plan *(Note 15)*	2,054,621		3,813		—		—		—		3,813		—		3,813
Balance as at December 31, 2022	**188,869,463**		**536,203**		**246,626**		**4,660**		**(535,140)**		**252,349**		**769**		**253,118**

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

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

		For the years ended December 31,		
(in thousands of US Dollars)		**2022**		**2021**
Operating activities				
Net income	$	114,700	$	51,439
Adjustments for the following items:				
Depreciation and depletion		33,705		25,844
Cash settlement of share-based payments *(Note 14)*		(421)		(36)
Share-based payment expense *(Note 14)*		4,850		4,127
Current and deferred income tax expense *(Note 22)*		32,154		22,106
Income tax payments		(44,307)		(11,790)
Environmental and asset retirement obligations payments *(Note 12)*		(4,068)		(3,297)
Unrealized foreign exchange loss		1,440		1,024
Finance expense, net *(Note 21)*		45,924		37,244
Net change in non-cash working capital *(Note 25)*		24,392		(32,162)
Cash flows from operating activities	**$**	**208,369**	**$**	**94,499**
Investing activities				
Addition of property, plant and equipment and mineral properties *(Notes 8 and 9)*	$	(39,003)	$	(34,076)
Cash flows used by investing activities	**$**	**(39,003)**	**$**	**(34,076)**
Financing activities				
Proceeds from debt *(Note 13)*		146,300	$	196,800
Repayment of debt *(Note 13)*		(274,303)		(210,138)
Repayment of lease liabilities *(Note 14)*		(3,666)		(4,056)
Payment of interest expense *(Note 13)*		(16,040)		(18,307)
Payment of financing related costs		(10,615)		(2,732)
Cash flows used by financing activities	**$**	**(158,324)**	**$**	**(38,433)**
Effect of foreign exchange of non-US Dollar denominated cash	$	204	$	36
Increase in cash		11,246		22,026
Beginning cash		31,565		9,539
Ending cash	**$**	**42,811**	**$**	**31,565**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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

1. GENERAL COMPANY INFORMATION

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

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

In addition to the businesses and projects described above, the Company also owns Paris Hills (located in Idaho, US) and Mantaro (located in Junin, Peru), which are phosphate mine projects that are in process of being wound down. As at December 31, 2022, the Company has completed the wind down process of Paris Hills.

The Company is a Delaware corporation that is headquartered in Houston, Texas. The Company’s shares trade on the TSX Venture Exchange under the ticker symbol “IFOS”. The Company’s principal shareholder is CL Fertilizers Holding LLC (“CLF”). CLF is an affiliate of Castlelake, L.P., a global private investment firm. CLF is a related party (see Notes 15 and 26).

2. BASIS OF PREPARATION AND PRESENTATION

STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with IFRS as issued by the IASB and were authorized for issuance by the Company’s Board of Directors on March 23, 2023.

GOING CONCERN BASIS

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

ITAFOS

BASIS OF PRESENTATION

CONSOLIDATION

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

As at December 31, 2022, the Company's consolidated entities were as follows:

Entity Name	Jurisdiction	Segment
Itafos Inc.	State of Delaware, US	Corporate
Itafos Services LLC	State of Delaware, US	Corporate
Itafos Conda Holdings LLC	State of Delaware, US	Conda
Itafos Conda LLC	State of Delaware, US	Conda
Itafos Conda Services LLC	State of Delaware, US	Conda
Itafos US Holdings Inc.	State of Delaware, US	Development and exploration
Itafos International Holdings Cooperatie U.A.	Netherlands	Arraias
Itafos Brazil Holdings I B.V.	Netherlands	Arraias
Itafos Brazil Holdings II B.V.	Netherlands	Arraias
Itafos Brazil Holdings III B.V.	Netherlands	Arraias
Itafos Arraias Holdings B.V.	Netherlands	Arraias
Itafos Fundo de Investimento em Participações Multiestratégia	Brazil	Arraias
Itafos Brazil Trading Company Ltda.	Brazil	Arraias
Itafos Arraias Mineraçãao e Fertilizantes S.A.	Brazil	Arraias
Itafos Santana Mineração e Fertilizantes S.A.	Brazil	Development and exploration
Itafos Desenvolvimento S.A.	Brazil	Development and exploration
Araxá Mineração e Metalurgia S.A.	Brazil	Development and exploration
Itafos Brazil Holdings	Cayman Islands	Arraias
Itafos Ltd.	Cayman Islands	Development and exploration
Itafos I LP	Cayman Islands	Development and exploration
Itafos II LP	Cayman Islands	Development and exploration
Itafos Guinea-Bissau Holdings	Cayman Islands	Development and exploration
Itafos Farim Holdings	Cayman Islands	Development and exploration
Stonegate Agricom Ltd.	Cayman Islands	Development and exploration
GB Minerals AG	Switzerland	Development and exploration
Itafos Farim, Sarl	Guinea-Bissau	Development and exploration
Mantaro (BVI) Ltd.	British Virgin Islands	Development and exploration
Mantaro Peru S.A.C.	Peru	Development and exploration

For the year ended December 31, 2022, the Company did not have changes to its consolidated entities.

For the year ended December 31, 2021, the Company had changes to its consolidated entities as follows:

- Itafos Desenvolvimento Holdings B.V. (previously a consolidated entity of the Company in the Netherlands) and Itafos Araxá Holdings B.V. (previously a consolidated entity of the Company in the Netherlands) merged into Itafos International Holdings Cooperatie U.A.;
- Itafos (previously a Cayman Islands entity) redomiciled to the State of Delaware, US and changed its name to Itafos Inc.;
- Itafos Conda Holdings (previously a Cayman Islands entity) redomiciled to the State of Delaware, US and changed its name to Itafos Conda Holdings LLC; and
- Paris Hills Agricom Inc. (previously part of the development and exploration segment) became the owner of Itafos Conda Holdings LLC (part of the Conda segment) and changed its name to Itafos US Holdings Inc.

During 2021, the Company capitalized additional intercompany loans related to the Company's funding of Arraias. As a result, the Company increased its ownership interest in Arraias from 98.3% to 98.4%.

NON-CONTROLLING INTEREST ("NCI")

As at December 31, 2022, the Company had NCI as follows:

Entity	Company interests	NCI
Itafos Arraias Mineração e Fertilizantes S.A.	98.4%	1.6%
Itafos Santana Mineração e Fertilizantes S.A.	99.4%	0.6%

In 2017, the Company's subsidiary Itafos Arraias Mineração e Fertilizantes S.A. ("Arraias") issued a total of 593,054,482 preferred shares in exchange for warrants, of which 563,250,403 were issued to a wholly-owned subsidiary of the Company and 29,804,079 were issued to third parties. The preferred shares would participate, on equal terms with other classes of shares, in any declared dividends of Arraias and earnings would be attributable to NCI upon any payment of dividends. In a liquidation event, after repayment of secured debt and intercompany debt, the preferred shares would be entitled to receive the lower of book value or fair value as determined by an appraisal. Accordingly, annual net and comprehensive income (loss) would be allocated to NCI in the event that the fair value of Arraias would be below the book value of the total preferred shares. The Company has allocated equity between shareholders' equity and NCI in the current period based on this methodology.

CURRENCIES

The Company's presentation and functional currency is US Dollars ("$"). The functional currency for all the Company's subsidiaries is the $. The consolidated financial statements also reference Canadian Dollars ("C$") and Brazilian Reals (see Note 27).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Company's significant accounting policies are summarized below:

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on deposit with banks and highly liquid short-term investments with terms of 90 days or less.

INVENTORIES

Inventories consist of the following:

- raw materials including ore extracted from mine sites, ore stockpiled at the production facilities and chemicals used to produce phosphate-based fertilizers;
- work in process including inventories that are currently in the process of being converted to finished goods;
- finished goods including inventories of SPA, MAP, MAP+, MGA, APP, SSP, SSP+, HFSA and sulfuric acid in saleable form; and
- spare parts including commodity consumables and other materials used in the production process as well as spares and maintenance supplies that are not classified as capital items.

Inventories are valued at the lower of cost or net realizable value. Reversals of previous write-downs are made when there is an increase in the value of inventories. Costs include materials, direct labor, other direct costs and production overhead and amortization of plant, equipment and mineral properties directly involved in the mining and production processes. These costs are allocated to raw materials, work in process and finished goods based on the costs incurred in the applicable stage of processing. Overhead (indirect costs) are allocated based on normal levels of production. In periods where the Company produces at less than normal capacity, unallocated overhead costs are recognized as an expense in cost of sales in the period in which they are incurred. As finished goods are sold, costs are removed on a weighted-average basis.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are recorded at cost less depreciation and impairments. Cost includes all expenditures incurred to prepare the asset for its intended use. Costs are also capitalized to the extent they improve the productive capacity or extend the useful economic life of an asset. Depreciation commences when an asset is available for use.

For the major categories of property, plant and equipment, the Company considers depreciation methods and useful lives as follows:

Asset	Depreciation method	Useful life
Land	Not depreciated	–
Buildings and plant	Straight line	3 – 25 years
Machinery, equipment and other[i]	Straight line	2 – 10 years

i. Includes environmental and asset retirement obligation assets.

The Company allocates the amount initially recognized in respect of an item of property, plant and equipment to its significant parts and depreciates each part. Residual values, methods of amortization and useful lives of the assets are reviewed annually and adjusted if appropriate.

Expenditures that extend the useful lives of existing facilities or equipment are capitalized and depreciated over the remaining useful lives of the assets or useful life of the component (e.g., major inspections and overhauls) of an asset. Repairs and maintenance expenditures are expensed as incurred.

The Company derecognizes property, plant and equipment upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising from the disposal or retirement of an item of property, plant and equipment is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognized within other income (loss) in the statement of operations.

The Company reviews and tests the carrying value of its property, plant and equipment when events or changes in circumstances suggest that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying value exceeds its recoverable amount. The Company evaluates impairment losses for potential reversals when events or circumstances warrant such consideration (see IMPAIRMENTS in this Note 3 below).

LEASES

The Company recognizes a right-of-use asset and corresponding lease liability for any leased assets not of low-value in nature with noncancelable lease terms greater than 12 months in duration. In determining the lease term, the Company assesses the economic benefits of exercising contractual options to extend the duration of the lease or terminate, when applicable.

Upon recognizing a right-of-use asset, the Company discounts the future lease payments, including any applicable residual value guarantees, purchase options, or termination penalties, using an interest rate within the following hierarchy: (i) borrowing rate implicit in the lease and (ii) the Company's incremental borrowing rate. Variable lease payments dependent upon an index or rate are measured using the index or rate at the commencement date of the lease. The amount capitalized as a right-of-use asset is depreciated over the term of the lease and the corresponding lease liability is charged interest at the same rate used for discounting purposes. If the Company is unable to quantify the value of a right-of-use asset because the lease payments are variable and not dependent upon an index or rate, the Company does not recognize a right-of-use asset or corresponding lease liability, but rather discloses the amount of costs incurred during the period relating to such arrangements.

The Company assesses a lease modification to determine if the modification should be accounted for as a separate lease or the modification should be allocated to the remaining lease term of the modified lease. The Company's determination will be based on the change in scope of the lease agreement and whether the price is commensurate with the change in scope. If the Company determines that a lease modification will not be accounted for as a separate lease, the Company will remeasure the future lease payments in a manner consistent with that of a new lease. The measured future lease payments will be discounted using effective rates at time of the modification over the revised term of the modified lease.

CAPITALIZED INTEREST

The Company capitalizes interest for qualifying assets. Qualifying assets are assets that require more than one year to prepare for their intended use, including projects that are in development or construction stages. Capitalized interest costs are included in costs of the qualifying assets and are determined based on gross expenditures incurred on the asset. Capitalization ceases when the development or construction of an asset is substantially complete, and an asset is ready for its intended use or active development or construction is suspended. Where the funds used to finance a qualifying asset form part of general borrowings, the borrowing costs eligible for capitalization are determined by applying a capitalization rate, which is the weighted average of the borrowing costs applicable to the borrowings of the Company that are outstanding during the period, to the expenditures on the asset. Capitalized interest costs are amortized on the same basis as the related qualifying asset.

ASSETS UNDER CONSTRUCTION

Assets in the course of construction are capitalized as assets under construction. On completion, the cost of construction is transferred to the appropriate category of property, plant and equipment, and depreciation commences when the asset is available for its intended use.

PLANT TURNAROUND COSTS

Planned inspections, replacements and overhauls of plant machinery and equipment requiring a full plant shutdown are designated as a plant turnaround. The Company accounts for plant turnarounds under the deferral method, as opposed to the direct expense method. Under the deferral method, costs related to plant turnarounds are capitalized in property, plant and equipment as incurred and amortized to production costs over the period benefited, which corresponds with the next scheduled plant turnaround cycle.

MINERAL PROPERTIES AND EXPLORATION AND EVALUATION EXPENDITURES

The Company accounts for its projects including (i) Farim, (ii) Santana, (iii) Araxá, (iv) Paris Hills and (v) Mantaro under IFRS 6 Exploration for and Evaluation of Mineral Resources.

Exploration and evaluation assets acquired as part of an asset acquisition are capitalized at cost, which represents the fair value of the assets at the time of acquisition.

Costs incurred in the exploration and evaluation of Mineral Reserves and Mineral Resources include permitting activities, geological and geophysical expenses, costs of drilling and general and administrative costs related to exploration and evaluation activities. Such costs are expensed until such time as the technical feasibility and commercial viability of extracting Mineral Reserves and Mineral Resources from the assets is demonstrated, at which point, the project is considered economically feasible and designated as a development project. Costs incurred subsequent to this designation are capitalized until commercial production commences or it is determined that the capitalized amounts will not be recovered.

Following achievement of commercial production, capitalized acquisition costs and capitalized exploration and evaluation costs are amortized using the unit-of-production method based on the estimated economically recoverable Mineral Reserves and Mineral Resources.

CARE AND MAINTENANCE

Changes in circumstances, including market dynamics, can cause continued production or further development to no longer be economically feasible. In such circumstances, the Company may elect to place its businesses or projects in care and maintenance. During care and maintenance, depreciable assets continue to be depreciated, as appropriate, over their useful economic lives.

DEFERRED STRIPPING COSTS

In mining operations, it is necessary to remove overburden and waste to access ore from which minerals can be extracted economically. The process of mining overburden and waste materials is referred to as stripping. Stripping costs incurred prior to commercial production are capitalized to mineral properties and include costs to (i) improve access to ore body to be mined in the future, (ii) increase the fair value of the mine as access to future Mineral Reserves and Mineral Resources become less costly and (iii) increase the production capacity or extend the life of mine. Such capitalized stripping costs are amortized on a unit-of-production method over the Mineral Reserves and Mineral Resources to which such costs relate. Stripping costs incurred during production of a mine are accounted for as a cost of producing those inventories during the period that the stripping costs are incurred.

IMPAIRMENTS

In accordance with International Accounting Standard ("IAS") 36 Impairment of Assets, the Company reviews the carrying amounts of its non-current assets including property, plant and equipment and mineral property for impairment whenever facts and circumstances indicate that the recoverable amounts are less than the carrying values. Whenever indications of impairment exist, the Company estimates the recoverable amounts of the asset in order to compare such estimated recoverable amount to its carrying value. An impairment is recognized for any excess of the carrying value of an asset over its estimated recoverable amount. The Company conducts impairment assessments on its assets at the level of the cash generating unit ("CGU") to which the asset belongs. The Company's CGUs are considered to be its businesses, including Conda and Arraias, and its projects, including, Farim, Santana, Araxá, Paris Hills and Mantaro.

The Company determines the recoverable amount of a CGU as the higher of its fair value less costs of disposal ("FVLCD") and its value in use ("VIU"). Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Costs of disposal are incremental costs directly attributable to the disposal of an asset. The most appropriate measure of FVLCD is a market price, which would be classified within Level 1 or Level 2 of the fair value hierarchy. If a market price is not available, FVLCD is calculated considering a discounted cash flow methodology considering estimated cash flows from the perspective of an independent market participant, which would be classified within Level 3 of the fair value hierarchy. For earlier stage projects where a discounted cash flow methodology is not appropriate, FVLCD is calculated considering market data points including comparable public company and transaction valuations, which would be classified with Level 3 of the fair value hierarchy (see Note 27). VIU is calculated considering a discounted cash flow methodology considering estimated cash flows from the perspective of continuing use of the CGU in its present state.

The Company tests assets that have been impaired in prior periods for possible reversal of impairment whenever facts and circumstances indicate that the impairment may have reversed. If the impairment has reversed, the carrying amount of the asset is increased to its recoverable amount, but not beyond the carrying amount that would have been determined, net of depreciation, had no impairment been recognized for the asset in prior periods.

BORROWINGS

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently recorded at amortized cost using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan, are capitalized as a pre-payment for liquidity services and amortized using the effective interest rate method over the period of the facility to which it relates.

ENVIRONMENTAL AND ASSET RETIREMENT OBLIGATIONS

The Company recognizes the present value of its environmental and asset retirement obligations in the period in which they are incurred and when a reasonable estimate of the fair value of such obligations can be made. The present value of the estimated environmental and asset retirement obligations is recorded as a liability, with a corresponding increase in the carrying amount of mineral properties or property plant and equipment. The capitalized amount is amortized to expense through depletion or depreciation over the life of the asset. The liability amount is updated each reporting period due to the passage of time and the amount of this accretion is charged to earnings in the period.

Revisions, if any, to the estimated timing of cash flows, to the original estimated undiscounted cost, or to update the discount rate to a current rate, if any, also result in an increase or decrease to the environmental and asset retirement obligations and the related asset. Actual costs incurred upon settlement of the environmental and asset retirement obligations are charged against the environmental and asset retirement obligations to the extent of the liability recorded. Any difference between the actual costs incurred upon settlement of the environmental and asset retirement obligations

and the recorded liability is recognized as a gain or loss in the Company's earnings in the period in which the settlement occurs. Costs arising from unforeseen remediation activity are recognized as an expense and liability when the event occurs that gives rise to an obligation and reliable estimates of the required rehabilitation costs can be made.

In connection with the acquisition of Conda from subsidiaries of Agrium, Inc. ("Agrium"), a wholly-owned subsidiary of Nutrien Ltd. ("Nutrien"), Nutrien assumed full liability for all environmental and asset retirement obligations relating to the pre-closing operations of Conda. As current owner and operator of Conda (see Note 27), the Company is liable for environmental and asset retirement obligations relating to the post-closing operations of Conda. Accordingly, the Company recognizes the present value of its respective share of environmental and asset retirement obligations relating to the post-closing operations of Conda as follows:

Conda environmental and asset retirement obligations	Liability	Recognition
Rasmussen Valley mine	Company	100%
Lanes Creek mine	Company	100%
Phosphogypsum stack 1	Shared with Nutrien	Pro-rata
Phosphogypsum stack 2	Shared with Nutrien	Pro-rata
Phosphogypsum stack 3	Company	100%
North Rasmussen Ridge Mine shop and haul road	Shared with Nutrien	Pro-rata

During 2022, Conda reached a settlement with wholly-owned subsidiaries of Nutrien Ltd. related to shared environmental and asset retirement obligations at Lanes Creek mine. As a result of the settlement, Conda received an upfront cash payment of $11,000 from Nutrien in exchange for assuming responsibility for 100% of the remaining environmental and asset retirement obligations associated with Lanes Creek mine. Consequently, the Company changed its recognition of environmental and asset retirement obligations related to Lanes Creek mine from pro-rata to 100%. Conda recorded an addition to environmental and asset retirement obligations of $4,972, reduced accounts receivable by $4,676 and recorded a gain on settlement of $1,352 as a reduction of cost of goods sold. The settlement does not otherwise amend or restate Nutrien's liability for all environmental and asset retirement obligations related to the pre-closing operations of Conda, including with respect to Environmental Protection Agency ("EPA") matters (see Notes 12 and 23).

RESTRICTED SHARE UNITS

The Company issues RSUs under the Company's restricted share unit plan (the "RSU Plan") to compensate selected directors, employees and contractors. Each RSU granted under the Company's RSU Plan has a value equal to one common share.

RSUs vest on a one-third per annum basis for a three-year period. Each vested RSU entitles the holder to receive one share of the Company or a cash payment equal to the equivalent of one share, depending on the terms of the grant. Through December 31, 2019, the RSUs granted under the Company's RSU Plan vest 1/4 on the second anniversary of the grant date and 3/4 on the third anniversary of the grant date. After December 31, 2019, the RSUs granted under the Company's RSU Plan vest as follows:

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

The RSUs are accounted for as cash settled share-based payments with a liability recognized for services provided. A liability for RSUs is measured at fair value considering the market price of the share on the grant date and is subsequently adjusted for changes in fair value at the end of each reporting period. The liability is recognized on a straight-line basis over the vesting period, with a corresponding charge to compensation expense, as a component of selling, general and administrative expenses within the corporate segment. Compensation expenses for RSUs incorporate an estimate for expected forfeiture rates based on which the fair value is adjusted (see Note 14).

SHARE ISSUANCE COSTS

Costs incurred in connection with the issuance of shares are netted against the proceeds received.

NCI

NCI in the Company's less than wholly-owned subsidiaries are classified as a separate component of equity. For NCI, the net assets and net profit attributable to outside shareholders are presented as amounts attributable to NCI in the consolidated balance sheet and consolidated statements of operations (see Note 2).

REVENUE RECOGNITION

Revenues from Sale of Goods

The Company's revenues consist of Conda's sales of MAP, MAP+, SPA, MGA, HFSA and APP to its customers in the North American market and Arraias's sales of SSP, SSP+, PK compounds and excess sulfuric acid in the Brazilian market. The Company recognizes revenue from these sales when control of the product has transferred to the customer as specified by the contract delivery terms agreed with the customer (e.g., free on board, freight paid allowance, delivery prepaid). The control of the product has transferred to the customer when the customer has legal title to and the risk and rewards of ownership of the product and the customer is able to direct the use of and obtain substantially all of the remaining benefits from the product. Revenue is measured at the transaction price agreed under the contract. The Company's customer contract terms do not typically extend beyond 12 months from commencement. Accordingly, unfulfilled performance obligations and financing components of customer contracts do not have a significant impact on the presentation and disclosure of the consolidated financial statements. Individual customer orders are placed in accordance with underlying contract terms. Customer orders are typically fulfilled within 30 days or less from receipt of the order. Payment of the transaction price is due based on the terms stated in the contract. Typically, payments are received 30-60 days from the invoice date.

Variable Consideration

The Company's revenues are subject to variable consideration such as rebates and credits. These rebates are normally outlined in the contracts and are subject to customers meeting certain volume thresholds. The Company estimates the variable consideration to be at the most likely amount to which it is entitled. The Company includes the likely amount in the transaction price to the extent that it is probable that a significant reversal of revenue will not occur when the uncertainty will be resolved. Estimates of variable consideration and its inclusion in the transaction price are based on management's assessment of anticipated performance and information reasonably available to the Company. A rebate liability (included in accounts payable and accrued liabilities) is recognized for the expected rebates and credits payable to customers in relation to sales made until the end of the reporting period.

Contract Liabilities

The Company recognizes consideration received from customers for performance obligations not yet met as contract liabilities. As performance obligations are met the contract liabilities are amortized and recognized as revenues.

TAXES

Income Tax

Income tax considers current and deferred tax. Income tax is recognized in the statement of operations except to the extent that it relates to items recognized directly in equity, in which case the income tax is recognized directly in equity.

Current tax is the expected tax payable on the taxable income for the year. Current tax is determined at the end of the reporting period, using tax rates enacted or substantively enacted in the countries where the Company and its subsidiaries operate and generate taxable income. Current tax also includes any adjustment to tax payable in respect of previous years.

Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the deferred tax asset or liability is settled.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except, in the case of subsidiaries, where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

In general, deferred tax is recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered. Deferred tax assets are recognized for the carry-forward of unused tax losses and/or credits to the extent that it is probable that taxable profits will be available against which the unused tax losses and/or credits can be utilized. The interpretation of tax regulations and legislation and their application to the Company and its subsidiaries is subject to change. Accordingly, the Company's ability to realize deferred income tax assets could significantly affect net income or cash flows in future periods.

Deferred tax assets and liabilities are presented as non-current and can be presented on a net basis, if related, subject to certain criteria.

BASIC AND DILUTED EARNINGS (LOSS) PER SHARE

Basic earnings (loss) per share is based on the weighted average number of common shares of the Company outstanding during the period. Diluted earnings (loss) per share is calculated using the treasury stock method and reflects the potential dilution of common share equivalents, such as outstanding share options and warrants, in the weighted average number of common shares outstanding during the period, if dilutive. The diluted earnings (loss) per share calculation excludes any potential conversion of options and warrants that would increase earnings per share or decrease loss per share. The calculation of basic and diluted earnings (loss) for all periods presented is adjusted retrospectively when the number of ordinary or potential ordinary shares outstanding increases as a result of a capitalization, bonus issue, or share split, or decreases as a result of a reverse share split.

FOREIGN CURRENCY TRANSLATION

Functional currency

Functional currency is the currency of the primary economic environment in which an entity operates. Foreign currency transactions are converted into the functional currency using the exchange rates prevailing at the dates of the transactions. Generally, foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from period-end remeasurement of monetary assets and liabilities denominated in currencies other than an entity's functional currency are recognized in the statement of operations under foreign exchange gain (loss).

Presentation currency

The Company translates the financial statements of its subsidiaries with functional currencies other than US Dollars to US Dollars as follows:

- applying the closing exchange rate as at the balance sheet date to balance sheet balances with translation gains and losses recorded in other comprehensive income (loss);
- applying the average exchange for the period to income and expenses except for expenses that related to non-monetary assets and liabilities measured at historical rates; and
- applying the historical exchange rate for income and expenses related to non-monetary assets and liabilities.

FINANCIAL INSTRUMENTS

IFRS 9 Financial Instruments ("IFRS 9") requires financial assets to be classified into three measurement categories on initial recognition: (i) those measured at fair value through profit and loss, (ii) those measured at fair value through other comprehensive income and (iii) those measured at amortized cost. Measurement and classification of financial assets depends on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. Under IFRS 9, financial liabilities are amortized at cost or if the fair value option is chosen, the part of a fair value change relating to an entity's own credit risk is recorded in other comprehensive income.

IFRS 9 included clarification on the accounting for modifications of financial liabilities. The Company has accounted for modifications in accordance with the clarifications to calculate effective interest rate on financial liabilities using the original effective interest rate and recognize any gain or loss through profit and loss.

IFRS 9 introduced a single expected credit loss model for calculating impairment for financial assets, which is based on changes in credit quality since initial recognition. The adoption of the expected credit loss impairment model did not have a significant impact on the consolidated financial statements.

For the years ended December 31, 2022 and 2021, the Company had no hedging arrangements on its consolidated financial statements.

SEGMENT REPORTING

The Company's segment reporting is as follows:

- Conda;
- Arraias;
- Development and Exploration; and
- Corporate.

The Company's Development and Exploration segment considers activities related to Farim, Santana, Araxá, Paris Hills and Mantaro. The Company's Corporate segment considers support, administrative and financing activities (see Note 24). The Company's segment reporting is consistent with its internal reporting to its chief operating decision maker ("CODM"). The Company's CODM role is comprised of its management team. The CODM considers the Company's segment reporting in its decision making, planning, cash flow management and other management activities.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements in accordance with IFRS requires the Company to make estimates and assumptions 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. Estimates are deemed critical, if the Company's financial condition, changes in financial condition or results of operations would be materially impacted by a different estimate or a change in estimate from period to period. By their nature, these estimates are subject to measurement uncertainty, and changes in these estimates may affect the consolidated financial statements of future periods.

CRITICAL JUDGMENTS IN THE APPLICATION OF ACCOUNTING POLICIES

Carrying Values and Impairment Charges

Whenever indications of impairment exist, the Company estimates the recoverable amount of the asset in order to compare such estimated recoverable amount to its carrying value. Calculating estimated recoverable amounts requires management to make estimates and assumptions relying on its judgment and taking into account information available at the end of each reporting period. The recoverable amount determination requires management to make estimates and assumptions about expected production and sales volumes, commodity prices, recoverable resources (based on estimated quantities of mineral resource and the Company's ability to convert resources in reserves), operating costs, mine closure and restoration costs, future capital expenditures and appropriate discount rates for future cash flows. Reserves and resources are estimated based on National Instrument 43-101 compliant reports produced by qualified persons The estimates and assumptions are subject to risk and uncertainty, and as such there is the possibility that changes in circumstances will alter these projections, which may impact the recoverable amount of the assets. In such circumstances, some or all of the carrying value of the assets may be further impaired or the impairment charge reduced with the impact recorded in the consolidated statements of operations and comprehensive income.

KEY SOURCES OF ESTIMATION UNCERTAINTY IN THE APPLICATION OF ACCOUNTING POLICIES

Environmental and Asset Retirement Obligations

The Company recognizes the present value of its environmental and asset retirement obligations in the period in which they are incurred and when reasonable estimate of the fair value of such obligations can be made. The estimated future cash costs of such obligations are based primarily upon environmental and regulatory requirements of the various jurisdictions in which the Company operates as well as any other constructive obligations that exist. The liability represents management's best estimates of cash required to settle the liability, inflation, assumptions of risks associated with future cash flows and the applicable risk-free interest rates for discounting the future cash outflow. Changes in the above factors can result in a change to the liability recognized by the Company. The actual future expenditures may differ from the amounts currently provided if the estimates made are significantly different than actual results or if there are significant changes in environmental or regulatory requirements in the future.

Income Tax

The Company is subject to income taxes in numerous jurisdictions. The Company's income tax expense and deferred tax assets and liabilities represent management's best estimates of current and future taxes to be paid. Significant judgments and estimates are required in the calculation of the Company's income tax expense, including applying tax laws and regulations, calculating tax deductions such as tax depletion, estimating the timing of the reversals of temporary differences and estimating the realizability of deferred tax assets. These estimates impact current and deferred income tax assets and liabilities and current and deferred income tax expense. The actual future income tax expense and deferred tax assets and liabilities may differ from the amounts currently provided if the estimates made are significantly different than actual results or if there are significant changes in tax laws and/or rates in the future.

5. RECENT ACCOUNTING PRONOUNCEMENTS

NEW ACCOUNTING STANDARDS EFFECTIVE IN 2022

The IASB issued certain new accounting standards or amendments that are mandatory for accounting periods beginning on or after January 1, 2022, including amendments to four IFRS standards as part of the IASB's Annual Improvements to IFRS Standards 2018-2020, which includes amendments to IFRS 3, IAS 16 and IAS 37. The Company concluded that the effect of such new accounting standards or amendments did not have a material impact and therefore did not record any adjustments to the consolidated financial statements.

NEW ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

The IASB issued certain new accounting standards or amendments that were not yet effective as at December 31, 2022 as follows:

- amendments to IAS 12 Income Taxes – deferred taxes related to assets and liabilities arising from a single transaction;
- amendments to IAS 1 Presentation of Financial Statements – IFRS Practice Statement 2 – disclosure of accounting policies;
- amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – definition of accounting estimates;
- amendments to IFRS 16 Leases – lease liability in a sale and leaseback; and
- amendments to IAS 1 Presentation of Financial Statements – classification of liabilities as current or non-current.

The Company is evaluating the potential effect of such new accounting standards or amendments on its consolidated financial statements in future periods.

6. INVENTORIES

As at December 31, 2022 and 2021, the Company had inventories as follows:

(in thousands of US Dollars)		December 31, 2022		December 31, 2021
Finished goods	$	20,969	$	22,049
Work in process		4,481		3,622
Raw materials		78,215		71,161
Spare parts		19,975		17,377
Inventories, net	**$**	**123,640**	**$**	**114,209**
Less: current portion		(122,335)		(112,704)
Long-term inventories, net	**$**	**1,305**	**$**	**1,505**

At at December 31, 2022 and 2021, the Company's non-current inventories related to raw materials at Arraias.

7. IMPAIRMENTS

As at December 31, 2022, the Company's book value of net assets exceeded its market capitalization, which triggered an overall impairment assessment. As a result of the overall impairment trigger, the Company performed valuations to estimate the respective recoverable amounts of its Cash Generating Units (CGUs) Conda, Arraias and Farim in order to compare such respective estimated recoverable amounts to their respective carrying values. The Company did not perform valuations to estimate the respective recoverable amounts of Santana, Araxá, Paris Hills and Mantaro due to de minimis respective carrying values.

In order to estimate the respective recoverable amounts of Conda and Arraias, the Company followed a FVLCD approach classified within Level 3 of the fair value hierarchy (see Note 27). For Conda, the Company utilized a conventional discounted cash flow methodology considering projected cash flows from its business plan, a risk adjusted discount rate and various sensitivities. The Company concluded that the estimated recoverable amount of Conda was above its carrying value and therefore did not record an impairment. For Arraias, the Company utilized a conventional discounted cash flow methodology considering projected cash flows from the perspective of an independent market participant, a risk adjusted discount rate and various sensitivities. The Company concluded that the estimated recoverable amount of Arraias was approximately equal to its carrying value and therefore did not record an impairment.

The Company considered key assumptions such as quantity and grade of recoverable reserves and resources (ore production and %P_20_5), future commodity prices and discount rates in order to estimate the recoverable amount of Conda and Arraias as follows:

(in thousands of US Dollars except for year, exchange rate and percentages)	Conda	Arraias
Long-term SSP sales price ($/tonne)	N/A	245
Long-term DAP NOLA sales price ($/tonne)	606	N/A
Long-term Sulfuric Acid price ($/tonne)	61	105
Weighted average cost of capital (%)	8.2	11.2

The Company considered the impact of changes in key assumptions to the estimated recoverable amount of Conda and Arraias as follows:

(in thousands of US Dollars except for year, exchange rate and percentages)	Conda	Arraias
10% reduction to long-term sales prices	(293,789)	(77,703)
1% increase to weighted average cost of capital	(42,784)	(28,646)

A 10% reduction to long-term sales prices would have resulted in no impairment for Conda and an impairment amount of $77,703 for Arraias. A 1% increase to weighted average cost of capital would have resulted in no impairment for Conda and an impairment amount of $28,646 for Arraias.

To estimate the respective recoverable amounts of Farim, the Company followed a FVLCD approach classified within Level 3 of the fair value hierarchy (see Note 27). The Company utilized a conventional market comparables methodology considering a range of multiples comprised of comparable publicly traded companies and transactions. The Company also considered Farim's advanced development stage and high grade phosphate rock features as well as certain premiums above market comparables. The Company concluded that Farim's estimated recoverable amounts was above its carrying values and therefore did not record an impairment.

The Company considered key assumptions in order to estimate the recoverable amount of Farim as follows:

(in thousands of US Dollars except for year, exchange rate and percentages)	**Farim**
Average multiple	3.02x
Premium average multiple	3.43x
Content P_2O_5 (Mt)	30

The Company considered the impact of changes in key assumptions to the estimated recoverable amounts of Farim including a 10% reduction to market comparables, which would have a respective impact of approximately $15,331 and would have resulted in no impairment for Farim.

8. PROPERTY, PLANT AND EQUIPMENT

As at December 31, 2022 and 2021, the Company had property, plant and equipment as follows:

(in thousands of Us Dollars)	Land	Buildings and plant	Machinery, equipment and other	Asset under construction	Total property, plant and equipment
Cost					
Balance as at December 31, 2020	**$ 24,699**	**$ 133,698**	**$ 160,781**	**$ 45,319**	**$ 364,497**
Additions	1,568	12,711	94,399	15,689	124,367
Disposals/transfers	—	—	32,336	(32,336)	—
Balance as at December 31, 2021	**$ 26,267**	**$ 146,409**	**$ 287,516**	**$ 28,672**	**$ 488,864**
Additions	—	5,876	18,192	12,301	36,369
Asset Retirement Obligations	—	—	(33,320)	—	(33,320)
Disposals/transfers	—	—	10,589	(10,655)	(66)
Balance as at December 31, 2022	**$ 26,267**	**$ 152,285**	**$ 282,977**	**$ 30,318**	**$ 491,847**
Accumulated depreciation					
Balance as at December 31, 2020	**$ —**	**$ 34,023**	**$ 125,405**	**$ —**	**$ 159,428**
Additions	—	3,372	12,991	—	16,363
Balance as at December 31, 2021	**$ —**	**$ 37,395**	**$ 138,396**	**$ —**	**$ 175,791**
Additions	—	4,219	17,797	—	22,016
Balance as at December 31, 2022	**$ —**	**$ 41,614**	**$ 156,193**	**$ —**	**$ 197,807**
Property, plant and equipment, net					
As at December 31, 2021	**$ 26,267**	**$ 109,014**	**$ 149,120**	**$ 28,672**	**$ 313,073**
As at December 31, 2022	**$ 26,267**	**$ 110,671**	**$ 126,784**	**$ 30,318**	**$ 294,040**

During 2021, Conda placed phosphogypsum stack 3 into service. Accordingly, the Company recorded an addition to environmental and asset retirement obligations (see Note 12) and a corresponding addition to other property, plant and equipment.

ITAFOS

IFRS 16 – RIGHT-OF-USE ASSETS

As at December 31, 2022 and 2021, the Company had right-of-use assets, recorded as a component of property, plant and equipment, as follows:

(in thousands of US Dollars)	Right-of-use assets-buildings and plant	Right-of-use assets-machinery, equipment and other	Total right-of-use assets
Cost			
Balance as at December 31, 2020	**$ 511**	**$ 21,644**	**$ 22,155**
Additions	367	—	367
Balance as at December 31, 2021	**$ 878**	**$ 21,644**	**$ 22,522**
Additions	—	4,151	4,151
Balance as at December 31, 2022	**$ 878**	**$ 25,795**	**$ 26,673**
Accumulated depreciation			
Balance as at December 31, 2020	**$ 167**	**$ 7,433**	**$ 7,600**
Additions	145	3,508	3,653
Balance as at December 31, 2021	**$ 312**	**$ 10,941**	**$ 11,253**
Additions	148	2,676	2,824
Balance as at December 31, 2022	**$ 460**	**$ 13,617**	**$ 14,077**
Right-of-use assets, net			
Balance as at December 31, 2021	**$ 566**	**$ 10,703**	**$ 11,269**
Balance as at December 31, 2022	**$ 418**	**$ 12,178**	**$ 12,596**

The Company is unable to quantify the value of certain of its right-of-use assets because the lease payments are variable and not dependent upon an index or rate. In such cases, the Company did not recognize a right-of-use asset or corresponding lease liability. For the years ended December 31, 2022 and 2021, the Company had $18,880 and $17,212 of costs related to variable lease payments that are not dependent on an index or rate, respectively (see Note 3).

The Company is exempt from quantifying the value of certain of its right-of-use assets for leases that are 12 months or less in duration or for leases of low-value assets. In such cases, the Company did not recognize a right-of-use asset or corresponding lease liability. For the years ended December 31, 2022 and 2021, the Company's costs related to short-term leases of low-value assets were not material (see Note 3).

9. MINERAL PROPERTIES

As at December 31, 2022 and 2021, the Company had mineral properties as follows:

(in thousands of US Dollars)	Development costs	Exploration and evaluation costs	Accumulated depletion	Total mineral properties
Balance as at December 31, 2020	**$ 88,237**	**$ 71,442**	**$ (31,749)**	**$ 127,930**
Additions	3,031	604	—	3,635
Depletion	—	—	(10,819)	(10,819)
Balance as at December 31, 2021	**$ 91,268**	**$ 72,046**	**$ (42,568)**	**$ 120,746**
Additions	7,162	1,486	—	8,648
Depletion	—	—	(12,658)	(12,658)
Balance as at December 31, 2022	**$ 98,430**	**$ 73,532**	**$ (55,226)**	**$ 116,736**

ITAFOS

10. OTHER ASSETS

As at December 31, 2022 and 2021, the Company had other assets as follows:

(in thousands of US Dollars)		*As at December 31,* 2022		2021
Tax credits	$	6,749	$	6,592
Prepaid expenses		5,007		4,310
Deposits		1,082		1,041
Advances to suppliers		449		2,062
Other		603		567
Other assets	**$**	**13,890**	**$**	**14,572**
Less: current portion		(10,363)		(11,173)
Other non-current assets	**$**	**3,527**	**$**	**3,399**

As at December 31, 2022 and 2021, the Company had other current assets as follows:

(in thousands of US Dollars)		*As at December 31,* 2022		2021
Tax credits	$	4,167	$	4,088
Prepaid expenses		5,007		4,310
Advances to suppliers		449		2,062
Deposits		292		292
Other		448		421
Other current assets	**$**	**10,363**	**$**	**11,173**

11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

As at December 31, 2022 and 2021, the Company had accounts payable and accrued liabilities as follows:

(in thousands of US Dollars)		*As at December 31,* 2022		2021
Trade payables	$	32,690	$	25,295
Taxes payable		2,615		13,221
Accrued liabilities and other		10,473		9,537
Payroll and related taxes payable		7,549		8,838
Rebates		2,785		1,028
Other payables		4,726		3,550
Accounts payable and accrued liabilities	**$**	**60,838**	**$**	**61,469**

12. PROVISIONS

As at December 31, 2022 and 2021, the Company had provisions as follows:

(in thousands of US Dollars)		*As at December 31,* 2022		2021
Environmental and asset retirement obligations	$	146,303	$	174,056
Contingent liabilities		741		248
Provisions	**$**	**147,044**	**$**	**174,304**
Less: current portion		(3,063)		(4,072)
Long-term provisions	**$**	**143,981**	**$**	**170,232**

For the years ended December 31, 2022 and 2021, the Company had changes in environmental and asset retirement obligations as follows:

(in thousands of US Dollars)		Environmental and asset retirement obligations
Balance as at December 31, 2020	**$**	**83,194**
Additions		93,000
Payments		(3,297)
Accretion *(Note 21)*		1,159
Balance as at December 31, 2021	**$**	**174,056**
Additions		6,305
Adjustments to present value		(33,320)
Payments		(4,068)
Accretion *(Note 21)*		3,330
Balance as at December 31, 2022	**$**	**146,303**

For the year ended December 31, 2022, Conda recorded an addition to its its environmental and asset retirement obligations of $4,972 as a result of the settlement with Nutrien related to shared environmental and asset retirement obligations at Lanes Creek mine (see Note 3).

For the year ended December 31, 2022, Conda recorded a reduction to its environmental and asset retirement obligations of $33,320 due to change in the discount rate due to higher inflation affecting the present value calculation of the environmental and asset retirement obligations.

During 2021, Conda placed phosphogypsum stack 3 into service. Accordingly, the Company recorded an addition to environmental and asset retirement obligations and a corresponding addition to other property, plant and equipment (see Note 8).

13. DEBT

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

	As at December 31,			
(in thousands of US Dollars)		**2022**		**2021**
Term Loan	$	78,138	$	—
Deferred financing costs related to the Credit Facilities		(3,006)		—
ABL Facility		50,000		—
2021 Term Loan		—		198,863
Deferred financing costs related to the 2021 Term Loan		—		(9,423)
Promissory Note		—		43,283
Conda ABL		—		5,000
Conda equipment financings		2,668		909
Brazilian debentures		324		885
Canadian debentures		—		331
Debt	**$**	**128,124**	**$**	**239,848**
Less: current portion		(29,217)		(52,838)
Long-term debt	**$**	**98,907**	**$**	**187,010**

For the years ended December 31, 2022 and 2021, the Company had changes in debt as follows:

(in thousands of US Dollars)	Current debt	Long-term debt
Balance as at December 31, 2020	**$ 2,437**	**$ 237,756**
Proceeds from the 2021 Term Loan	30,750	174,250
Deferred financing costs of the 2021 Term Loan	—	(10,932)
Amortization of financing costs of the 2021 Term Loan	—	1,509
Repayment of the 2021 Term Loan	—	(7,688)
Reclassification of the 2021 Term Loan to current debt	19,251	(19,251)
Payment of cash interest of the 2021 Term Loan	(5,039)	—
Accrual of cash interest of the 2021 Term Loan	6,589	—
Repayment of the Facility	—	(195,955)
Capitalization of in-kind interest of the Facility	—	2,898
Payment of cash interest of the Facility	(13,268)	—
Accrual of cash interest of the Facility	12,508	—
Change in accrued in-kind interest of the Facility	—	(253)
Amortization of financing costs of the Facility	—	1,260
Loss on debt extinguishment of the Facility	—	2,012
Accrual of in-kind interest of Promissory Note	—	5,916
Loss on debt extinguishment of the Promissory Note	—	1,546
Repayment of the Conda ABL	—	(5,000)
Repayment of Conda equipment financings	—	(640)
Reclassification of the Conda equipment financings to current debt	188	(188)
Repayment of Brazilian debentures	—	(127)
Change in Brazilian debentures	26	(36)
Repayment of Canadian debentures issued to CLF	—	(107)
Change in Canadian debentures issued to CLF	(1)	40
Repayment of Canadian debentures issued to Banco Modal S.A.	(621)	—
Change in Canadian debentures issued to Banco Modal S.A.	18	—
Balance as at December 31, 2021	**$ 52,838**	**$ 187,010**
Proceeds from the Term Loan	28,322	56,678
Deferred financing costs related to the Credit Facilities	—	(4,756)
Proceeds from the ABL Facility	—	65,000
Amortization of financing costs related to the Credit Facilities	—	1,750
Accrual of cash interest of the Term Loan	219	—
Repayment of the Term Loan	—	(7,081)
Repayment of the ABL Facility	—	(15,000)
Amortization of financing costs of the 2021 Term Loan	—	4,170
Repayment of the 2021 Term Loan	(30,750)	(166,563)
Reclassification of the 2021 Term Loan to current debt	(19,250)	19,250
Payment of cash interest of the 2021 Term Loan	(13,265)	—
Accrual of cash interest of the 2021 Term Loan	11,715	—
Loss on debt extinguishment of the 2021 Term Loan	—	5,252
Repayment of the Promissory Note	—	(48,277)
Accrual of in-kind interest of Promissory Note	—	4,994
Repayment of the Conda ABL	—	(5,000)
New Conda equipment financings	—	2,930
Repayment of Conda equipment financings	—	(1,169)
Reclassification of the Conda equipment financings to current debt	(263)	263
Repayment of Brazilian debentures	—	(124)
Change in Brazilian debentures	(277)	(160)
Repayment of Canadian debentures	(91)	(248)
Change in Canadian debentures	19	(12)
Balance as at December 31, 2022	**$ 29,217**	**$ 98,907**

CREDIT FACILITIES

On September 22, 2022, the Company entered into two three-year credit facilities (the "Credit Facilities") with a syndicate of lenders pursuant to which the lenders advanced (i) an $85,000 term loan (the "Term Loan") to the Company and made available a $35,000 letter of credit facility (the "LC Facility") and (ii) an $80,000 asset-based revolving credit facility (the "ABL Facility"). The proceeds of the Term Loan and ABL Facility were used to refinance the Company's indebtedness under the previous secured term loan (the "2021 Term Loan"), Conda's secured working capital facility (the "Conda ABL"), the Company's unsecured and subordinated promissory note (the "Promissory Note"), the Canadian Debentures and to pay related transaction costs and fees. The refinancing provided for the retirement of all related party debt. Proceeds from the ABL Facility will also be used for working capital and general corporate purposes.

The key terms of the Term Loan and LC Facility are as follows:

- the Term Loan is secured by the assets of the Company and its US subsidiaries;
- term of three years with maturity on September 22, 2025;
- interest shall accrue on outstanding borrowings at a rate equal to the Term Secured Overnight Financing Rate ("SOFR") plus a margin ranging from 4.25% to 5.25% per annum based upon the total net leverage ratio of the Company and its subsidiaries. The initial borrowings are at a margin rate of 4.25%;
- the LC Facility bears interest at 0.5% per annum for undrawn committed amounts; and
- the Term Loan requires quarterly amortization payments, and the Company may make incremental prepayments of the Term Loan borrowings without penalty or premium.

As at December 31, 2022, the Company posted letters of credit of $32,793 under the LC Facility.

The key terms of the ABL Facility are as follows:

- term of three years with maturity on September 22, 2025;
- secured by the assets of the Company and its US subsidiaries and guaranteed by certain of the Company's US subsidiaries;
- interest shall accrue on outstanding borrowings at a rate equal to the Term SOFR plus a margin ranging from 2.25% to 2.75% per annum, based upon the average excess availability under the ABL Facility. The initial borrowings are at a margin rate of 2.75%; and
- a commitment fee shall accrue for undrawn committed amounts, at 0.375% per annum.

The Term Loan includes financial covenants that require the Company to comply with certain ratios and thresholds. As at December 31, 2022, the Company was in compliance with all financial covenants related to the Term Loan. The ABL Facility includes a springing financial covenant that applies if availability under the ABL Facility falls below a specified level. The principal springing financial covenant in the ABL Facility, if applicable, requires the Company to maintain a specified Minimum Fixed Charge Coverage Ratio at the end of each fiscal quarter. As at December 31, 2022, the springing financial covenants related to the ABL Facility were not applicable (see Note 27).

2021 TERM LOAN

The 2021 Term Loan bore interest at 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. The 2021 Term Loan had a maturity of August 25, 2024. The proceeds of the 2021 Term Loan were used to repay the Company's secured term credit facility (the "Facility"). On September 22, 2022, the Company repaid the 2021 Term Loan in full. The changes in the Company's debt as a result of the repayment of the 2021 Term Loan resulted in a loss on debt extinguishment of $12,782, which was recorded as finance expense (see Note 18). The loss on debt extinguishment includes (i) the derecognition of financing

costs of the 2021 Term Loan of $5,252 and (ii) an exit fee, premium fee and legal fees totaling an amount of $7,530 paid in cash.

FACILITY

The Facility bore interest at 12% per annum (9% payable in cash and 3% payable in-kind) with a bullet repayment at maturity on June 6, 2022. On August 25, 2021, the Company repaid the Credit Facility in full. The changes in the Company's debt as a result of the repayment of the Credit Facility resulted in a loss on debt extinguishment of $2,012, which was recorded as finance expense (see Note 21).

PROMISSORY NOTE

The Promissory Note bore interest at 15% per annum on drawn amounts and 4% per annum on undrawn amounts, with interest payments payable in-kind on a quarterly basis. The Promissory Note interest rate per annum increased from 15% payable in-kind to 18% payable in-kind starting on August 25, 2022 (see Note 26). On September 22, 2022, the Company repaid the Promissory Note in full. The changes in the Company's debt as a result of the repayment of the Promissory Note resulted in a loss on debt extinguishment of $1,863, which was recorded as finance expense (see Note 21). The loss on debt extinguishment is related to an exit fee paid in cash.

CONDA ABL

The Conda ABL had a commitment amount of $40,000. The Conda ABL bore interest as follows:

- for cash drawn, at a variable rate tied to Conda's fixed charge coverage ratio and LIBOR, with a rate ranging from 1.75%-2.25% per annum plus LIBOR on drawn amounts;
- for posted letters of credit, at a variable rate tied to Conda's fixed charge coverage ratio with a rate ranging from 1.75%-2.25%% per annum; and
- for undrawn committed amounts, at 0.375% per annum.

On September 22, 2022, the Company repaid the Conda ABL in full. The changes in the Company's debt as a result of the repayment of the Conda ABL resulted in a loss on debt extinguishment of $166, which was recorded as finance expense and paid in cash (see Note 21).

CONDA EQUIPMENT FINANCINGS

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

Conda also has other equipment financings with a note payable that bears interest at 5.75% per annum with maturity on March 11, 2024, and is payable in equal monthly installments of principal and interest through maturity. During Q3 2022, Conda repaid in full an equipment financing that bore interest at 8.3% per annum with maturity on August 28, 2022.

DEBENTURES

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

The Canadian debentures bore interest at 10% per annum with 10 equal annual installments of principal and interest through maturity on October 27, 2026 (see Note 26). On September 22, 2022, the Company repaid in full the Canadian debentures.

During 2021, the Company repaid in full Canadian debentures issued to Banco Modal S.A.

14. OTHER LIABILITIES

As at December 31, 2022 and 2021, the Company had other long-term liabilities as follows:

(in thousands of US Dollars)		*As at December 31,* 2022		2021
Lease liabilities	$	15,778	$	14,244
Other tax liabilities		4,477		2,607
Share-based payments		2,923		3,499
Other		642		694
Other liabilities	**$**	**23,820**	**$**	**21,044**
Less: current portion		(2,972)		(2,544)
Other long-term liabilities	**$**	**20,848**	**$**	**18,500**

LEASE LIABILITIES

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

As at December 31, 2022, and 2021, the Company had other current liabilities as follows:

(in thousands of US Dollars)		*As at December 31,* 2022		2021
Lease liabilities	$	2,972	$	2,544
Other current liabilities	**$**	**2,972**	**$**	**2,544**

As at December 31, 2022, the Company had total future contractual payments for leases recognized under IFRS 16 as follows:

(in thousands of US Dollars)		**December 31, 2022**
Within 1 year	$	2,972
Between 2 and 3 years		7,665
Between 4 and 5 years		4,325
After 5 years		3,934
Total contractual payments	**$**	**18,896**

For the years ended December 31, 2022 and 2021, the Company had changes in lease liabilities as follows:

(in thousands of US Dollars)	Current Lease Liabilities	Long-term Lease Liabilities
Balance as at December 31, 2020	**2,812**	**13,930**
New leases commenced	—	367
Interest accrual on the leases	1,191	—
Lease payments	(1,459)	(2,597)
Balance as at December 31, 2021	**2,544**	**11,700**
New leases commenced	544	3,607
Interest accrual on the leases	1,049	—
Lease payments	(1,165)	(2,501)
Balance as at December 31, 2022	**$ 2,972**	**$ 12,806**

TAXES PAYABLE

As at December 31, 2022 and 2021, taxes payable were primarily related to the taxes payable to the Brazilian tax authorities resulting from intercompany loans between the Company's subsidiaries. During 2021, the Company capitalized certain intercompany loans related to the Company's funding of Arraias.

SHARE-BASED PAYMENTS

As at December 31, 2022 and 2021, share-based payments were related to RSUs granted by the Company under its RSU Plan (see Note 3).

On September 17, 2020, the Company's RSU Plan was amended to increase the maximum number of shares which may be reserved for issuance under the RSU Plan from 14,207,030 to 18,546,282.

As at December 31, 2022, the Company had 5,046,085 RSUs outstanding and 6,014,017 RSUs available for issuance under its RSU Plan. As at December 31, 2021, the Company had 6,985,661 RSUs outstanding and 6,978,838 RSUs available for issuance under its RSU Plan.

For the years ended December 31, 2022 and 2021, the Company had changes in RSUs as follows:

(in number of RSUs)	RSUs
Balance as at December 31, 2020	**5,444,829**
Granted	3,761,637
Cash settled	(74,597)
Vested	(1,760,717)
Forfeited	(385,491)
Balance as at December 31, 2021	**6,985,661**
Granted	1,521,984
Cash settled	(199,712)
Vested	(2,704,684)
Forfeited	(557,164)
Balance as at December 31, 2022	**5,046,085**

For the year ended December 31, 2022, the Company granted 1,521,984 RSUs under its RSU Plan, including 105,724 RSUs granted to directors, 736,436 RSUs granted to management and 679,824 RSUs granted to employees and contractors.

For the year ended December 31, 2021, the Company granted 3,761,637 under its 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.

For the year ended December 31, 2022, the Company cash settled 199,712 for $421 due to vesting under its RSU Plan. For the year ended December 31, 2021, the Company cash settled 74,597 RSUs for $36 due to vesting under its RSU Plan.

For the year ended December 31, 2022, the Company issued 2,054,621 shares (net of 650,063 shares withheld to pay applicable taxes) due to vesting under its RSU Plan. For the year ended December 31, 2021, the Company issued 1,352,018 shares (net of 408,699 shares withheld to pay applicable taxes) due to vesting under its RSU Plan (see Notes 3 and 15).

For the years ended December 31, 2022 and 2021, the Company had share-based payment expense of $4,850 and $4,127, respectively (see Note 18).

15. SHARE CAPITAL

AUTHORIZED CAPITAL

As at December 31, 2022, the Company was authorized to issue up to 5,000,000,000 shares, consisting of 4,000,000,000 shares of common stock and 1,000,000,000 shares of preferred stock, each with a par value of 0.00001 US Dollars per share.

SHARES ISSUED AND OUTSTANDING

As at December 31, 2022 and 2021, the Company had 188,869,463 and 186,814,842 shares issued and outstanding, respectively. As at December 31, 2022 and 2021 and, CLF beneficially owned and controlled 124,961,722 shares of the Company, representing approximately 66.2% and 66.9% of the issued and outstanding shares on an undiluted basis, respectively (see Notes 1 and 26).

For the year ended December 31, 2022, the Company issued 2,054,621 shares (net of 650,063 shares withheld to pay applicable taxes) due to vesting under its RSU Plan (see Notes 3 and 14).

For the year ended December 31, 2021, the Company issued 1,352,018 shares (net of 408,699 shares withheld to pay applicable taxes) due to vesting under its RSU Plan (see Notes 3 and 14).

WEIGHTED-AVERAGE NUMBER OF SHARES

For the years ended December 31, 2022 and 2021, the Company had weighted-average number of shares and potentially dilutive RSUs as follows:

	For the years ended December 31,	
(in number of shares)	**2022**	**2021**
Weighted-average number of shares	188,265,419	186,413,304
Weighted-average number of potentially dilutive RSUs	2,913,756	3,134,051
Diluted weighted-average number of shares	**191,179,175**	**189,547,355**

NCI

As at December 31, 2022 and 2021, the Company had NCI of $769 and $1,165, respectively. For the year ended December 31, 2022, the Company had net income of $114,700 of which $115,096 were attributable to shareholders' equity and $(396) were attributable to NCI. For the year ended December 31, 2021, the Company had net income of $51,439, of which $51,028 were attributable to shareholders' equity and $411 were attributable to NCI. (see Note 2).

16. EARNINGS PER SHARE

For the years ended December 31, 2022 and 2021, the Company had income (loss) per share as follows:

	For the years ended December 31,	
(in thousands of US Dollars except as otherwise noted)	**2022**	**2021**
Net income attributable to shareholders of the Company	$ **115,096**	$ 51,028
Weighted average shares outstanding	**188,265,419**	186,413,304
Basic earnings ($/share)	$ **0.61**	$ 0.28
Diluted earnings ($/share)	$ **0.60**	$ 0.27

For the years ended December 31, 2022 and 2021, the Company recorded net income. Accordingly, all potentially dilutive RSUs were included in the diluted weighted-average number of shares. (see Note 15).

17. REVENUES

For the years ended December 31, 2022 and 2021, Conda had revenues as follows:

	For the years ended December 31,	
(in thousands of US Dollars)	**2022**	**2021**
MAP	$ 307,656	$ 174,424
MAP+	29,391	39,536
SPA	213,330	179,932
MGA	1,290	862
APP	16,785	18,493
HFSA	2,622	—
Revenues	$ **571,074**	$ **413,247**

For the years ended December 31, 2022 and 2021, Conda had two customers that individually accounted for more than 10% of Conda's total revenues. For the year ended December 31, 2022, these two customers represented approximately 60% and 11%, respectively of Conda's total revenues. For the year ended December 31, 2021 these two customers represented approximately 51% and 12%, respectively of Conda's total revenues.

For the years ended December 31, 2022 and 2021, Arraias had revenues as follows:

	For the years ended December 31,	
(in thousands of US Dollars)	**2022**	**2021**
SSP	$ —	$ —
SSP+	—	—
Excess sulfuric acid	22,214	—
Revenues	$ **22,214**	$ **—**

For the year ended December 31, 2022, Arraias had two customers that individually accounted for more than 10% of Arraias total revenues. For the year ended December 31, 2022, these two customers represented approximately 50% and 11% respectively of Arraias' total revenues. For the year ended December 31, 2021, Arraias had no revenues.

18. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

For the years ended December 31, 2022 and 2021 the Company had selling, general and administrative expenses as follows:

(in thousands of US Dollars)	*For the years ended December 31,* 2022	2021
Payroll expenses	$ 13,935	$ 12,368
Professional fees	3,850	4,799
Share-based payments expense	4,850	4,127
Insurance expenses	1,105	1,136
Office, travel and general administrative expense	4,709	2,831
Director fees	1,044	635
Selling, general and administrative expenses	**$ 29,493**	**$ 25,896**

19. FOREIGN EXCHANGE GAIN (LOSS)

For the years ended December 31, 2022 and 2021, the Company recognized a foreign exchange loss of $1,639 and $634, respectively. These amounts are primarily comprised of the gain or loss resulting from remeasuring monetary items denominated in Brazilian Reals and Canadian Dollars (see Note 27).

20. OTHER INCOME (EXPENSE)

For the years ended December 31, 2022 and 2021, the Company recognized other income of $9,033 and $541, respectively. For the year ended December 31, 2022, Conda reached a settlement with insurers on a business interruption claim related to the 2020 disruption in sulfuric acid supply. As a result of the settlement, Conda received net insurance proceeds of $8,675.

21. FINANCE EXPENSE (INCOME)

For the years ended December 31, 2022 and 2021, the Company had finance expense as follows:

(in thousands of US Dollars)	*For the years ended December 31,* 2022	2021
Interest expense	$ 21,004	$ 28,572
Amortization of deferred financing costs related to the Credit Facilities *(Note 13)*	1,750	—
Amortization of deferred financing costs related to the Facility *(Note 13)*	—	1,260
Amortization of deferred financing costs related to the 2021 Term Loan *(Note 13)*	4,170	1,509
Loss on debt extinguishment of the Facility *(Note 13)*	—	2,012
Loss on debt extinguishment of the Promissory Note *(Note 13)*	1,863	1,546
Loss on debt extinguishment of the 2021 Term Loan *(Note 13)*	12,782	—
Loss on debt extinguishment of the Conda ABL *(Note 13)*	166	—
Environmental and asset retirement obligation accretion expense *(Note 12)*	3,330	1,159
Interest on lease liabilities *(Note 14)*	1,049	1,191
Interest income	(190)	(5)
Finance expense, net	**$ 45,924**	**$ 37,244**

22. INCOME TAXES

For the years ended December 31, 2022 and 2021, the Company had income tax (recovery) expense as follows:

(in thousands of US Dollars except as otherwise noted)	*For the years ended December 31,* 2022	2021
Income before income taxes	$ 146,854	$ 73,545
US statutory tax rate (%) [i]	25.74	26.14
Expected income tax expense	**$ 37,800**	**$ 19,221**
Difference in foreign tax rates	62	84
Non-deductible/taxable items	(5,471)	1,160
Tax benefit not recognized	1,052	1,994
Withholding taxes	124	119
Previously unrecognized tax losses used to reduce current tax expense	(3,489)	—
True-up of tax provisions in respect of prior years	598	(504)
Interest and penalties	180	32
True-up of deferred tax assets in respect of prior years	1,298	—
Income tax expense (recovery)	**$ 32,154**	**$ 22,106**
Actual effective tax rate (%)	**21.9**	**30.1**

i. Considers effective rate comprised of US federal corporate income tax rate of 21.0% and State of Idaho corporate income tax rate of 6.0% and 6.5%, respectively, for 2022 and 2021.

As at June 30, 2021, the Company was a Cayman Islands corporation. On July 1, 2021, the Company completed a redomiciliation 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.

For the years ended December 31, 2022 and 2021, the Company had total current and deferred income tax expense (recovery) as follows:

(in thousands of US Dollars)	*For the years ended December 31,* 2022	2021
Current income tax expense	$ 33,621	$ 19,113
Deferred income tax expense (recovery), net	(1,467)	2,993
Total current and deferred income tax expense	**$ 32,154**	**$ 22,106**

DEFERRED TAX ASSETS

As at December 31, 2022 and 2021, the Company had deferred tax assets as follows:

(in thousands of US Dollars)	*As at December 31,* 2022	2021
Payroll and related taxes payable	$ 1,912	$ 1,726
Mineral properties	20,365	15,372
Interest expense	—	1,297
Deferred tax assets	**$ 22,277**	**$ 18,395**
Offset of deferred tax liabilities	(22,277)	(18,395)
Deferred tax assets, net	**$ —**	**$ —**

As at December 31, 2022 and 2021, the Company had related deferred tax assets and liabilities at Conda, which have been presented on a net basis.

For the years ended December 31, 2022 and 2021, the Company had changes in deferred tax assets as follows:

(in thousands of US Dollars)		Payroll and related taxes payable		Mineral properties		Interest expense		Total deferred tax assets
Balance as at December 31, 2020	**$**	**932**	**$**	**12,339**	**$**	**—**	**$**	**13,271**
Charge (credit) to profit or loss		794		3,033		1,297		5,124
Balance as at December 31, 2021	**$**	**1,726**	**$**	**15,372**	**$**	**1,297**	**$**	**18,395**
Charge (credit) to profit or loss		186		4,993		(1,297)		3,882
Balance as at December 31, 2022	**$**	**1,912**	**$**	**20,365**	**$**	**—**	**$**	**22,277**

The Company has not recognized a deferred tax asset for its tax losses. As at December 31, 2022, the Company had Brazilian tax losses of approximately $406,525 that may be carried forward indefinitely. The Company's Brazilian tax losses are primarily related to Arraias.

The Company has not recognized a deferred tax asset for its carry forward of interest expense from periods prior to the Company's redomiciliation from the Cayman Islands to the US. As at December 31, 2022, the Company had interest expense carryforward of approximately $37,202.

DEFERRED TAX LIABILITIES

As at December 31, 2022 and 2021, the Company had deferred tax liabilities as follows:

	As at December 31,			
(in thousands of US Dollars)		**2022**		**2021**
Property, plant and equipment	$	19,889	$	17,594
Inventories		2,466		2,471
Deferred tax liabilities	**$**	**22,355**	**$**	**20,065**
Offset of deferred tax liabilities		(22,277)		(18,395)
Deferred tax liabilities, net	**$**	**78**	**$**	**1,670**

As at December 31, 2022 and 2021, the Company had related deferred tax assets and liabilities at Conda, which have been presented on a net basis.

For the years ended December 31, 2022 and 2021, the Company had changes in deferred tax liabilities as follows:

(in thousands of US Dollars)		Property, plant and equipment		Inventories		Total deferred tax liabilities
Balance as at December 31, 2020	**$**	**9,829**	**$**	**2,238**	**$**	**12,067**
Charge to profit or loss		7,765		233		7,998
Balance as at December 31, 2021	**$**	**17,594**	**$**	**2,471**	**$**	**20,065**
Charge to profit or loss		2,295		(5)		2,290
Balance as at December 31, 2022	**$**	**19,889**	**$**	**2,466**	**$**	**22,355**

23. COMMITMENTS AND CONTINGENT LIABILITIES

CONTRACTUAL OBLIGATIONS

As at December 31, 2022, the Company's contractual obligations were as follows:

(unaudited in thousands of US Dollars)	Within 1 year	Years 2 and 3	Years 4 and 5	After 5 years	Total
Debt	$ 29,217	$ 100,814	$ 1,100	—	**$ 131,131**
Accounts payable and accrued liabilities	60,838	—	—	—	**$ 60,838**
Provisions	3,063	26,870	25,320	91,791	**$ 147,044**
Leases	2,972	7,665	4,325	3,934	**$ 18,896**
Contractual obligations	**$ 96,090**	**$ 135,349**	**$ 30,745**	**$ 95,725**	**$ 357,909**

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

CONTINGENT LIABILITIES

The Company records contingent liabilities for legal, tax and other matters that may arise in the ordinary course of business. The Company recognizes a provision for such matters when (i) an entity has a present obligation as a result of a past event (a past event is deemed to give rise to a present obligation if, taking account of all available evidence, it is more likely than not that a present obligation exists at the end of the reporting period); (ii) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and (iii) a reliable estimate can be made of the amount of the obligation.

As at December 31, 2022 and 2021, the Company has accrued contingent liabilities of $741 and $248, respectively (see Note 12). The Company does not believe that the outcome of any of the matters, individually or in the aggregate, that are not recorded in the consolidated financial statements would have a material adverse effect. The ultimate amount of any liability for such matters, including interest and penalties, is uncertain and the Company is defending its position in each case.

During 2022, the Company received an assessment from the Dutch tax authorities of EUR 1,730 (approximately $1,834) for 2016 income taxes related to its Dutch holding structure for the Company's Brazilian subsidiaries. The Company filed an appeal against the tax assessment, which is currently under review by the Dutch tax authorities. The Company and its legal advisors consider it more likely than not that the resolution of the assessment will be favorable to the Company. On that basis, the Company has not recognized a provision for this assessment. In the event of an unfavorable resolution, the Company estimates a potential assessment in the aggregate amount of approximately $4,900 (including in respect of 2016, 2017 and 2018 income taxes).

CONDA GUARANTEES

Conda's operating and environmental permits require certain obligations related to environmental and reclamation activities to be guaranteed. As at December 31, 2022 and 2021, Conda's guarantee requirements were $77,739. As at December 31, 2022, Conda had surety bonds in place for its guarantee requirements.

As at December 31, 2022, the Company had posted letters of credit of $32,793 under the LC Facility as collateral for Conda's surety bonds (see Note 13).

EPA MATTERS

In 2003, the US EPA began investigating the phosphate fertilizer industry as part of its National Enforcement Initiative regarding the mineral processing industry. The purpose of the National Enforcement Initiative is to ensure that waste resulting from mineral processing is managed in accordance with regulations under the US Resource Conservation and Recovery Act ("RCRA").

In 2018, the Company acquired Conda from subsidiaries of Agrium, a wholly-owned subsidiary of Nutrien, by way of an Asset Purchase Agreement ("APA"). Prior to the Company's acquisition of Conda, Nutrien received notices of violation ("NOVs") as a result of the National Enforcement Initiative related to various of its phosphate fertilizer operations, including Conda. Nutrien has been negotiating with the EPA to resolve the NOVs. As current owner of Conda, the Company has also been involved in such negotiations.

The Company is uncertain as to how the NOVs will be resolved. Based on settlements with other members of the phosphate fertilizer industry, the Company expects that a resolution of the NOVs could involve any or all of the following:

- penalties, which are not expected to be material;
- modification of certain operating practices;
- capital improvement projects;
- providing financial assurance for the future closure, maintenance and monitoring costs for phosphogypsum stack systems; and
- addressing findings resulting from the RCRA section 3013 site investigations.

Pursuant to the terms of the APA, Nutrien assumed full liability for all environmental and asset retirement obligations relating to the pre-closing operations of Conda, including responsibility for resolution of the NOVs. Furthermore, the APA allocates liability amongst Nutrien and the Company, including with respect to many of the potential requirements following a resolution of the NOVs as described above. Notwithstanding, the full scope of costs that the Company may ultimately incur as it relates to these matters could be material but are not currently predictable or quantifiable with reasonable certainty (see Note 3).

24. SEGMENT REPORTING

For the years ended December 31, 2022, the Company had net income (loss) by segment as follows:

(in thousands of US Dollars)	Conda	Arraias	Development and exploration	Corporate	Total
Revenues	**$ 571,074**	**$ 22,214**	**$ —**	**$ —**	**$ 593,288**
Cost of goods sold	356,462	21,949	—	—	378,411
Gross margin	**$ 214,612**	**$ 265**	**$ —**	**$ —**	**$ 214,877**
Selling, general and administrative expenses	4,366	2,379	1,387	21,361	29,493
Operating income (loss)	**$ 210,246**	**$ (2,114)**	**$ (1,387)**	**$ (21,361)**	**$ 185,384**
Foreign exchange gain (loss)	(578)	(872)	900	(1,089)	(1,639)
Other income	8,354	551	94	34	9,033
Finance expense, net	(5,020)	131	(4)	(41,031)	(45,924)
Income (loss) before income taxes	**$ 213,002**	**$ (2,304)**	**$ (397)**	**$ (63,447)**	**$ 146,854**
Current and deferred income tax expense (recovery)	50,895	—	—	(18,741)	32,154
Net income (loss)	**$ 162,107**	**$ (2,304)**	**$ (397)**	**$ (44,706)**	**$ 114,700**

For the years ended December 31, 2021, the Company had net income (loss) by segment as follows:

(in thousands of US Dollars)	Conda	Arraias	Development and exploration	Corporate	Total
Revenues	**$ 413,247**	**$ —**	**$ —**	**$ —**	**$ 413,247**
Cost of goods sold	273,725	2,647	—	—	276,372
Gross margin	**$ 139,522**	**$ (2,647)**	**$ —**	**$ —**	**$ 136,875**
Selling, general and administrative expenses	4,374	1,572	1,777	18,173	25,896
Operating loss	**$ 135,148**	**$ (4,219)**	**$ (1,777)**	**$ (18,173)**	**$ 110,979**
Foreign exchange gain (loss)	(400)	599	(388)	(445)	(634)
Other income, net	32	381	128	—	541
Loss on asset disposal	—	(97)	—	—	(97)
Finance expense, net	(3,073)	(123)	(7)	(34,041)	(37,244)
Income (loss) before income taxes	**$ 131,707**	**$ (3,459)**	**$ (2,044)**	**$ (52,659)**	**$ 73,545**
Current and deferred income tax recovery	28,913	—	—	(6,807)	22,106
Net income (loss)	**$ 102,794**	**$ (3,459)**	**$ (2,044)**	**$ (45,852)**	**$ 51,439**

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

(in thousands of US Dollars)	Conda	Arraias	Development and exploration	Corporate	Total
Total assets	$ 391,490	$ 143,545	$ 76,544	$ 2,430	**$ 614,009**
Total liabilities	$ 213,228	$ 10,765	$ 3,046	$ 133,852	**$ 360,891**

As at December 31, 2021, the Company had total assets and total liabilities by segment as follows:

(in thousands of US Dollars)	Conda	Arraias	Development and exploration	Corporate	Total
Total assets	$ 419,603	$ 135,109	$ 75,691	$ 3,450	**$ 633,853**
Total liabilities	$ 248,127	$ 12,139	$ 3,192	$ 235,790	**$ 499,248**

As at December 31, 2022 and 2021, the Company had property, plant and equipment and mineral properties by segment as follows:

(in thousands of US Dollars)	Conda	Arraias	Development and exploration	Corporate	Total
Balance as at December 31, 2022	$ 215,765	$ 118,488	$ 76,214	$ 309	**$ 410,776**
Balance as at December 31, 2021	$ 238,543	$ 120,012	$ 74,726	$ 538	**$ 433,819**

As at December 31, 2022 and 2021, the Company had property, plant and equipment and mineral properties by region as follows:

(in thousands of US Dollars)	As at December 31, 2022	2021
Brazil (South America)	$ 127,602	$ 129,092
US (North America)	216,054	239,061
Guinea-Bissau (Africa)	67,120	65,666
Property, plant and equipment, and mineral properties, net	**$ 410,776**	**$ 433,819**

25. NET CHANGE IN NON-CASH WORKING CAPITAL

For the years December 31, 2022 and 2021, the Company had net change in non-cash working capital as follows:

	For the years ended December 31,	
(in thousands of US Dollars)	**2022**	2021
Accounts receivable	$ 16,796	$ (17,739)
Inventories, net	(12,533)	(18,275)
Other assets and prepaids	965	1,516
Accounts payable and accrued liabilities	15,488	(2,216)
Other liabilities and provisions	3,676	4,552
Net change in non-cash working capital	**$ 24,392**	**$ (32,162)**

26. RELATED PARTY TRANSACTIONS

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

KEY MANAGEMENT COMPENSATION

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

For the years ended December 31, 2022 and 2021, the Company had key management compensation as follows:

	For the years ended December 31,	
(in thousands of US Dollars)	**2022**	**2021**
Management compensation[i,ii]	$ 2,931	$ 2,736
Management compensation Long-term incentives cash awards[i,iii]	325	680
Management compensation Share-based awards[i,iv]	1,019	630
Director fees	1,044	635
Directors Share-based awards[iv]	225	175
Non-recurring compensation payments[v]	966	100
Other benefits	63	52
Key management compensation	**$ 6,573**	**$ 5,008**

i. Includes salary and bonus payments to the Company's Chief Executive Officer, Chief Financial Officer and Chief Strategy Officer.
ii. Includes salary and short-term incentives earned during each financial year, which are paid in cash in the year following the financial year in which they are earned
iii. Long-term incentives granted in the form of cash. The amounts represent the grant date fair value and may be different than the value upon vesting
iv. Long-term incentives granted in the form of RSUs. The amounts represent the grant date fair value and may be different than the value upon vesting
v. Includes cash and share-based termination payments

RELATED PARTY DEBT

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

	As at December 31,	
(in thousands of US Dollars)	**2022**	**2021**
Promissory Note	—	43,283
Canadian debentures issued to CLF	—	331
Related party debt	**$ —**	**$ 43,614**

On September 22, 2022, in connection with the closing of the Credit Facilities, the Company repaid in full the Promissory Note and the Canadian debentures (see Note 13).

27. FAIR VALUE MEASUREMENT AND RISK FACTORS

FAIR VALUE MEASUREMENT

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

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

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

The Company recognizes transfers between the levels of the fair value hierarchy at the date of the event or change in circumstances that caused the transfer. For the years ended December 31, 2022 and 2021, there were no such transfers.

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

Long-term debt is recorded on the consolidated balance sheets at amortized cost. The fair value of long-term debt is determined by applying a discount rate, reflecting an appropriate credit spread considering the Company's credit rating, to future related cash flows. As such, long-term debt is classified within Level 3 of the fair value hierarchy. As at December 31, 2022 and 2021, the Company's debt was stated at an amortized cost of $128,124 and $239,848, respectively (see Note 13) and had a fair value of $118,725 and $231,645, respectively.

RISK FACTORS

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

Market Risk

Currency Risk

The Company's presentation and functional currency is US Dollars (see Note 2).

Currency fluctuations may affect the Company's capital and/or operating costs. While the majority of the Company's activities are conducted in US Dollars, including the majority of Conda's sales and expenses, the Company is exposed to currency risks stemming from the fact that the Company and its subsidiaries carry on business in the international marketplace. The appreciation of foreign currencies against the US Dollar could adversely affect the Company's earnings and financial condition. In particular, the Company is exposed to increased currency risks because a portion of Conda's sales and expenses are transacted in Canadian Dollars and a significant portion of Arraias' sales and expenses are

transacted in Brazilian Reals. These sales and expenses are subject to fluctuations in the exchange rates between the Canadian Dollar and the Brazilian Real, respectively against the US Dollar.

For the years ended December 31, 2022 and 2021, the Company had foreign exchange loss and cumulative translation adjustment as follows:

(in thousands of US Dollars except as otherwise noted)	*For the years ended December 31,* 2022	2021
Brazilian Real weakening (strengthening) against US Dollar (%)	(5.4)	6.8
Canadian Dollar weakening (strengthening) against US Dollar (%)	6.4	(0.4)
Foreign exchange loss	**$ (1,639)**	**$ (634)**

Commodity Price Risk

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

Interest Rate Risk

As at December 31, 2022 and 2021, the Company's long-term debt was primarily comprised of fixed interest rates. The Term Loan and the Conda ABL interest rates include a variable component tied to SOFR (see Note 13).

Credit Risk

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

As at December 31, 2022 and 2021, the Company had accounts receivable of $22,892 and $39,688, respectively. As at December 31, 2022 and 2021, Conda had approximately 69% and 77%, respectively, of total accounts receivable from four customers, respectively.

Management reviews the aging of accounts receivables and, where necessary, reduces the carrying value to provide for possible losses. As at December 31, 2022 and 2021, management did not anticipate material credit losses. Accordingly, the Company's credit loss provision is insignificant.

In connection with the acquisition of Conda from subsidiaries of Agrium, a wholly-owned subsidiary of Nutrien, Nutrien assumed full liability for all environmental and asset retirement obligations relating to the pre-closing operations of Conda.

As current owner and operator of Conda, the Company is liable for environmental and asset retirement obligations relating to the post-closing operations of Conda. Certain of the environmental and asset retirement obligations, including those relating to phosphogypsum stack 1, phosphogypsum stack 2, the North Rasmussen Ridge Mine shop and haul road, encompass both pre-closing and post-closing operations of Conda. Accordingly, the responsibility for such environmental and asset retirement obligations is shared on a pro-rata basis between Nutrien and the Company. Although the Company expects Nutrien to fulfill its environmental and asset retirement obligations, the Company could be exposed to the credit risk of Nutrien performing its obligations (see Note 3).

Liquidity Risk

The Company relies primarily on Conda to sustain its operations. In turn, Conda relies on key suppliers and customers. With respect to suppliers, Conda's ammonia requirements and a majority of its sulfuric acid requirements have historically been met by one supplier under respective long-term supply agreements. With respect to customers, a majority of Conda's sales have historically been to one key customer under a long-term MAP offtake agreement. Consequently, any material disruption to the operations of such key suppliers or key customer, or Conda's inability to maintain its business relationship with any such suppliers or customer, has the potential of materially adversely affecting the Company's overall production, sales or results of operations.

As at December 31, 2022, the Company had cash and cash equivalents of $42,811. As at December 31, 2022, an additional $21,447 remained available under the ABL Facility to be drawn by the Company subject to certain terms and conditions (see Note 13).

Financial Covenant Risk

The Term Loan includes financial covenants that require the Company to comply with certain ratios and thresholds. The principal financial covenants in the Term Loan require the Company not to exceed a specified Consolidated Total Net Leverage Ratio and to maintain a minimum specified Consolidated Interest Coverage Ratio as at the end of each fiscal quarter commencing September 30, 2022 (as such terms are defined in the Term Loan).

The ABL Facility includes a springing financial covenant that applies if availability under the ABL Facility falls below a specified level. The principal springing financial covenant in the ABL Facility, if applicable, requires the Company to maintain a specified minimum Fixed Charge Coverage Ratio at the end of each fiscal quarter (as defined in the ABL Facility agreement).

Capital Management

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

28. SUBSEQUENT EVENTS

RSU Plan

Subsequent to December 31, 2022, the Company approved the grant of up to, in aggregate, 3,507,846 RSUs under its RSU Plan.The grants were made to directors, officers, employees and consultants of the Company.

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