



**Management's Discussion and Analysis of Operations and Financial Condition
For the three months ended March 31, 2023 and 2022
May 10, 2023**

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1. INTRODUCTORY NOTES

GENERAL INFORMATION

This management's discussion and analysis of operations and financial condition for the three months ended March 31, 2023 (the "MD&A") is as of May 10, 2023 and should be read in conjunction with the Company's:

- unaudited condensed consolidated interim financial statements for the three months ended March 31, 2023 (the "Interim Financial Statements");
- audited consolidated financial statements for the year ended December 31, 2022 (the "2022 Audited Financial Statements");
- management's discussion and analysis of operations and financial condition for the year ended December 31, 2022 (the "2022 MD&A"); and
- annual information form for the year ended December 31, 2022 (the "2022 AIF").

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.

Except as otherwise noted, all figures herein are presented in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and Interpretations issued by the International Financial Reporting Interpretations Committee. This MD&A considers both IFRS and certain non-IFRS measures that management considers to evaluate the Company's operational and financial performance. Non-IFRS measures are a numerical measure of a company's performance, that either include or exclude amounts that are not normally included or excluded from the most directly comparable IFRS measures. Management believes that the non-IFRS measures provide useful supplemental information to investors, analysts, lenders and others. In evaluating non-IFRS measures, investors, analysts, lenders and others should consider that non-IFRS measures do not have any standardized meaning under IFRS and that the methodology applied by the Company in calculating such non-IFRS measures may differ among companies and analysts. Non-IFRS measures should not be considered as a substitute for, nor superior to, measures of financial performance prepared in accordance with IFRS. Definitions and reconciliations of non-IFRS measures to the most directly comparable IFRS measures are included in Section 8 of this MD&A.

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

FORWARD-LOOKING INFORMATION

Cautionary statements regarding forward-looking information and risks and uncertainties affecting forward-looking information are included in Section 9 of this MD&A.

2. GENERAL COMPANY INFORMATION

OVERVIEW

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

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

In addition to the businesses and projects described above, the Company also owns Mantaro (located in Junin, Peru), which is a phosphate mine project that is in the process of being wound down.

The Company is a Delaware corporation that is headquartered in Houston, Texas. The Company’s shares trade on the TSX Venture Exchange under the ticker symbol “IFOS”. The Company’s principal shareholder is CL Fertilizers Holding LLC (“CLF”). CLF is an affiliate of Castlake, L.P., a global private investment firm (see Notes 1 and 6 in the Interim Financial Statements).

As at March 31, 2023 and December 31, 2022, the Company had 190,266,853 and 188,869,463 shares outstanding, respectively (see Note 6 in the Interim Financial Statements). As at May 10, 2023, the Company had 190,590,909 shares and 5,857,794 RSUs outstanding. As at May 10, 2023, March 31, 2023 and December 31, 2022, the Company did not have any other classes of voting securities outstanding.

BUSINESSES AND PROJECTS

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

Item	Conda ⁱ	Arraias ⁱⁱ	Farim	Santana	Araxá
Ownershipⁱⁱⁱ	100%	98.4%	100%	99.4%	100%
Location	Idaho, US	Tocantins, Brazil	Farim, Guinea-Bissau	Pará, Brazil	Minas Gerais, Brazil
Status	Operating	Sulfuric acid operating; remainder of operations idled	Construction- ready	Maintaining option	Maintaining option
Mineral Reserves^{iv}	13.1Mt at avg. 26.6% P ₂ O ₅	Under review	44.0Mt at avg. 30.0% P ₂ O ₅	Under review	Under review
Measured and Indicated Mineral Resources^{iv,v}	50.3Mt at avg. 25.5% P ₂ O ₅	79.0Mt at avg. 4.9% P ₂ O ₅	105.6Mt at avg. 28.4% P ₂ O ₅	60.4Mt at avg. 12.0% P ₂ O ₅	6.3Mt at avg. 5.0% Total Rare Earth Oxides ("TREO") and at avg. 1.0% Nb ₂ O ₅
Inferred Mineral Resources^{iv,v}	0.7Mt at avg. 25% P ₂ O ₅	12.7Mt at avg. 3.9% P ₂ O ₅	37.6Mt at avg. 27.7% P ₂ O ₅	26.6Mt at avg. 5.6% P ₂ O ₅	21.9Mt at avg. 4.0% TREO and 0.6% Nb ₂ O ₅
Mine life^{iv}	Through mid-2026	Under review	25 years	Under review	Under review
Products	MAP, MAP+, SPA, MGA, APP and HFSA	SSP, SSP+ and excess sulfuric acid	Phosphate rock	SSP and excess sulfuric acid	Rare earth oxides and niobium oxide
Annual production capacity	550kt MAP, MAP+, SPA, MGA, APP and 27kt HFSA	500kt SSP and SSP+ and 40kt excess sulfuric acid (220kt gross sulfuric acid)	1.3Mt of phosphate rock	500kt SSP and 30kt excess sulfuric acid	8.7kt rare earth oxides and 0.7kt niobium oxide

- i. Conda's operations consist of its mines, beneficiation plant, sulfuric acid plant, phosphoric acid plant and granulation plant. Conda's Mineral Reserves and mine life consider existing mines Rasmussen Valley and Lanes Creek only whereas Measured and Indicated Mineral Resources (including Mineral Reserves) and Inferred Mineral Resources include both existing mines and Husky 1 and North Dry Ridge deposits. Conda's Measured and Indicated Resources (including Mineral Reserves) include 1.3Mt of stockpile ore.
- ii. Arraias' operations consist of its mines, beneficiation plant, sulfuric acid plant, acidulation plant and granulation plant. On February 8, 2022, the Company announced the resumption of sulfuric acid production and sales at Arraias. The remainder of Arraias' operations, including its mine, beneficiation plant, acidulation plant and granulation plant remain idled following best practices.
- iii. Arraias and Santana's non-controlling interests represented by preferred non-voting shares issued by the Company in 2018 upon exercise of warrants held by creditors under the 2016 Brazilian restructuring proceedings. Under the 2014 Guinea-Bissau Mining Code, the Government of Guinea-Bissau has the right to obtain, free of charge, up to a 10% interest in Farim. The Company expects to grant the free carried interest in Farim to the Government of Guinea-Bissau as part of ongoing revisions to the executed Farim mining agreement.
- iv. The Company's technical information, including Mineral Reserves, Measured and Indicated Mineral Resources (including Mineral Reserves), Inferred Mineral Resources and mine life, is presented as of the date of the Company's latest respective technical reports. No recovery, dilution or other similar mining parameters have been applied to the Mineral Resources summarized above.
- v. Although the Mineral Resources summarized above are believed to have a reasonable expectation of being extracted economically, they are not Mineral Reserves and there is no certainty that all or any part of the Mineral Resources summarized above will be converted into Mineral Reserves. Mineral Reserves require the application of modifying factors such as recovery, dilution or other similar mining parameters and must be supported with a minimum of a pre-feasibility study. The Inferred Mineral Resources summarized above are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as Mineral Reserves. Where applicable, Mineral Resources and Mineral Reserves presented in dry short tons in the Company's latest respective technical reports have been presented and summarized above in dry tonnes considering a conversion factor of 0.907185.

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

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

The Company's latest respective technical reports are available under the Company's profile on SEDAR at www.sedar.com and on the Company's website at www.itafos.com. The Company is in the process of updating the Farim technical report, which is expected to be completed during the second quarter of 2023 (see Section 3).

In addition to the businesses and projects described above, the Company also owns Mantaro, which is a phosphate mine project that is in the process of being wound down. The Company decided to wind down Mantaro as part of its cost savings initiatives. The financial impact of this project to the Company is immaterial.

The Company's businesses and projects are described in greater detail in its 2022 AIF, which can be found under the Company's profile on SEDAR at www.sedar.com and on the Company's website at www.itafos.com.

3. HIGHLIGHTS

KEY HIGHLIGHTS

For the three months ended March 31, 2023

For the three months ended March 31, 2023, the Company's key highlights were as follows:

- sustained Environmental, Health and Safety (“EHS”) excellence, including no reportable environmental releases or recordable incidents, which resulted in a consolidated Total Recordable Incident Frequency Rate¹ (“TRIFR”) of 0.12;
- generated revenues of \$119,582;
- diammonium phosphate (“DAP”) New Orleans (“NOLA”) prices averaged \$677/t (\$615/st) compared to \$876/t (\$794/st) in 2022, down 23% year-over-year primarily due to the spike in 2022 prices following the Russian invasion of Ukraine coupled with softer agriculture and phosphate fertilizer market supply and demand dynamics;
- generated Adjusted EBITDA of \$42,961 (Adjusted EBITDA is a non-IFRS measure; see Section 8 for further details);
- recorded net income of \$28,207;
- recorded basic earnings of Canadian dollars (“C\$”) C\$0.20/share;
- generated free cash flow of \$19,886 (free cash flow is a non-IFRS measure; see Section 8 for further details);
- repaid \$7,227 of debt, including \$7,081 of principal under the Company's \$85,000 term loan (the “Term Loan”); and
- on March 13, 2023, the Company announced the commencement of the process to explore and evaluate various strategic alternatives that may be available to the Company in an effort to enhance shareholder value.

FINANCIAL HIGHLIGHTS

For the three months ended March 31, 2023

For the three months ended March 31, 2023, the Company's financial highlights were as follows:

<i>(unaudited in thousands of US Dollars except as otherwise noted)</i>	<i>For the three months ended March 31,</i>		
	2023	2022	% change
Revenues	\$ 119,582	\$ 149,853	(20%)
Gross margin	38,975	58,483	(33%)
Adjusted EBITDA ⁱ	42,961	60,381	(29%)
Net income	28,207	33,009	(15%)
Basic earnings (\$/share)	\$ 0.15	\$ 0.18	(17%)
Basic earnings (C\$/share)	\$ 0.20	\$ 0.22	(9%)
Diluted earnings (\$/share)	\$ 0.15	\$ 0.17	(12%)
Diluted earnings (C\$/share)	\$ 0.20	\$ 0.22	(9%)
Maintenance capex ⁱ	\$ 1,459	\$ 912	60%
Growth capex ⁱ	1,390	4,387	(68%)
Total capexⁱ	\$ 2,849	\$ 5,299	(46%)
Free cash flow ⁱ	\$ 19,886	\$ 54,400	(63%)

i. Non-IFRS measure (see Section 8).

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

For the three months ended March 31, 2023 and 2022, the Company's financial highlights were explained as follows:

Item	Q1 2023 vs Q1 2022
Revenues	Decreased primarily due to lower realized prices off the commodity cycle highs of the prior year, coupled with lower sales volumes at Conda, which were partially offset by higher sulfuric acid sales at Arraias
Adjusted EBITDA	Decreased primarily due to the same factors that resulted in lower revenues, which were partially offset by lower input costs at Conda
Net income	Decreased primarily due to lower Adjusted EBITDA, coupled with lower other income as a result of the prior year settlement with insurers on a business interruption claim related to the 2020 disruption in sulfuric acid supply to Conda, which was partially offset by lower finance and income tax expenses
Basic earnings (C\$/share)	Decreased primarily due to the same factors that resulted in lower net income
Maintenance capex	Increased primarily due to the timing of maintenance projects at Conda, which were partially offset by lower maintenance activities at Arraias related to the restart of the sulfuric acid plant during Q1 2022 (see Section 8)
Growth capex	Decreased primarily due to the initiative to produce and sell HFSA at Conda during Q1 2022 (see Section 8)
Free cash flow	Decreased primarily due to lower cash flows from operating activities due to the same factors that resulted in lower EBITDA and higher working capital requirements (see Section 8)

As at March 31, 2023

As at March 31, 2023 and December 31, 2022, the Company's financial highlights were as follows:

<i>(unaudited in thousands of US Dollars except as otherwise noted)</i>	March 31, 2023	December 31, 2022	% change
Total assets	\$ 636,488	\$ 614,009	4%
Total liabilities	353,120	360,891	(2%)
Total equity	283,368	253,118	12%
Net debt ⁱ	\$ 73,165	\$ 88,319	(17%)
Trailing 12 months Adjusted EBITDA ⁱ	\$ 207,338	\$ 224,758	(8%)
Net leverage ratio ⁱ	0.4x	0.4x	0%

i. Non-IFRS measure (see Section 8).

As at March 31, 2023 and December 31, 2022, the Company's financial highlights were explained as follows:

Item	March 31, 2023 vs December 31, 2022
Total assets	Increased primarily due to higher cash and cash equivalents, accounts receivable, inventories, and deferred tax asset, which were partially offset by lower other current assets
Total liabilities	Decreased primarily due to lower debt as a result of the repayment of principal debt outstanding under the Term Loan and lower accounts payable and accrued liabilities, which were partially offset by higher long-term provisions
Total equity	Increased primarily due to net income recorded during the period
Net debt	Decreased primarily due to the repayment of principal debt outstanding from free cash flows generated and higher cash and cash equivalents (see Section 8)
Trailing 12 months Adjusted EBITDA	Decreased primarily due to the same factors that resulted in lower Adjusted EBITDA (see Section 8)
Net leverage ratio	Remained consistent between periods

BUSINESS HIGHLIGHTS

EHS

For the three months ended March 31, 2023 and 2022, the Company's EHS highlights were as follows:

	<i>For three months ended March 31, 2023</i>			
	Conda	Arraias	Farim	Consolidated
Reportable environmental releases	—	—	—	—
Recordable incidents	—	—	—	—

	<i>For three months ended March 31, 2022</i>			
	Conda	Arraias	Farim	Consolidated
Reportable environmental releases	—	—	—	—
Recordable incidents	—	1	—	1

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

	Conda	Arraias	Farim	Consolidated
TRIFR ⁱ	0.17	0.00	0.00	0.12

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

Conda

Business Highlights

For the three months ended March 31, 2023 and 2022, Conda's business highlights were as follows:

<i>(unaudited in thousands of US Dollars except as otherwise noted)</i>	<i>For the three months ended March 31,</i>		
	2023	2022	% change
Production volumes (tonnes)			
MAP	87,415	92,274	(5%)
MAP+	5,858	7,846	(25%)
SPA ⁱⁱ	34,165	37,346	(9%)
MGA ⁱⁱ	240	—	n/m
APP	—	2,082	(100%)
HFSA	1,322	—	n/m
Production volumes (tonnes)	129,000	139,548	(8%)
Production volumes (tonnes P₂O₅)ⁱ	82,145	89,096	(8%)
Sales volumes (tonnes)			
MAP	82,330	91,230	(10%)
MAP+	5,132	10,407	(51%)
SPA ⁱⁱ	31,974	35,926	(11%)
MGA ⁱⁱ	240	—	n/m
APP	2,694	2,412	12%
HFSA	1,496	—	n/m
Sales volumes (tonnes)	123,866	139,975	(12%)
Sales volumes (tonnes P₂O₅)ⁱ	77,943	88,244	(12%)
Realized price (\$/tonne)ⁱⁱⁱ			
MAP	\$ 722	\$ 811	(11%)
MAP+	758	858	(12%)
SPA ⁱⁱ	1,532	1,749	(12%)
MGA ⁱⁱ	1,550	—	n/m
APP	707	744	(5%)
HFSA	929	—	n/m
Revenues (\$)			
MAP	\$ 59,478	\$ 73,955	(20%)
MAP+	3,892	8,933	(56%)
SPA	48,976	62,848	(22%)
MGA	372	—	n/m
APP	1,905	1,794	6%
HFSA	1,390	—	n/m
Revenues	\$ 116,013	\$ 147,530	(21%)
Revenues per tonne P₂O₅^{i, iii}	\$ 1,488	\$ 1,672	(11%)
Cash costsⁱⁱⁱ	\$ 67,435	\$ 82,153	(18%)
Cash costs per tonne P₂O₅^{i, iii}	\$ 865	\$ 931	(7%)
Cash marginⁱⁱⁱ	\$ 48,578	\$ 65,377	(26%)
Cash margin per tonne P₂O₅^{i, iii}	\$ 623	\$ 741	(16%)
Adjusted EBITDAⁱⁱⁱ	\$ 47,470	\$ 64,388	(26%)
Maintenance capexⁱⁱⁱ	\$ 1,450	\$ 459	216%
Growth capexⁱⁱⁱ	1,314	4,160	(68%)
Total capexⁱⁱⁱ	\$ 2,764	\$ 4,619	(40%)

i. P₂O₅ basis considers MAP at 52%, MAP+ at 39%, SPA at 100%, MGA at 100%, APP at 34% and HFSA at 0%.

ii. Presented on a 100% P₂O₅ basis.

iii. Non-IFRS measure (see Section 8).

For the three months ended March 31, 2023 and 2022, Conda’s business highlights were explained as follows:

Item	Q1 2023 vs Q1 2022
Production volumes (tonnes P₂O₅)	Decreased primarily due to lower throughput resulting from extreme winter weather conditions and unplanned downtime
Sales volumes (tonnes P₂O₅)	Decreased primarily due to softer product demand compared to Q1 2022
Revenues	Decreased primarily due to lower sales volumes and lower realized prices
Cash margin per tonne P₂O₅	Decreased primarily due to lower realized prices, partially offset by lower input costs (see Section 8)
Adjusted EBITDA	Decreased primarily due to the same factors that resulted in lower revenues, which were partially offset by lower input costs (see Section 8)
Maintenance capex	Increased primarily due to timing of projects (see Section 8)
Growth capex	Decreased primarily due to HFSA spend in Q1 2022 (see Section 8)

Mine Life Extension

For the three months ended March 31, 2023, the Company advanced activities related to the extension of Conda’s mine life through permitting and development of H1/NDR as follows:

- advanced permitting, including progression of the National Environmental Policy Act (“NEPA”) process and receipt of the Record of Decision, (see Subsequent Events section below); and
- advanced development, including engineering of key infrastructure and progression of related magnesium oxide reduction initiatives to enhance SPA production and sales volumes, including continuation of test work.

The Company’s activities related to the extension of Conda’s mine life through permitting and development of H1/NDR, including timeline and key permitting milestones, are described in greater detail in management’s discussion and analysis of operations and financial condition for the year ended December 31, 2021 (the “2021 MD&A”).

As at March 31, 2023, the Company has advanced H1/NDR key permitting milestones as follows:

Key Milestones	Status
Submit Mine and Reclamation Plan to the Bureau of Land Management (“BLM”) Initial Action Notice	Submitted in April 2020
Notice of Intent (represents start of NEPA process)	Submitted in October 2020
Draft Environmental Impact Statement (“EIS”)	Published in December 2020
Final EIS	Published in October 2021
Record of Decision (“ROD”) (represents end of NEPA process) ⁱ	Published in November 2022
Notice to Proceed (“NTP”)	To follow final EIS
	To follow ROD

- i. ROD received on April 24, 2023. See Subsequent Events section below
- ii. NTP received on May 10, 2023. See Subsequent Events section below

Arraias

Business Highlights

For the three months ended March 31, 2023 and 2022, Arraias' business highlights were as follows:

<i>(unaudited in thousands of US Dollars except as otherwise noted)</i>	<i>For the three months ended March 31,</i>		
	2023	2022	% change
Production volumes (tonnes)			
Sulfuric acid ⁱ	20,614	9,651	114%
Production volumes (tonnes)	20,614	9,651	114%
Sales volumes (tonnes)			
Sulfuric acid	17,077	8,680	97%
Sales volumes (tonnes)	17,077	8,680	97%
Realized price (\$/tonne) ⁱⁱ			
Sulfuric acid	\$ 209	\$ 268	-22%
Revenues (\$)			
Sulfuric acid	\$ 3,569	\$ 2,323	54%
Revenues	\$ 3,569	\$ 2,323	54%
Cash costsⁱⁱ	\$ 3,107	\$ 2,391	30%
Cash marginⁱⁱ	\$ 462	\$ (68)	n/m
Adjusted EBITDA ⁱⁱ	\$ 189	\$ (653)	n/m
Maintenance capex ⁱⁱ	\$ —	\$ 448	n/m
Growth capex ⁱⁱ	4	191	-98%
Total capexⁱⁱ	\$ 4	\$ 639	-99%

- i. Sulfuric acid production volumes are presented net of production for internal consumption.
- ii. Non-IFRS measure (see Section 8).

For the three months ended March 31, 2023 and 2022, Arraias' business highlights were explained as follows:

Item	Q1 2023 vs Q1 2022
Sulfuric acid production and sales volumes	Increased due to a full quarter of sulfuric acid production and sales in Q1 2023 compared to a partial quarter in Q1 2022 (the sulfuric acid plant was restarted in February 2022)
Adjusted EBITDA	Increased primarily due to higher revenues and lower selling, general and administrative expenses, which were partially offset by higher cost of goods sold (see Section 8)
Maintenance capex	Decreased primarily due to capital costs related to the restart of the sulfuric acid plant spend during Q1 2022 (see Section 8)
Growth capex	Decreased primarily due to activities related to the Fertilizer Restart Program spend during Q1 2022 (see Section 8)

Idling

For the three months ended March 31, 2023, the remainder of Arraias' operations, including its mine, beneficiation plant, acidulation plant and granulation plant remain idled following best practices.

Sulfuric Acid Plant Restart

Arraias' sulfuric acid plant has production capacity of 220kt per year. In 2022, the Company operated the sulfuric acid plant at Arraias with a base load capacity of approximately 10.5kt per month. In 2023, the Company expects to operate

the sulfuric acid plant at Arraias at an average monthly production rate of 8.1kt per month. Arraias has secured short-term sulfuric acid offtake agreements for its base load capacity with pricing linked to sulfur benchmarks. Based on market demand and sulfuric acid plant availability, the Company expects to opportunistically produce additional volumes of sulfuric acid to be sold on the spot market.

The restart of the sulfuric acid plant at Arraias is independent of the previously announced program to evaluate the potential restart of fertilizer production at Arraias (the “Fertilizer Restart Program”) (formerly referred to as the Stage-Gate Restart Program).

Fertilizer Restart Program

For the three months ended March 31, 2023, the Company advanced activities related to the Fertilizer Restart Program at Arraias as follows:

- the Company approved the first phase of a fertilizer restart to allow Arraias to commence the mining, production and sale of Direct Application Phosphate Rock (“DAPR”). The 2023 plan is to produce and sell up to 40kt of DAPR into the Brazilian market, commencing Q3 2023.

The Company’s activities related to the Fertilizer Restart Program at Arraias are described in greater detail in the 2022 MD&A.

Dutch Tax Assessment

During 2022, the Company received an assessment from the Dutch tax authorities of EUR 1,730 (approximately \$1,834) for 2016 income taxes related to its Dutch holding structure for the Company’s Brazilian subsidiaries. The Company filed an appeal against the tax assessment, which is currently under review by the Dutch tax authorities. During Q1 2023, the Dutch tax authorities initiated an assessment for 2017 and 2018. The Company and its legal advisors consider it more likely than not that the resolution of the assessment will be favorable to the Company. On that basis, the Company has not recognized a provision for this assessment. In the event of an unfavorable resolution, the Company estimates a potential assessment in the aggregate amount of approximately \$4,900 (including in respect of 2016, 2017 and 2018 income taxes).

Development and Exploration

Farim

Development and exploration

For the three months March 31, 2023, Farim’s development and exploration highlights were as follows:

- advanced an updated technical report for Farim in support of the evaluation of strategic alternatives for the project (see Section 2);
- advanced revisions to the executed Farim mining agreement with the Government of Guinea-Bissau to facilitate project financing, update tax incentives and extend the term; and
- maintained Farim at construction-ready state.

The Company’s activities related to advancing the development and exploration of Farim are described in greater detail in the 2020 MD&A.

Other

For the three months ended March 31, 2023, the Company's other development and exploration project highlights were as follows:

- maintained the integrity of the concessions of Santana and Araxá; and
- advanced the wind down of Mantaro.

Corporate

For the three months ended March 31, 2023, the Company continued to focus on deleveraging the balance sheet and repaid \$7,081 of principal under the Term Loan.

MARKET HIGHLIGHTS

For the three months ended March 31, 2023 and 2022, key phosphate fertilizer market indicators relevant to the Company's operations were as follows:

<i>(in US Dollars per metric tonne except as otherwise noted)</i>	<i>For the three months ended March 31,</i>		
	2023	2022	% change
DAP NOLA ⁱ	\$ 677	\$ 876	(23%)
DAP NOLA (\$/st) ⁱ	615	794	(23%)
Sulfur Vancouver ⁱⁱ	126	373	(66%)
Sulfur Brazil ⁱⁱⁱ	148	327	(55%)
Sulfuric Acid Brazil ⁱⁱⁱ	97	275	(65%)

- Average of Argus and Green Markets weekly average.
- Average of Argus weekly and Acuity average.
- Average of Argus weekly average.

For the three months ended March 31, 2023 and 2022, key phosphate fertilizer market indicators relevant to the Company's operations were explained as follows:

Item	Q1 2023 vs Q1 2022
DAP NOLA	Decreased off the highs of the prior year, linked to the Russian invasion of Ukraine, coupled with softening agriculture and phosphate fertilizer market supply and demand dynamics
Sulfur Vancouver	Decreased primarily due to increased supply and weakened global demand
Sulfur Brazil	Decreased primarily due to increased supply and weakened global demand
Sulfuric Acid Brazil	Decreased primarily due to increased domestic production and increased imports

For the three months ended March 31, 2023 and 2022, specific factors driving the year-over-year decline in DAP NOLA were as follows:

- weakened demand in response to historically high 2022 phosphate prices;
- the softening of global Ammonia and Sulphur prices;
- the softening of historically high crop prices; and
- increased phosphate exports out of Russia.

SUBSEQUENT EVENTS

- On April 10, 2023, the Company announced that Evgenij Iorich stepped down as member of the Company's Board of Directors effective as of April 6, 2023. Mr. Iorich served as a director of the Company since July 11, 2017.

- On April 24, 2023, the Company announced the ROD for H1/NDR mine development project. The H1/NDR project will be internally funded and comprises primarily of infrastructure and mine development. Mineral resources from H1/NDR are expected in 2026², providing an uninterrupted supply as Rasmussen Valley Mine reaches the end of its useful life; and
- On May 1, 2023, the Company issued 324,056 shares (net of 104,264 shares withheld to pay applicable taxes) due to vesting under its RSU Plan.
- On May 10, 2023, the Company announced the receipt of the NTP for H1/NDR mine development project. Upon receipt of the NTP, the Company has begun capital activities associated with the mine development project.

4. OUTLOOK

MARKET OUTLOOK

Although 2023 prices have moderated off the historically high 2022 prices, the Company expects relatively stable market fundamentals and global agriculture and phosphate fertilizer fundamentals to continue. Accordingly, the Company expects continued durability in pricing and volume fundamentals in the phosphate fertilizer markets.

Specific factors the Company expects to support the continued strength in the global phosphate fertilizer markets through 2023 are as follows:

- no significant phosphate supply capacity additions;
- sustained crop prices;
- improved phosphate application following lower demand associated with historically high pricing; and
- ongoing phosphate export restrictions from China.

The Company expects the sulfur and sulfuric acid market to remain under pressure globally through 2023 due to increased refinery activity and softer demand from phosphate producers and metals consumers.

FINANCIAL OUTLOOK

The Company provides guidance on both IFRS and non-IFRS measures that management considers to evaluate the Company's operational and financial performance. Management believes that the non-IFRS measures provide useful supplemental information to investors, analysts, lenders and others. Definitions and reconciliations of non-IFRS measures to the most directly comparable IFRS measures are included in Section 8 of this MD&A.

² Timeline for H1/NDR based on management estimates and subject to certain assumptions, including successful permitting and development activities. The H1/NDR mine life extension is based on a Preliminary Economic Assessment ("2019 PEA") included in the Conda Technical Report. The 2019 PEA on the H1 and NDR properties is preliminary in nature and includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the 2019 PEA will be realized. Readers are referred to the Conda Technical Report for the applicable qualifications and assumptions in connection with its 2019 PEA.

The Company issued its original guidance for 2023 in the 2022 MD&A. The assumptions considered by the Company in preparing its guidance for 2023 are explained in the 2022 MD&A. The Company maintained its guidance for 2023 as follows:

<i>(in millions of US Dollars except as otherwise noted)</i>	<i>Projected FY 2023</i>
Adjusted EBITDA ⁱ	\$ 140-180
Net income	35-65
Basic earnings (C\$/share)	0.25-0.45
Maintenance capex ⁱ	15-25
Growth capex ⁱ	40-50
Free cash flow ⁱ	70-100

i. Non-IFRS measure (see Section 8).

BUSINESS OUTLOOK

The Company continues to focus on the following key objectives to drive long-term value and shareholder returns:

- improving financial and operational performance;
- deleveraging the balance sheet;
- executing on the requisite infrastructure and civil works required for the mine development for H1/NDR; and
- conducting the strategic review process (including evaluating potential strategic alternatives for the company as outlined in the news release dated March 13, 2023).

5. SUMMARY OF QUARTERLY RESULTS

For the three months ended March 31, 2023, December 31, 2022, September 30, 2022, June 30, 2022, the Company's summary of quarterly results was as follows:

<i>(unaudited in thousands of US Dollars except as otherwise noted)</i>	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022
Revenues	\$ 119,582	\$ 135,243	\$ 153,187	\$ 155,005
Net income	28,207	29,322	8,088	44,281
Basic earnings (\$/share)	0.15	0.16	0.04	0.23
Diluted earnings (\$/share)	0.15	0.15	0.04	0.23
Total assets	\$ 636,488	\$ 614,009	\$ 651,447	\$ 687,701

For the three months ended March 31, 2022, December 31, 2021, September 30, 2021, June 30, 2021, the Company's summary of quarterly results was as follows:

<i>(unaudited in thousands of US Dollars except as otherwise noted)</i>	March 31, 2022	December 31, 2021	September 31, 2021	June 30, 2021
Revenues	\$ 149,853	\$ 116,784	\$ 103,005	\$ 103,316
Net income /(loss)	33,009	24,280	15,676	9,582
Basic earnings (\$/share)	0.18	0.13	0.08	0.05
Diluted earnings (\$/share)	0.17	0.13	0.08	0.05
Total assets	\$ 653,250	\$ 633,853	\$ 530,195	\$ 505,103

6. STATEMENTS OF OPERATIONS

For the three months ended March 31, 2023, and 2022, the Company's statements of operations were as follows:

<i>(unaudited in thousands of US Dollars except as otherwise noted)</i>	For the three months ended March 31,		
	2023	2022	% change
Revenues	\$ 119,582	\$ 149,853	(20%)
Cost of goods sold	80,607	91,370	(12%)
Gross margin	\$ 38,975	\$ 58,483	(33%)
Selling, general and administrative expenses	9,539	12,424	(23%)
Operating income	\$ 29,436	\$ 46,059	(36%)
Foreign exchange (loss) gain	(12)	322	n/m
Other income	87	8,365	(99%)
Finance expense	(5,486)	(9,692)	(43%)
Income before income taxes	\$ 24,025	\$ 45,054	(47%)
Current and deferred income tax expense (recovery)	(4,182)	12,045	n/m
Net income	\$ 28,207	\$ 33,009	(15%)
Net income attributable to non-controlling interest	—	—	n/m
Net income attributable to shareholders of the Company	\$ 28,207	\$ 33,009	(15%)
Basic earnings (\$/share)	\$ 0.15	\$ 0.18	(17%)
Basic earnings (C\$/share)	\$ 0.20	\$ 0.22	(9%)
Diluted earnings (\$/share)	\$ 0.15	\$ 0.17	(12%)
Diluted earnings (C\$/share)	\$ 0.20	\$ 0.22	(9%)

For the three months ended March 31, 2023 and 2022, the Company's statements of operations were explained as follows:

Item	Q1 2023 vs Q1 2022
Revenues	Decreased primarily due to lower realized prices off the commodity cycle highs of the prior year, coupled with lower sales volumes at Conda, which were partially offset by higher sulfuric acid sales at Arraias
Cost of goods sold	Decreased primarily due to lower sales volumes and lower input costs at Conda
Selling, general and administrative expenses	Decreased primarily due to lower share-based payment expense and lower overhead costs at corporate
Other income	Decreased primarily due to a settlement with insurers on a business interruption claim related to the 2020 disruption in sulfuric acid supply to Conda received during Q1 2022
Finance expense	Decreased primarily due to lower interest expense following the debt refinancing in Q3 2022
Current and deferred income tax expense (recovery)	Decreased primarily due to lower taxable income and the recognition of a deferred tax asset related to carry forward of interest expense from periods prior to the Company's redomiciliation from the Cayman Islands to the US.

7. FINANCIAL CONDITION

LIQUIDITY

As at March 31, 2023, the Company had cash and cash equivalents of \$50,745, liquidity of \$73,473 (see Section 8) and working capital of \$120,987 (liquidity and working capital are non-IFRS measures; see Section 8 for further details).

The Company closely monitors potential risks to its operations, including factors that could impact production or demand for its products as such factors could have a material impact on the Company's cash flow from operations, which could result in a cash shortfall unless otherwise remedied.

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 March 31, 2023, an additional \$22,728 remained available under the Company's \$80,000 asset-based revolving credit facility (the "ABL Facility") to be drawn by the Company subject to certain terms and conditions.

FINANCIAL COVENANTS

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). As at March 31, 2023, 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 defined in the ABL Facility agreement). As at March 31, 2023, the springing financial covenants related to the ABL Facility were not applicable.

The Company is currently projecting compliance with its financial covenants. Any significant reductions to global fertilizer pricing trends, or other factors that could reduce cash flow from operations could result in a financial covenant default, unless otherwise remedied.

SUMMARY BALANCE SHEETS

As at March 31, 2023, and December 31, 2022, the Company's summary balance sheets were as follows:

<i>(unaudited in thousands of US Dollars)</i>	March 31, 2023	December 31, 2022	% change
Cash and cash equivalents	\$ 50,745	\$ 42,811	19%
Current assets (including cash and cash equivalents)	\$ 210,726	\$ 198,401	6%
Non-current assets	425,762	415,608	2%
Total assets	\$ 636,488	\$ 614,009	4%
Current liabilities (excluding current portion of debt)	\$ 60,525	\$ 67,860	(11%)
Non-current liabilities (excluding long-term debt)	171,131	164,907	4%
Debt (current and long-term)	121,464	128,124	(5%)
Total liabilities	\$ 353,120	\$ 360,891	(2%)
Shareholders' equity	\$ 282,599	\$ 252,349	12%
Non-controlling interest	769	769	0%
Total equity	\$ 283,368	\$ 253,118	12%

As at March 31, 2023, and December 31 2022, the Company's summary balance sheets were explained as follows:

Item	March 31, 2023 vs December 31, 2022
Current assets	Increased primarily due to higher cash and cash equivalents, accounts receivable and inventories, which were partially offset by lower other current assets
Non-current assets	Increased primarily due to the recognition of a deferred tax asset related to carry forward of interest expense from periods prior to the Company's redomiciliation from the Cayman Islands to the US and capex additions (see Section 8), which were partially offset by depreciation and depletion
Current liabilities (excluding current portion of debt)	Decreased primarily due to lower accounts payable and accrued liabilities, which were partially offset by higher contract liabilities
Non-current liabilities (excluding long-term debt)	Increased primarily due to higher long term provisions related to environmental and asset retirement obligations
Debt (current and long-term)	Decreased primarily due to the repayment of principal debt outstanding under the Term Loan
Total equity	Increased primarily due to net income recorded during the period

As at March 31, 2023 and December 31, 2022, the Company did not have any significant off-balance sheet arrangements.

Conda's operating and environmental permits require certain obligations related to environmental and reclamation activities to be guaranteed. As at March 31, 2023, Conda's guarantee requirements were \$77,739. As at March 31, 2023, Conda had surety bonds in place for the full amount of its \$77,739 guarantee requirements. As at March 31, 2023 the Company posted letters of credit of \$32,793 under the LC Facility as collateral for Conda's surety bonds.

CAPITAL RESOURCES

As at March 31, 2023, and December 31, 2022, the Company's capital resources were as follows:

<i>(unaudited in thousands of US Dollars)</i>	March 31, 2023	December 31, 2022
Total equity	\$ 283,368	\$ 253,118
Net debt ⁱ	73,165	88,319
Capital resources	\$ 356,533	\$ 341,437

i. Non-IFRS measure (see Section 8).

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

DIVIDENDS

Over the three most recently completed financial years (2020-2022), the Company has not paid any dividends or made any other distributions on its securities. The Company's ability to pay dividends or make other distributions on its securities is currently limited under the Company's debt agreements. Any future dividends or other distributions on its securities would be made at the discretion of the Company's Board of Directors, subject to the limitations under the aforementioned debt agreements and any restrictions set forth in the Company's constituent documents.

SUMMARY CASH FLOWS

For three months ended March 31, 2023 and 2022, the Company's summary cash flows were as follows:

<i>(unaudited in thousands of US Dollars)</i>	<i>For the three months ended March 31,</i>		
	2023	2022	% change
Cash and cash equivalents, beginning of period	\$ 42,811	\$ 31,565	36%
Cash flows from operating activities	21,072	55,312	(62%)
Cash flows used by investing activities	(2,238)	(4,968)	(55%)
Cash flows used by financing activities	(11,225)	(45,274)	(75%)
Effect of foreign exchange of non-US Dollar denominated cash	325	357	(9%)
Cash and cash equivalents, end of period	\$ 50,745	\$ 36,992	37%

For the three months ended March 31, 2023, the Company's summary cash flows were explained as follows:

Item	Q1 2023 vs Q1 2022
Cash flows from operating activities	Decreased primarily due to the same factors that resulted in lower Adjusted EBITDA and lower other income due to a settlement with insurers on a business interruption claim related to the 2020 disruption in sulfuric acid supply to Conda and higher working capital requirements
Cash flows used by investing activities	Decreased primarily due to the capital additions expended in the prior year relating to the HFSA build out at Conda during Q1 2022 and the Arraias sulfuric acid restart
Cash flows used by financing activities	Decreased primarily due to principal payments under the 2021 Term Loan and Conda ABL during Q1 2022

CONTRACTUAL OBLIGATIONS

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

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

The Company's contractual obligations do not include estimated interest payments related to such contractual obligations. The Company records provisions when it is probable that obligations have been incurred and the amounts can be reasonably estimated. The Company's provisions include environmental and asset retirement obligations ("ARO") liabilities and legal contingencies.

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

<i>(unaudited in thousands of US Dollars)</i>	Liabilities	Assets	Net Liabilities
Conda	147,607	64,398	83,209
Arraias	5,912	5,724	188
Development and exploration	509	—	509
Corporate	—	—	—
Environmental and ARO	154,028	70,122	83,906

8. NON-IFRS MEASURES

DEFINITIONS

The Company defines its non-IFRS measures as follows:

Non-IFRS measure	Definition	Most directly comparable IFRS measure	Why the Company uses the measure
EBITDA	Earnings before interest, taxes, depreciation, depletion and amortization	Net income (loss) and operating income (loss)	EBITDA is a valuable indicator of the Company's ability to generate operating income
Adjusted EBITDA	EBITDA adjusted for non-cash, extraordinary, non-recurring and other items unrelated to the Company's core operating activities	Net income (loss) and operating income (loss)	Adjusted EBITDA is a valuable indicator of the Company's ability to generate operating income from its core operating activities normalized to remove the impact of non-cash, extraordinary and non-recurring items. The Company provides guidance on Adjusted EBITDA as useful supplemental information to investors, analysts, lenders, and others
Trailing 12 months Adjusted EBITDA	Adjusted EBITDA for the current and preceding three quarters	Net income (loss) and operating income (loss) for the current and preceding three quarters	The Company uses the trailing 12 months Adjusted EBITDA in the calculation of the net leverage ratio (non-IFRS measure)
Total capex	Additions to property, plant, and equipment and mineral properties adjusted for additions to asset retirement obligations, additions to right-of-use assets and capitalized interest	Additions to property, plant and equipment and mineral properties	The Company uses total capex in the calculation of total cash capex (non-IFRS measure)
Maintenance capex	Portion of total capex relating to the maintenance of ongoing operations	Additions to property, plant and equipment and mineral properties	Maintenance capex is a valuable indicator of the Company's required capital expenditures to sustain operations at existing levels
Growth capex	Portion of total capex relating to the development of growth opportunities	Additions to property, plant and equipment and mineral properties	Growth capex is a valuable indicator of the Company's capital expenditures related to growth opportunities.
Total cash capex	Total capex less accrued capex	Additions to property, plant and equipment and mineral properties	The Company uses total cash capex in the calculation of cash growth capex (non-IFRS measure)
Cash maintenance capex	Maintenance capex less accrued maintenance capex	Additions to property, plant and equipment and mineral properties	The Company uses cash maintenance capex in the calculation of cash growth capex (non-IFRS measure)
Cash growth capex	Growth capex less accrued growth	Additions to property, plant and	The Company uses cash growth

Non-IFRS measure	Definition	Most directly comparable IFRS measure	Why the Company uses the measure
	capex	equipment and mineral properties	capex in the calculation of free cash flow (non-IFRS measure).
Net debt	Debt less cash and cash equivalents plus deferred financing costs (does not consider lease liabilities)	Current debt, long-term debt and cash and cash equivalents	Net debt is a valuable indicator of the Company's net debt position as it removes the impact of deferring financing costs.
Net leverage ratio	Net debt divided by trailing 12 months Adjusted EBITDA	Current debt, long-term debt and cash and cash equivalents; net income (loss) and operating income (loss) for the current and preceding three quarters	The Company's net leverage ratio is a valuable indicator of its ability to service its debt from its core operating activities.
Working capital	Current assets less current liabilities	Current assets and current liabilities	Working capital is a valuable indicator of the Company's liquidity
Liquidity	Cash and cash equivalents plus undrawn committed borrowing capacity	Cash and cash equivalents	Liquidity is a valuable indicator of the Company's liquidity
Free cash flow	Cash flows from operating activities, which excludes payment of interest expense, plus cash flows from investing activities less cash growth capex	Cash flows from operating activities and cash flows from investing activities	Free cash flow is a valuable indicator of the Company's ability to generate cash flows from operations after giving effect to required capital expenditures to sustain operations at existing levels. Free cash flow is a valuable indicator of the Company's cash flow available for debt service or to fund growth opportunities. The Company provides guidance on free cash flow as useful supplemental information to investors, analysts, lenders, and others.
Realized price	Revenues divided by sales volumes	Revenues	The Company uses realized price to assess operational performance
Revenues per tonne P₂O₅	Revenues divided by sales volumes presented on P ₂ O ₅ basis	Revenues	The Company uses revenues per tonne P ₂ O ₅ in the calculation of cash margin per tonne P ₂ O ₅ (non-IFRS measure).
Cash costs	Cost of goods sold less net realizable value adjustments, depreciation, depletion and amortization	Cost of goods sold	The Company uses cash costs in the calculation of cash costs per tonne P ₂ O ₅ (non-IFRS measure).
Cash costs per tonne P₂O₅	Cash costs divided by sales volumes presented on P ₂ O ₅ basis	Cost of goods sold	The Company uses cash costs per tonne P ₂ O ₅ in the calculation of cash margin per tonne P ₂ O ₅ (non-IFRS measure).
Cash margin	Revenues less cash costs	Gross margin	The Company uses cash margin in the calculation of cash margin per tonne P ₂ O ₅ (non-IFRS measure).
Cash margin per tonne P₂O₅	Revenues per tonne P ₂ O ₅ less cash costs per tonne P ₂ O ₅	Gross margin	Cash margin per tonne P ₂ O ₅ is a valuable indicator of the Company's ability to generate margin on sales across its various phosphate and specialty fertilizer products normalized on a per tonne P ₂ O ₅ basis.

EBITDA, ADJUSTED EBITDA AND TRAILING 12 MONTHS ADJUSTED EBITDA

For the three months ended March 31, 2023 and 2022

For the three months ended March 31, 2023, the Company had EBITDA and Adjusted EBITDA by segment as follows:

<i>(unaudited in thousands of US Dollars)</i>	Conda		Arraias		Development and exploration		Corporate		Total	
Net income (loss)	\$	27,985	\$	(248)	\$	70	\$	400	\$	28,207
Finance (income) expense, net		1,702		(136)		84		3,836		5,486
Current and deferred income tax expense (recovery)		8,416		—		—		(12,598)		(4,182)
Depreciation and depletion		9,384		681		3		47		10,115
EBITDA	\$	47,487	\$	297	\$	157	\$	(8,315)	\$	39,626
Unrealized foreign exchange (gain) loss		—		(76)		(401)		488		11
Share-based payment expense		—		—		—		2,700		2,700
Transaction costs		—		—		—		711		711
Other income, net		(17)		(32)		(38)		—		(87)
Adjusted EBITDA	\$	47,470	\$	189	\$	(282)	\$	(4,416)	\$	42,961

<i>(unaudited in thousands of US Dollars)</i>	Conda		Arraias		Development and exploration		Corporate		Total	
Operating income (loss)	\$	38,088	\$	(492)	\$	(285)	\$	(7,875)	\$	29,436
Depreciation and depletion		9,384		681		3		47		10,115
Realized foreign exchange loss		(2)		—		—		1		(1)
Share-based payment expense		—		—		—		2,700		2,700
Transaction costs		—		—		—		711		711
Adjusted EBITDA	\$	47,470	\$	189	\$	(282)	\$	(4,416)	\$	42,961

For the three months ended March 31, 2022, the Company had EBITDA and Adjusted EBITDA by segment as follows:

<i>(unaudited in thousands of US Dollars)</i>	Conda		Arraias		Development and exploration		Corporate		Total	
Net income (loss)	\$	49,735	\$	(544)	\$	(687)	\$	(15,495)	\$	33,009
Finance expense, net		1,206		226		2		8,258		9,692
Current and deferred income tax expense (recovery)		15,379		—		—		(3,334)		12,045
Depreciation and depletion		6,454		372		4		49		6,879
EBITDA	\$	72,774	\$	54	\$	(681)	\$	(10,522)	\$	61,625
Unrealized foreign exchange (gain) loss		—		(718)		406		(19)		(331)
Share-based payment expense		—		—		—		5,935		5,935
Transaction costs		—		—		30		205		235
Non-recurring compensation expenses		—		—		—		1,282		1,282
Other (income) expense, net		(8,386)		11		10		—		(8,365)
Adjusted EBITDA	\$	64,388	\$	(653)	\$	(235)	\$	(3,119)	\$	60,381

<i>(unaudited in thousands of US Dollars)</i>	Conda		Arraias		Development and exploration		Corporate		Total	
Operating income (loss)	\$	57,935	\$	(1,025)	\$	(269)	\$	(10,582)	\$	46,059
Depreciation and depletion		6,454		372		4		49		6,879
Realized foreign exchange gain		(1)		—		—		(8)		(9)
Share-based payment expense		—		—		—		5,935		5,935
Transaction costs		—		—		30		205		235
Non-recurring compensation expenses		—		—		—		1,282		1,282
Adjusted EBITDA	\$	64,388	\$	(653)	\$	(235)	\$	(3,119)	\$	60,381

As at March 31, 2023 and December 31, 2022

As at March 31, 2023 and December 31, 2022 the Company had trailing 12 months Adjusted EBITDA as follows:

<i>(unaudited in thousands of US Dollars)</i>	March 31, 2023		December 31, 2022	
For the three months ended March 31, 2023	\$	42,961	\$	—
For the three months ended December 31, 2022		50,130		50,130
For the three months ended September 30, 2022		50,656		50,656
For the three months ended June 30, 2022		63,591		63,591
For the three months ended March 31, 2022		—		60,381
Trailing 12 months Adjusted EBITDA	\$	207,338	\$	224,758

TOTAL CAPEX AND CASH CAPEX

For the three months ended March 31, 2023 and 2022

For the three months ended March 31, 2023, the Company had capex and cash capex by segment as follows:

<i>(unaudited in thousands of US Dollars)</i>	Conda		Arraias		Development and exploration		Corporate		Total	
Additions to property, plant and equipment	\$	8,251	\$	(799)	\$	—	\$	9	\$	7,461
Additions to mineral properties		694		881		72		—		1,647
Additions to asset retirement obligations		(6,181)		(56)		—		—		(6,237)
Additions to right-of-use assets		—		(22)		—		—		(22)
Total capex	\$	2,764	\$	4	\$	72	\$	9	\$	2,849
Accrued capex		(611)		—		—		—		(611)
Total cash capex	\$	2,153	\$	4	\$	72	\$	9	\$	2,238
Maintenance capex	\$	1,450	\$	—	\$	—	\$	9	\$	1,459
Accrued maintenance capex		(273)		—		—		—		(273)
Cash maintenance capex	\$	1,177	\$	—	\$	—	\$	9	\$	1,186
Growth capex	\$	1,314	\$	4	\$	72	\$	—	\$	1,390
Accrued growth capex		(338)		—		—		—		(338)
Cash growth capex	\$	976	\$	4	\$	72	\$	—	\$	1,052

For the three months ended March 31, 2022, the Company had capex and cash capex by segment as follows:

<i>(unaudited in thousands of US Dollars)</i>	Conda		Arraias		Development and exploration		Corporate		Total	
Additions to property, plant and equipment	\$	4,547	\$	2,010	\$	—	\$	5	\$	6,562
Additions to mineral properties		1,250		—		36		—		1,286
Additions to asset retirement obligations		(1,178)		(1,336)		—		—		(2,514)
Additions to right-of-use assets		—		(35)		—		—		(35)
Total capex	\$	4,619	\$	639	\$	36	\$	5	\$	5,299
Accrued capex		(331)		—		—		—		(331)
Total cash capex	\$	4,288	\$	639	\$	36	\$	5	\$	4,968
Maintenance capex	\$	459	\$	448	\$	—	\$	5	\$	912
Accrued maintenance capex		—		—		—		—		—
Cash maintenance capex	\$	459	\$	448	\$	—	\$	5	\$	912
Growth capex	\$	4,160	\$	191	\$	36	\$	—	\$	4,387
Accrued growth capex		(331)		—		—		—		(331)
Cash growth capex	\$	3,829	\$	191	\$	36	\$	—	\$	4,056

NET DEBT AND NET LEVERAGE RATIO

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

<i>(unaudited in thousands of US Dollars)</i>	March 31, 2023		December 31, 2022	
Current debt	\$	29,214	\$	29,217
Long-term debt		92,250		98,907
Cash and cash equivalents		(50,745)		(42,811)
Deferred financing costs related to the Credit Facilities		2,446		3,006
Net debt	\$	73,165	\$	88,319

As at March 31, 2023 and December 31, 2022, the Company's net leverage ratio was as follows:

<i>(unaudited in thousands of US Dollars except as otherwise noted)</i>	March 31, 2023	December 31, 2022
Net debt	\$ 73,165	\$ 88,319
Trailing 12 months Adjusted EBITDA	207,338	224,758
Net leverage ratio	0.4x	0.4x

WORKING CAPITAL

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

<i>(unaudited in thousands of US Dollars)</i>	March 31, 2023	December 31, 2022
Cash and cash equivalents	\$ 50,745	\$ 42,811
Accounts receivable	28,616	22,892
Inventories, net	123,394	122,335
Other current assets	7,971	10,363
Accounts payable and accrued liabilities	(54,643)	(60,838)
Provisions	(986)	(3,063)
Current debt	(29,214)	(29,217)
Contract liabilities	(1,912)	(987)
Other current liabilities	(2,984)	(2,972)
Working capital	\$ 120,987	\$ 101,324

LIQUIDITY

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

<i>(unaudited in thousands of US Dollars)</i>	March 31, 2023	December 31, 2022
Cash and cash equivalents	\$ 50,745	\$ 42,811
ABL Facility undrawn borrowing capacity	22,728	21,447
Liquidity	\$ 73,473	\$ 64,258

FREE CASH FLOW

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

<i>(unaudited in thousands of US Dollars)</i>	<i>For the three months ended March 31,</i>	
	2023	2022
Cash flows from operating activities	\$ 21,072	\$ 55,312
Cash flows used by investing activities	(2,238)	(4,968)
Less: Cash growth capex	1,052	4,056
Free cash flow	\$ 19,886	\$ 54,400

REVENUES PER TONNE P₂O₅, CASH COSTS AND CASH COSTS PER TONNE P₂O₅, CASH MARGIN AND CASH MARGIN PER TONNE P₂O₅

For the three months ended March 31, 2023 and 2022, Conda had revenues per tonne P₂O₅, cash costs and cash cost per tonne P₂O₅, cash margin and cash margin per tonne P₂O₅ are as follows:

<i>(unaudited in thousands of US Dollars except as otherwise noted)</i>	<i>For the three months ended March 31,</i>	
	2023	2022
Revenues	\$ 116,013	\$ 147,530
Cost of goods sold	\$ 76,819	\$ 88,607
Depreciation and depletion	\$ (9,384)	\$ (6,454)
Cash costs	\$ 67,435	\$ 82,153
Cash margin	\$ 48,578	\$ 65,377
Sales volumes (tonnes P₂O₅)ⁱ	77,943	88,244
Revenues per tonne P ₂ O ₅	\$ 1,488	\$ 1,672
Cash costs per tonne P ₂ O ₅	\$ 865	\$ 931
Cash margin per tonne P ₂ O ₅	\$ 623	\$ 741

i. P₂O₅ basis for Conda's products considers MAP at 52%, MAP+ at 39%, SPA at 100%, MGA at 100%, APP at 34% and HFSA at 0%.

For the three months ended March 31, 2023 and 2022 Arraias had revenues, cash costs and cash margin as follows:

<i>(unaudited in thousands of US Dollars except as otherwise noted)</i>	<i>For the three months ended March 31,</i>	
	2023	2022
Revenues	\$ 3,569	\$ 2,323
Cost of goods sold	3,788	2,763
Depreciation and depletion	(681)	(372)
Cash costs	\$ 3,107	\$ 2,391
Cash margin	\$ 462	\$ (68)

9. BUSINESS RISKS AND UNCERTAINTIES

FORWARD-LOOKING INFORMATION

This MD&A contains "forward-looking information" within the meaning of applicable Canadian securities legislation. Except for statements of historical fact relating to the Company, information contained herein may constitute forward-looking information. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects", "is expected", "estimates", "intends", "believes", "forecasts", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "should", "intent", "might" or "will be taken", "occur" or "be achieved" or other similar words.

Forward-looking information contained herein may include, without limitation, statements with respect to the Company's:

- mission, strategy and outlook;
- ability to carry out and complete any plan;
- ability to achieve future operational and financial results;
- ability to own and operate its operating projects;
- ability to develop and complete its development projects;
- ability to obtain necessary permits and licenses;
- ability to secure financing;

- expectations around commodity markets;
- expectations around Mineral Reserves and Mineral Resources, including those stipulated in technical reports;
- expectations around current estimates and potential increases of mine life; and
- expectations around environmental and ARO obligations.

Management believes that forward-looking information provides useful supplemental information to investors, analysts, lenders and others. In evaluating forward-looking information, investors, lenders and others should consider that forward looking information may not be appropriate for other purposes and are cautioned not to put undue reliance on forward-looking information. Forward-looking information contained in this MD&A is based on the opinions, assumptions and estimates of management set out herein, which management believes are reasonable as at the date the statements are made. Such opinions, assumptions and estimates are inherently subject to a variety of risks and uncertainties and other known and unknown factors that could cause actual events or results to differ materially from those projected in forward-looking information.

These factors include risks and uncertainties relating to:

- | | |
|--|---|
| <ul style="list-style-type: none"> ▪ commodity price risks; ▪ operating risks; ▪ safety risks; ▪ mineral reserves and mineral resources risks; ▪ mine development and completion risks; ▪ foreign operations risks; ▪ market risks; ▪ regulatory risks; ▪ environmental risks; ▪ asset retirement obligations risks; ▪ weather risks; ▪ climate change risks; ▪ currency risks; ▪ inflation risks ▪ competition risks; ▪ counterparty risks; ▪ financing risks; ▪ additional capital risks; ▪ credit risks; ▪ key personnel risks; ▪ impairment risks; ▪ cybersecurity risks; ▪ transportation risks; | <ul style="list-style-type: none"> ▪ infrastructure risks; ▪ equipment and supplies risks; ▪ concentration risks; ▪ litigation risks; ▪ permitting and licensing risks; ▪ land title and access rights risks; ▪ insurance and uninsured risks; ▪ acquisitions and integration risks; ▪ malicious acts risks; ▪ stock price volatility risks; ▪ limited history of earnings risks; ▪ technological advancement risks; ▪ tax risks; ▪ foreign subsidiaries risks; ▪ reputation damage risks; ▪ controlling shareholder risks; ▪ conflicts of interest risks; ▪ epidemics, pandemics and public health risks; ▪ geopolitical risks; ▪ environmental justice risks; and ▪ internal controls risks. |
|--|---|

Additionally, all of the forward-looking statements are qualified by the assumptions that are stated or inherent in such forward-looking statements, including the assumptions referred to below and elsewhere in this document. Although we believe that these assumptions are reasonable, having regard to our experience and our perception of historical trends, the assumptions set forth below are not exhaustive of the factors that may affect any of the forward-looking statements and the reader should not place undue reliance on these assumptions and such forward-looking statements. Current conditions, economic and otherwise, render assumptions, although reasonable when made, subject to greater uncertainty. Additional key assumptions that have been made in relation to the operation of our business as currently planned and our ability to achieve our business objectives include, among other things: the Company's expectations and assumptions with respect to the following: commodity prices; operating results; safety risks; changes to the Company's

mineral reserves and resources; risk that timing of expected permitting will not be met; risk that optionality for further mine life extension through ownership of the H2/Freeman Ridge leases and potential third party mineral purchase agreements does not come to fruition; changes to mine development and completion; foreign operations risks; changes to regulation; environmental risks; the impact of adverse weather and climate change; general economic changes, including inflation and foreign exchange rates; the actions of the Company's competitors and counterparties; financing, liquidity, credit and capital risks; the loss of key personnel; impairment risks; cybersecurity risks; risks relating to transportation and infrastructure; changes to equipment and suppliers; adverse litigation; changes to permitting and licensing; loss of land title and access rights; changes to tax laws; the risk of operating in foreign jurisdictions; and the risks posed by a controlling shareholder and other conflicts of interest.

Although the Company has attempted to identify crucial factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. The reader is cautioned not to place undue reliance on forward-looking information. Factors that may cause actual results to differ materially from expected results described in forward-looking statements include, but are not limited to, the risk factors set out herein. Readers are cautioned that the list of risks set out herein is not exhaustive.

The forward-looking information included herein is expressly qualified by this cautionary statement and is made as of the date hereof. Management undertakes no obligation to publicly update or revise any forward-looking information except as required by applicable securities laws. Certain statements included herein may be considered "financial outlook" for the purposes of applicable securities laws. Financial outlook is provided for the purposes of assisting the reader in understanding the Company's financial performance and measuring progress towards management's objectives and the reader is cautioned that it may not be appropriate for other purposes.

The risks and uncertainties affecting the forward-looking information contained in this MD&A are described in greater detail in the 2022 AIF.

For the three months ended March 31, 2023, there have been no changes to the risks and uncertainties that have materially affected, or are reasonably likely to materially affect, the Company's forward-looking information.

10. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with IFRS requires the Company to make estimates and judgments that affect the reported amounts of the assets, liabilities, revenues and expenses reported each period. Each of these estimates varies with respect to the level of judgment involved and the potential impact on the Company's reported financial results. Evaluations of estimates and judgments occur continuously. Estimates and judgments are based on historical experience and other factors including expectations of future events that are considered reasonable under the circumstances. If the Company's financial condition, change in financial condition or results of operations would be materially impacted by a different estimate or a change in estimate from period to period, estimates are deemed critical. By their nature, these estimates are subject to measurement uncertainty, and changes in these estimates may affect the financial statements of future periods (see Note 4 in the 2022 Audited Financial Statements).

11. CONTROLS AND PROCEDURES

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

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

The Company has identified certain risks in its controls and procedures related to segregation of duties resulting from limited administrative staffing and certain manual tasks. The Company is mitigating such risks through various cost-effective measures, including automated processes and increased management oversight.

For the three months ended March 31, 2023, there were no changes to the Company’s controls and procedures that have materially affected, or are reasonably likely to materially affect, the Company’s DC&P and ICFR.

12. OTHER DISCLOSURES

QUALIFIED PERSON

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

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

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