Management's Discussion and Analysis of Operations and Financial Condition
For the three months ended March 31, 2019 and 2018

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF OPERATIONS AND FINANCIAL CONDITION

All figures are in thousands of US Dollars ("$"). Unless otherwise specified, all financial information in this Management's Discussion and Analysis of Operations and Financial Condition ("MD&A") is prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee applicable to the preparation of condensed interim financial statements, including IAS 34 Interim Financial Reporting. This MD&A is effective as of May 16, 2019 and should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2018 and the Company's condensed consolidated interim financial statements for the three months ended March 31, 2019 (the "Condensed Consolidated Interim Financial Statements"). A copy of this MD&A and additional information relating to the Company is available online under the Company's profile on the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com. Cautionary statements regarding forward-looking information and risks and uncertainties affecting the forward-looking information are included in this MD&A (see Section 11).

1. GENERAL COMPANY INFORMATION

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

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

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

The Company's principal shareholder is CL Fertilizers Holding LLC ("CLF"), formerly known as Zaff LLC. CLF is an affiliate of Castlelake L.P., a global private investment firm (see Note 22 in the Condensed Consolidated Interim Financial Statements).

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

2. HIGHLIGHTS

FINANCIAL HIGHLIGHTS

For the three months ended March 31, 2019 and 2018, the Company's financial highlights were as follows:

(unaudited in thousands of US Dollars except for per share amounts)		*For the three months ended March 31,* **2019**		2018
Revenues, net	$	73,178	$	58,116
Adjusted EBITDA[1]		928		9,411
Net income		(13,331)		51,324
Maintenance capex[2]	$	5,185	$	1,745
Growth capex[3]		3,016		7,112
Basic income (loss) per share	$	(0.09)	$	0.37
Fully diluted income (loss) per share	$	(0.09)	$	0.36

As at March 31, 2019 and December 31, 2018, the Company's financial highlights were as follows:

(unaudited in thousands of US Dollars)		**March 31, 2019**		December 31, 2018
Total assets	$	575,339	$	576,419
Total liabilities		316,883		304,640
Net debt[4]		160,180		152,088
Total equity		258,456		271,779

[1] Adjusted EBITDA is a non-IFRS measure (see Section 7).
[2] Maintenance capex is a non-IFRS measure (see Section 7).
[3] Growth capex is a non-IFRS measure (see Section 7).
[4] Net debt is a non-IFRS measure (see Section 7).

BUSINESS HIGHLIGHTS

For the three months ended March 31, 2019 and 2018, Itafos Conda's sales volumes and prices were as follows:

	For the three months ended March 31,	
	2019	2018
Sales volumes (t)		
MAP	76,877	86,174
SPA[5]	33,444	26,155
MGA[6]	30	—
APP	2,448	—
Realized price ($/t)[7]		
MAP	448	405
SPA[8]	1,006	887
MGA[9]	950	—
APP	472	—

For the three months ended March 31, 2019 and 2018, Itafos Arraias' sales volumes and prices were as follows:

	For the three months ended March 31,	
	2019	2018
Sales volumes (t)		
SSP	7,133	–
SSP+	5,903	–
Sulfuric acid	8,794	–
Realized price ($/t)[10]		
SSP	165	–
SSP+	229	–
Sulfuric acid	153	–

[5] SPA sales volumes (t) are presented on a 100% P_2O_5 basis.
[6] MGA sales volumes (t) are presented on a 100% P_2O_5 basis.
[7] Realized price ($/t) is a non-IFRS measure (see Section 7).
[8] SPA realized prices ($/t) are presented on a 100% P_2O_5 basis.
[9] MGA realized prices ($/t) are presented on a 100% P_2O_5 basis.
[10] Realized price ($/t) is a non-IFRS measure (see Section 7).

OTHER HIGHLIGHTS

Itafos Arraias Commercial Production and Repurpose Plan

The Company completed the recommissioning of Itafos Arraias in July 2017 on schedule and began ramping up production with an initial objective to achieve commercial production by year end 2017. Due to efforts to resolve technical issues identified during the recommissioning, improve operational efficiencies and other factors (e.g., a longer and harder than expected rainy season and related power outages in the region) achieving commercial production was delayed. Accordingly, the Company revised its objective to achieve commercial production by year end 2017 to the end of Q2 2018. The Company defines the commencement of commercial production as the date that an asset has achieved a consistent level of production, evidenced by 30 consecutive days of sustainable production at 75% capacity utilization. On July 3, 2018, Itafos Arraias achieved commercial production by meeting the capacity utilization metric.

Despite having achieved commercial production, Itafos Arraias experienced operational challenges post declaration of commercial production resulting in lower than optimal levels of capacity utilization. As is typical in the ramp-up of new phosphate fertilizer production capacity, the Company was working to improve Itafos Arraias' operations with particular focus on improving mass yield, P_2O_5 recovery and overall product quality. To achieve these goals, the Company developed and implemented an efficiency improvement plan (the "Efficiency Improvement Plan") to address the technical issues underlying the operational challenges and to return Itafos Arraias to optimal levels of capacity utilization by year end 2019. While certain of the operational challenges have been resolved and the business has improved, the Efficiency Improvement Plan did not achieve the expected results.

After considering several alternatives, the Company decided to repurpose Itafos Arraias to optimize its finished fertilizer production with a multi-product portfolio of higher grade SSP, micronutrient SSP and value added premium PK compound products (the "Repurpose Plan"). To enable the Repurpose Plan, Itafos Arraias will procure higher-grade phosphate rock from third parties and, once operational, from Itafos Farim. The Repurpose Plan is expected to significantly enhance Itafos Arraias' competitive positioning and profitability while reducing its operational and environmental risk profile. In addition, Itafos Arraias recently completed its planned biannual sulfuric acid plant turnaround on schedule and within budget. The sulfuric acid plant was brought back online successfully and is being run to maximize the sale of excess sulfuric acid production to a growing industrial customer base and to continue to offset Itafos Arraias' energy requirements through its co-generation capabilities.

Normal Course Issuer Bid ("NCIB")

On December 12, 2018, the Company received conditional acceptance from the TSXV to commence a NCIB. Through the NCIB, the Company may purchase, from time to time as it considers advisable over the 12-month period of the NCIB, up to an aggregate of 7,103,515 shares of the Company (the "Shares"), representing 5.0% of the Company's outstanding shares as at December 12, 2018. The NCIB commenced on December 14, 2018 and will terminate on the earlier of (i) the Company purchasing the Shares, (ii) the Company providing a notice of termination or (iii) 12 months following the commencement date. All purchases through the NCIB have been and will be made through the facilities of the TSXV or alternative Canadian trading systems at market prices or by such other means as may be permitted under applicable securities laws. A copy of the NCIB notice can be obtained free of charge by contacting the Company.

As at March 31, 2019, the Company repurchased 1,478,500 shares through the NCIB for an aggregate amount of $874. Subsequent to March 31, 2019, the company repurchased an additional 39,000 shares through the NCIB. Also subsequent to March 31, 2019, the Company cancelled 1,517,500 shares repurchased through the NCIB (see Notes 14 and 24 of the Condensed Consolidated Interim Financial Statements).

Appointment of Vice President of Operations

On April 15, 2019, the Company announced the appointment of Dr. Wynand van Dyk as Vice President of Operations, effective May 1, 2019. Dr. van Dyk, who has been providing consulting services to the Company since August 2018, has over 25 years of experience in minerals processing, metals refining, risk management, process optimization and project management. Prior to joining Itafos, Dr. van Dyk worked as a consultant for Arete Consultants in South Africa, providing strategic management consulting services to a long list of clients including Anglo American, African Rainbow Minerals, AngloGold Ashanti and De Beers, among others. Prior to joining Arete Consultants, Dr. van Dyk worked for Lonmin Platinum Ltd. in various positions including Senior Technical Manager – Process Division, Senior Manager – Base Metal Refinery, Senior Manager – 6 Sigma and Metallurgical Project Manager. Dr. van Dyk has a bachelor's degree in chemical engineering and a PhD in extractive metallurgical engineering.

Retirement of Vice President of Engineering

On May 8, 2019, the Company announced the retirement of Marten Walters, Vice President of Engineering, effective May 1, 2019. Mr. Walters served as Vice President of Engineering since January 2017, supporting the Company in various areas, including development and engineering for new projects, the recommissioning of Itafos Arraias and providing technical support for Itafos Conda and Itafos Farim. Dr. Wynand van Dyk will assume Mr. Walters' responsibilities.

3. PROJECTS

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

Item	Itafos Conda	Itafos Arraias	Itafos Paris Hills	Itafos Farim	Itafos Santana	Itafos Mantaro	Itafos Araxá
Itafos ownership[11]	100%	97.0%	100%	100%	99.4%	100%	100%
Location	Idaho, US	Tocantins, Brazil	Idaho, US	Farim, Guinea-Bissau	Pará, Brazil	Junin, Peru	Minas Gerais, Brazil
Status	Operating business	Operating business	Near-term project	Near-term project	Mid-term project	Mid-term project	Mid-term project
Reserves	Under review	Under review	Under review	44.0Mt at avg. 30.0% P_2O_5	Under review	Under review	Under review
Measured and indicated resources (including reserves)	Under review	79.0Mt at avg. 4.9% P_2O_5	90.1Mt at avg. 25.1% P_2O_5	105.6Mt at avg. 28.4% P_2O_5	60.4Mt at avg. 12.0% P_2O_5	39.5Mt at avg. 10.0% P_2O_5	6.3Mt at avg. 5.0% TREO and at avg. 1.0% Nb_2O_5
Inferred resources	Under review	12.7Mt at avg. 3.9% P_2O_5	14.0Mt at avg. 25.0% P_2O_5	37.6Mt at avg. 27.7% P_2O_5	26.6Mt at avg. 5.6% P_2O_5	376.3Mt at avg. 9.0% P_2O_5	21.9Mt at avg. 4.0% TREO and 0.6% Nb_2O_5
Mine life	Under review	Under review	Under review	25 years	Under review	Under review	Under review
Products	MAP, SPA, MGA and APP	SSP, SSP+, Other and excess sulfuric acid	Phosphate rock	Phosphate rock	SSP and excess sulfuric acid	Phosphate rock	Rare earth oxides and niobium oxide
Production and sales capacity	550kt per year	500kt per year SSP, SSP+ and 40kt per year excess sulfuric acid	1.0Mt per year	1.3Mt per year	500kt per year SSP and 30kt per year excess sulfuric acid	Under review	8.7kt per year rare earth oxides and 0.7kt per year niobium oxide

The Company's latest respective technical reports are filed on SEDAR. The Company is in process of preparing a technical report for Itafos Conda. Given the lapse in time since the latest technical reports for Itafos Arraias, Itafos Paris Hills and Itafos Santana were prepared, the Company is in process of updating such technical reports to confirm reserve and resource estimates.

[11] Non-controlling interests represented by preferred non-voting shares issued by Itafos in 2018 upon exercise of warrants held by creditors under the 2016 Brazilian restructuring proceedings.

OPERATING BUSINESSES

The Company owns and operates the following operating businesses:

Itafos Conda

Itafos Conda is a vertically integrated phosphate mine and fertilizer business located in Idaho, US. Itafos Conda is 100% owned by the Company and has been operating for over 30 years. Itafos Conda has production and sales capacity of approximately 550kt per year of MAP, SPA, MGA and APP. Itafos Conda's operational flexibility offers multiple options to deliver P_2O_5 value to the North American fertilizer markets. Itafos Conda partners with leading crop services companies that have the trust of the grower market and who have the infrastructure to reach the maximum number of growers within its target sales region. Itafos Conda sells 100% of its MAP production to Agrium pursuant to a MAP offtake agreement with pricing tied to a phosphate benchmark. Itafos Conda sells its SPA, MGA and APP to crop input retailers who re-sell to end users. Itafos Conda is one of three key US producers of SPA.

Itafos Conda averages over 2.0Mt of mined phosphate ore annually. The phosphate ore is conventionally open pit mined by a third party operator on a cost plus basis and transported by truck and rail to the production facilities. Itafos Conda owns the Itafos Rasmussen Valley and Itafos Lanes Creek phosphate ore mines located within approximately 15 miles from the production facilities. The Company is in process of preparing a technical report for Itafos Conda, including Itafos Rasmussen Valley and Itafos Lanes Creek.

The Company is actively working on extending Itafos Conda's current mine life through the safe and responsible execution of its development portfolio and other alternatives. The Company's development portfolio includes nearby development projects, Itafos Paris Hills (located within approximately 35 miles from Itafos Conda's production facilities) and Itafos Husky I/North Dry Ridge ("Itafos H1NDR") (located within approximately 19 miles from Itafos Conda's production facilities). Itafos Paris Hills' property encompasses an area of approximately 1,010 hectares and consists of three patented lode mining claims and 21 contiguous fee parcels. Itafos H1NDR's property encompasses an area of more than 1,000 acres and consists of two federal and one state phosphate leases that are being permitted as a single mine. Both Itafos Paris Hills and Itafos H1NDR are located near the center of the western phosphate field, which comprises the most extensive phosphorite beds in the US and has one of the highest-grade phosphate deposits in the world. The Company is in process of preparing a technical report for Itafos Conda, including Itafos Paris Hills and Itafos H1NDR.

Itafos Conda produces approximately 40% of its sulfuric acid requirements internally with the remainder of its sulfuric acid requirements purchased from third parties, together with sulfur, at pricing tied to respective benchmarks. Itafos Conda purchases 100% of its ammonia requirements from Agrium pursuant to an ammonia supply agreement at pricing tied to a phosphate benchmark.

As at March 31, 2019, Itafos Conda had 278 employees and 239 contractors (mostly from third party mining operator).

Itafos Arraias

Itafos Arraias is a vertically integrated phosphate mine and fertilizer business located in Tocantins, Brazil. Itafos Arraias is 97.0% owned by the Company and achieved commercial production on July 3, 2018. Itafos Arraias has production and sales capacity of approximately 500kt per year of SSP, SSP+ and other products, making it one of the largest fully integrated SSP operations in Brazil. Itafos Arraias sells 100% of its SSP, SSP+ and other products domestically to various national and regional blenders, trading companies and large farmers. Itafos Arraias also sells approximately 40kt per year of its excess sulfuric acid production into local sulfuric acid markets.

Itafos Arraias' phosphate ore is conventionally open pit mined by a third party operator on a cost per tonne basis and transported by truck to the production facilities. Itafos Arraias owns the Itafos Near Mine, Itafos Canabrava and Itafos Domingos phosphate ore mines located within approximately 10 miles from the production facilities.

Itafos Arraias' resource highlights[12] are as follows:

Itafos Arraias	Tonnes (Mt)	Grade (%)	P_2O_5 (Mt)
Measured and indicated resources	79.0	4.9	3.9
Inferred resources	12.7	3.9	0.5

Given the fluctuations in commodity prices and lapse in time since the latest technical report for Itafos Arraias was prepared on March 27, 2013, the realizable value of the business may differ from the conclusions drawn in such latest technical report. The Company is in process of updating such technical report to confirm reserve and resource estimates.

Itafos Arraias produces its sulfuric acid requirements internally with its sulfur requirements purchased from third parties at pricing tied to sulfur benchmarks. Itafos Arraias purchases ammonia from third parties at pricing tied to ammonia benchmarks.

As at March 31, 2019, Itafos Arraias had 286 employees and 253 contractors (mostly from third party mining operator).

NEAR-TERM PIPELINE

The Company owns and is developing the following near-term projects:

Itafos Paris Hills

Itafos Paris Hills is a high grade phosphate mine project located in Idaho, US. Itafos Paris Hills is 100% owned by the Company and is currently in feasibility stage. Itafos Paris Hills is expected to produce 1.0Mt of phosphate rock per year and to be integrated into Itafos Conda.

Itafos Paris Hills owns phosphate ore mines located within approximately 35 miles from Itafos Conda's production facilities. The property encompasses an area of approximately 1,010 hectares and consists of three patented lode mining claims and 21 contiguous fee parcels. The property is located near the center of the western phosphate field, which comprises the most extensive phosphorite beds in the US and has one of the highest-grade phosphate deposits in the world.

Itafos Paris Hills' resource highlights[13] are as follows:

Itafos Paris Hills - Lower Zone	Tonnes (Mt)	Grade (%)	P_2O_5 (Mt)
Measured and indicated resources	29.8	30.0	8.9
Inferred resources	4.6	29.9	1.4

Itafos Paris Hills - Upper Zone	Tonnes (Mt)	Grade (%)	P_2O_5 (Mt)
Measured and indicated resources	60.3	22.7	13.7
Inferred resources	9.4	22.6	2.1

Given the early stage of Itafos Paris Hills, fluctuations in commodity prices and lapse in time since the latest technical report for Itafos Paris Hills was prepared on January 18, 2013, the realizable value of the project may differ from the

[12] The latest technical report for Itafos Arraias titled "Updated Technical Report Itafos Arraias SSP Project, Tocantins State, Brazil" and dated as of March 27, 2013 is filed under the Company's profile on SEDAR.

[13] The latest technical report for Itafos Paris Hills titled "NI 43-101 Technical Paris Hills Project" and dated as of January 18, 2013 is filed under STG's profile on SEDAR.

conclusions drawn in such latest technical report. The Company is in process of updating such technical report to confirm reserve and resource estimates.

Itafos Farim

Itafos Farim is a high grade and low-cost phosphate mine project located in Farim, Guinea-Bissau. Itafos Farim is 100% owned by the Company and is currently in feasibility stage. Itafos Farim is expected to produce 1.3Mt of phosphate rock per year to serve international markets.

Itafos Farim owns phosphate ore mines with reserves representing a 25 year mine life. The property consists of a high grade sedimentary phosphate deposit of one continuous phosphate bed extending over a known surface area of approximately 40km^2. The project has access to existing infrastructure including 70km of paved road covering the majority of the route from the site to a port that will be constructed and owned by the Company.

Itafos Farim's resource highlights[14] are as follows:

Itafos Farim	Tonnes (Mt)	Grade (%)	P_2O_5 (Mt)
Reserves	44.0	30.0	13.2
Measured and indicated resources (including reserves)	105.6	28.4	30.0
Inferred resources	37.6	27.7	10.4

MID-TERM PIPELINE

The Company owns and is developing the following mid-term projects:

Itafos Santana

Itafos Santana is a high grade vertically integrated phosphate mine and fertilizer plant project located in Pará, Brazil. Itafos Santana is 99.4% owned by the Company and is in feasibility stage. Itafos Santana is expected to have production and sales capacity of 500kt per year of SSP to serve the Brazilian fertilizer markets. Itafos Santana is also expected to sell approximately 30kt per year of its excess sulfuric acid production into local sulfuric acid markets.

Itafos Santana owns phosphate ore mines with property consisting of approximately 38,424 hectares close to existing infrastructure.

Itafos Santana's resource highlights[15] are as follows:

Itafos Santana	Tonnes (Mt)	Grade (%)	P_2O_5 (Mt)
Measured and indicated resources	60.4	12.0	7.2
Inferred resources	26.6	5.6	1.5

Given the early stage of Itafos Santana, fluctuations in commodity prices and lapse in time since the latest technical report for Itafos Santana was prepared on October 28, 2013, the realizable value of the project may differ from the conclusions drawn in such latest technical report. The Company is in process of updating such technical report to confirm reserve and resource estimates.

[14] The latest technical report for Itafos Farim titled "NI 43-101 Technical Report on the Farim Phosphate Project" and dated as of September 14, 2015 is filed under GBL's profile on SEDAR.

[15] The latest technical report for Itafos Santana titled "Feasibility Study – Santana Phosphate Project Pará State, Brazil" and dated as of October 28, 2013 is filed under the Company's profile on SEDAR.

Itafos Mantaro (Peru)

Itafos Mantaro is a large phosphate rock mine project located in Junin, Peru. Itafos Mantaro is 100% owned by the Company and is in pre-feasibility stage. Itafos Mantaro is expected to produce phosphate rock to serve producers of phosphate fertilizers.

Itafos Mantaro owns phosphate ore mines with property consisting of approximately 12,800 hectares in close proximity to existing infrastructure.

Itafos Mantaro's resource highlights[16] are as follows:

Itafos Mantaro - West Zone	Tonnes (Mt)	Grade (%)	P_2O_5 (Mt)
Measured and indicated resources	39.5	10.0	4.0
Inferred resources	376.3	9.0	33.9

Itafos Mantaro's resources have upside potential from East Zone and Far East Zone, which are collectively estimated to contain 705-725Mt at an average grade of 9-9.5% P_2O_5.

Given the early stage of Itafos Mantaro, fluctuations in commodity prices and lapse in time since the latest technical report for Itafos Mantaro was amended and restated on February 21, 2010, the realizable value of the project may differ from the conclusions drawn in such latest technical report. The Company is in process of updating such technical report to confirm reserve and resource estimates.

Itafos Araxá (Brazil)

Itafos Araxá is a vertically integrated rare earth elements and niobium mine and extraction plant project located in Minas Gerais, Brazil. Itafos Araxá is 100% owned by the Company and is in pre-feasibility stage. Itafos Araxá is expected to have production and sales capacity of 8.7kt per year of rare earth oxides and 0.7kt per year of niobium oxide to serve international markets.

Itafos Araxá owns rare earth elements and niobium ore mines with property consisting of approximately 211 hectares close to existing infrastructure.

Itafos Araxá's resource highlights[17] are as follows:

Itafos Araxá	Tonnes (Mt)	TREO Grade (%)	TREO (kt)	Nb_2O_5 Grade (%)	Nb_2O_5 (kt)
Measured and indicated resources	6.3	5.0	317.6	1.0	64.7
Inferred resources	21.9	4.0	875.4	0.6	140.4

Given the early stage of Itafos Araxá, fluctuations in commodity prices and lapse in time since the latest technical report for the project was amended and restated on January 25, 2013, the realizable value of Itafos Araxá may differ from the conclusions drawn in such latest technical report. The Company is in process of updating such technical report to confirm reserve and resource estimates.

[16] The latest technical report for Itafos Mantaro titled "NI 43-101 Technical Report on Mantaro Phosphate Deposit" dated February 21, 2010 is filed under STG's profile on SEDAR.

[17] The latest technical report for Itafos Araxá titled "A Preliminary Economic Assessment in the form of an Independent Technical Report on MBAC Fertilizer Corp. – Araxá Project" dated October 1, 2012 as amended and restated January 25, 2013 is filed under the Company's profile on SEDAR.

4. STRATEGY AND OUTLOOK

STRATEGY

The Company is a vertically integrated phosphate fertilizers and specialty products company with an attractive portfolio of long-term strategic businesses located in key fertilizer markets worldwide. The Company's mission is to be a leading pure-play, geographically diverse and vertically integrated phosphate fertilizers and specialty products company creating value for all its stakeholders in a responsible and economically sustainable manner.

The Company expects to achieve its mission by executing the following strategy:

- owning and operating vertically integrated phosphate fertilizers and specialty products businesses that produce and sell products that its customers need;
- optimizing its underlying portfolio, including mitigating its critical risks and maximizing cash flow over the life of the businesses; and
- positioning the Company to meet its markets' increasing demand for phosphate fertilizers and specialty products.

In executing this strategy, the Company will focus on:

- applying and maintaining technical, environmental, health, safety and governance best practices and excellence;
- producing, marketing and selling its phosphate fertilizers and specialty products through a combination of short to long-term contracts and wholesale market spot sales to crop retailers, farmers, producers and other offtakers;
- managing its key inputs and other fixed expenses to reduce overall costs to produce, market and sell its phosphate fertilizers and specialty products;
- developing and maintaining, together with its management teams, market knowledge and strong relationships with local governments, regulators, communities, employees, offtakers, suppliers, etc.;
- maintaining a flexible capital structure with moderate levels of debt; and
- investing capital at attractive rates of return into brownfield and greenfield development projects and acquisitions of new businesses.

OUTLOOK

Itafos Conda

On January 12, 2018, the Company completed the acquisition of Itafos Conda (see Note 4 in the Condensed Consolidated Interim Financial Statements). The acquisition of Itafos Conda was a unique investment opportunity that was consistent with the Company's strategy and was immediately transformational. Itafos Conda has been operating for over 30 years and further diversifies the Company's portfolio through geography, project development stage and business characteristics. Itafos Conda is strategically positioned in southeast Idaho, in close proximity to key North American fertilizer markets. Itafos Conda owns the Itafos Rasmussen Valley and Itafos Lanes Creek phosphate ore mines located within approximately 15 miles from the production facilities. Currently, the Company is working on extending Itafos Conda's current mine life through the safe and responsible execution of its development portfolio and other alternatives. The Company's development portfolio includes nearby development projects, Itafos Paris Hills (located within approximately 35 miles from Itafos Conda's production facilities) and Itafos H1NDR (located within approximately 19 miles from Itafos Conda's production facilities), which together with other alternatives, provide the Company with clear line of sight to achieve its objective of extending Itafos Conda's current mine life. In addition, the Company is currently focusing on the integration and optimization of Itafos Conda.

Itafos Arraias

In July 2017, the Company completed the recommissioning of Itafos Arraias. On July 3, 2018, Itafos Arraias achieved commercial production. Itafos Arraias is one of the largest fully integrated SSP operation in Brazil and is strategically positioned in the Cerrado region of Brazil, one of the fastest growing fertilizer markets in the world.
Despite having achieved commercial production, Itafos Arraias experienced operational challenges post declaration of commercial production resulting in lower than optimal levels of capacity utilization. Currently, the Company is focusing on implementing the Repurpose Plan to optimize Itafos Arraias' finished fertilizer production with a multi-product portfolio of higher grade SSP, micronutrient SSP and value added premium PK compound products. In addition, the Company is focusing on procuring higher-grade phosphate rock from third parties and, once operational, from Itafos Farim (see Section 2).

Itafos Paris Hills

On July 18, 2017, the Company completed the acquisition of all of the issued and outstanding common shares not previously owned, directly or indirectly, by the Company of Stonegate Agricom Ltd. ("STG"), the owner of Itafos Paris Hills and Itafos Mantaro. Itafos Paris Hills is a high-grade phosphate rock mine project located approximately 35 miles from Itafos Conda. Itafos Paris Hills is one of the highest grade undeveloped phosphate rock mine projects in the world located in a mining friendly jurisdiction. The Company expects to produce phosphate rock at Itafos Paris Hills to supply Itafos Conda. Currently, the Company is focusing on finalizing permitting for Itafos Paris Hills and advancing integration efforts with Itafos Conda.

Itafos Farim

On February 27, 2018, the Company completed the acquisition of all of the issued and outstanding common shares not previously owned, directly or indirectly, by the Company of GBL, the owner of Itafos Farim (see Note 4 in the Condensed Consolidated Interim Financial Statements). Itafos Farim is a West African high-grade and low-cost phosphate rock mine project. Itafos Farim is one of the highest grade undeveloped phosphate rock mine projects in the world located near key infrastructure. Currently, the Company is focusing on finalizing permitting, negotiating offtake agreements, selecting contractors and securing project financing for Itafos Farim.

Mid-Term Pipeline

Currently, the Company is focusing on maintaining the integrity of the concessions and evaluating strategic alternatives for Itafos Santana, Itafos Mantaro and Itafos Araxá.

Corporate

On June 6, 2018, the Company closed a $165,000 secured term credit facility (the "Facility"). Of the $165,000 long-term debt financing, $90,000 was related to the exchange and settlement of promissory notes and related accrued interest issued during 2017 and Q1 2018 for short-term financing needs. The net proceeds of the Facility are being used to fund working capital and other cash requirements of Itafos Conda and Itafos Arraias, continued implementation of the Company's business development initiatives (including, but not limited to, Itafos Paris Hills, Itafos H1NDR and Itafos Farim) and other general corporate purposes (see Note 12 in the Condensed Consolidated Interim Financial Statements).

5. SUMMARY OF QUARTERLY RESULTS

For the three months ended March 31, 2019, December 31, 2018, September 30, 2018 and June 30, 2018, the Company's summary of quarterly results was as follows:

(unaudited in thousands of US Dollars except for per share amounts)		**March 31, 2019**		**December 31, 2018**		**September 30, 2018**		**June 30, 2018**
Net income (loss)	$	(13,331)	$	(153,497)	$	(14,096)	$	764
Basic income (loss) per share		(0.09)		(1.08)		(0.10)		0.01
Diluted income (loss) per share		(0.09)		(1.08)		(0.10)		0.01
Total assets	$	575,339	$	576,419	$	749,189	$	760,789

For the three months ended March 31, 2018, December 31, 2017, September 30, 2017 and June 30, 2017, the Company's summary of quarterly results was as follows:

(unaudited in thousands of US Dollars except for per share amounts)		**March 31, 2018**		**December 31, 2017**		**September 30, 2017**		**June 30, 2017**
Net income (loss)	$	51,324	$	(7,936)	$	(8,963)	$	(6,943)
Basic income (loss) per share		0.37		(0.01)		(0.11)		(0.09)
Diluted income (loss) per share		0.36		(0.01)		(0.11)		(0.09)
Total assets	$	692,369	$	421,291	$	341,702	$	328,305

6. STATEMENTS OF OPERATIONS

For the three months ended March 31, 2018 and 2017, the Company's statements of operations were as follows:

	For the three months ended March 31,			
(unaudited in thousands of US Dollars except for per share amounts)		**2019**		2018
Revenues, net	**$**	**73,178**	**$**	**58,116**
Cost of goods sold		73,340		47,252
	$	**(162)**		**10,864**
Expenses				
Selling, general and administrative expenses		5,848		8,223
Operating income (loss)	$	**(6,010)**	**$**	**2,641**
Foreign exchange loss		(858)		(29)
Other income (expense), net		700		(191)
Gain on fair valuation of Itafos Conda, net		—		46,902
Finance expense, net		(5,441)		(2,125)
Gain from investments in associates		—		7,909
Income (loss) before income taxes	**$**	**(11,609)**	$	**55,107**
Current and deferred income tax expense		1,722		3,783
Net income (loss) attributable to shareholders of the parent	**$**	**(13,331)**		**51,324**
Net loss attributable to non-controlling interest		—		—
Net income (loss)	**$**	**(13,331)**	$	**51,324**
Basic income (loss) per share	**$**	**(0.09)**	**$**	**0.37**
Fully diluted income (loss) per share	**$**	**(0.09)**	**$**	**0.36**

For the three months ended March 31, 2019 and 2018, revenues were $73,178 and $58,116, respectively (see Note 15 in the Condensed Consolidated Interim Financial Statements). The revenues were related to Itafos Conda, which was acquired in January 2018 (see Note 4 in the Condensed Consolidated Interim Financial Statements) and Itafos Arraias, which commenced commercial production in Q3 2018.

For the three months ended March 31, 2019, Itafos Conda's revenues were as follows:

(unaudited in thousands of US Dollars except for volumes and prices)	MAP	SPA[18]	MGA[19]	APP
Revenues, net	$ 33,561	$ 33,633	$ 29	$ 1,157
Production volumes (t)	98,755	35,533	30	5,427
Sales volumes (t)	76,877	33,444	30	2,448
Realized price ($/t) [20]	$ 448	$ 1,006	$ 950	$ 472

For the three months ended March 31, 2018, Itafos Conda's revenues were as follows:

(unaudited in thousands of US Dollars except for volumes and prices)	MAP	SPA[21]	MGA[22]	APP
Revenues, net	$ 34,909	$ 23,207	$ —	$ —
Production volumes (t)	92,870	33,215	—	—
Sales volumes (t)	86,174	26,155	—	—
Realized price ($/t) [23]	$ 405	$ 887	$ —	$ —

For the three months ended March 31, 2019, Itafos Arraias' revenues were as follows:

(unaudited in thousands of US Dollars except for volumes and prices)	SSP	SSP+	Sulfuric acid[24]
Revenues, net	$ 1,174	$ 1,351	$ 1,348
Production volumes (t)	6,563	8,591	8,794
Sales volumes (t)	7,133	5,903	8,794
Realized price ($/t) [25]	$ 165	$ 229	$ 153

For the three months ended March 31, 2019 and 2018, cost of goods sold were $73,340 and $47,252, respectively. The increase in cost of goods sold was primarily due to increased ore, sulfuric acid and natural gas costs at Itafos Conda and Itafos Arraias operations, which commenced commercial production in the second half of 2018.

Itafos Conda shipped SPA that was in transit to its customers as at March 31, 2019. As such, based on the contract delivery terms, Itafos Conda will recognize $3,446 of revenue and $2,470 of related costs of goods sold as these shipments are received by its customers in future periods (see Note 3 in the audited consolidated financial statements for the year ended December 31, 2018).

For the three months ended March 31, 2019 and 2018, selling, general and administrative expenses were $5,848 and $8,223, respectively. The decrease in selling, general and administrative expenses was primarily due to transaction costs.

For the three months ended March 31, 2019 and 2018, foreign exchange loss was $858 and $29, respectively. The increase in foreign exchange loss was primarily due to fluctuations of the Brazilian Real.

For the three months ended March 31, 2019 and 2018, other income (loss) was $700 and $(191), respectively. The increase in other income was primarily due to $351 received from a third party to run power lines through Itafos Conda property, $141 upswitching allowance and a $105 gain on sale of equipment.

[18] SPA volumes (t) and realized price ($/t) are presented on a 100% P_2O_5 basis.
[19] MGA volumes (t) and realized price ($/t) are presented on a 100% P_2O_5 basis.
[20] Realized price ($/t) is a non-IFRS measure (see Section 7).
[21] SPA volumes (t) and realized price ($/t) are presented on a 100% P_2O_5 basis.
[22] MGA volumes (t) and realized price ($/t) are presented on a 100% P_2O_5 basis.
[23] Realized price ($/t) is a non-IFRS measure (see Section 7).
[24] Sulfuric acid production volumes (t) are presented net of production for internal consumption.
[25] Realized price ($/t) is a non-IFRS measure (see Section 7).

For the three months ended March 31, 2019 and 2018, finance expense was $5,441 and $2,125, respectively. The increase in finance expense was primarily due to the interest on the Facility, which closed in Q2 2018.

For the three months ended March 31, 2019 and 2018, income from investments in associates was $0 and $7,909, respectively. The decrease in income from investments in associates was due to the Company's completion of the GBL Arrangement (see Note 4 in the Condensed Consolidated Interim Financial Statements).

For the three months ended March 31, 2019 and 2018, current and deferred income tax expense was $1,722 and $3,783, respectively. The decrease in current and deferred income tax expense was primarily due to a decrease in estimated tax payable provision for Itafos Conda.

7. NON-IFRS FINANCIAL MEASURES

DEFINITIONS

The Company considers both IFRS and certain non-IFRS measures to assess 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. 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. The Company believes the non-IFRS measures provide useful supplemental information to investors, analysts, lenders and others in order to evaluate the Company's operational and financial performance. These non-IFRS financial measures should not be considered as a substitute for, nor superior to, measures of financial performance prepared in accordance with IFRS.

The Company considers non-IFRS measures as follows:

Non-IFRS measure	Definition	Most directly comparable IFRS measure
EBITDA	Earnings before interest, taxes, depreciation, depletion and amortization	Net income (loss) and operating income (loss)
Adjusted EBITDA	EBITDA adjusted for non-cash, extraordinary, non-recurring and other items unrelated to the Company's core operating activities	Net income (loss) and operating income (loss)
Total capex	Additions to property, plant and equipment and mineral properties adjusted for additions to asset retirement obligations, additions to right of use assets and capitalized interest	Additions to property, plant and equipment and mineral properties
Maintenance capex	Portion of total capex relating to the maintenance of ongoing operations of the Company	Additions to property, plant and equipment and mineral properties
Growth capex	Portion of total capex relating to development of growth opportunities of the Company	Additions to property, plant and equipment and mineral properties
Net debt	Debt and debentures less cash and cash equivalents and short-term investments	Current debt, current debentures, long-term debt, long-term debentures, cash and cash equivalents and short-term investments
Working capital	Current assets less current liabilities	Current assets and current liabilities
Realized price	Revenues, net divided by sales volumes	Revenues, net

EBITDA AND ADJUSTED EBITDA

For the three months ended March 31, 2019, the Company had EBITDA and Adjusted EBITDA by segment as follows:

(unaudited in thousands of US Dollars)	Itafos Conda	Itafos Arraias	Development and exploration	Corporate	Total
Net income (loss)	**$ 5,232**	**$ (10,111)**	**$ (584)**	**$ (7,868)**	**$ (13,331)**
Finance (income) expense, net	104	(28)	65	5,300	5,441
Current and deferred income tax	1,446	—	—	276	1,722
Depreciation and depletion	5,259	2,127	12	49	7,447
EBITDA	**$ 12,041**	**$ (8,012)**	**$ (507)**	**$ (2,243)**	**$ 1,279**
Unrealized foreign exchange (gain) loss	11	389	64	35	499
Share-based payment (recovery) expense	—	—	—	(151)	(151)
Other (income) expense, net	(596)	(13)	3	(94)	(700)
Adjusted EBITDA	**$ 11,456**	**$ (7,636)**	**$ (440)**	**$ (2,453)**	**$ 927**

(unaudited in thousands of US Dollars)	Itafos Conda	Itafos Arraias	Development and exploration	Corporate	Total
Operating income (loss)	**$ 6,207**	**$ (9,485)**	**$ (406)**	**$ (2,326)**	**$ (6,010)**
Depreciation and depletion	5,259	2,127	12	49	7,447
Foreign exchange gain (loss) - realized	(10)	(278)	(46)	(25)	(359)
Share-based payment (recovery) expense	—	—	—	(151)	(151)
Adjusted EBITDA	**$ 11,456**	**$ (7,636)**	**$ (440)**	**$ (2,453)**	**$ 927**

For the three months ended March 31, 2019, Adjusted EBITDA increased by $1,092 due to the impact of IFRS 16 initial application (see Note 3 in the Condensed Consolidated Interim Financial Statements).

For the three months ended March 31, 2018, the Company had EBITDA and Adjusted EBITDA by segment as follows:

(unaudited in thousands of US Dollars)		**Itafos Conda**		**Itafos Arraias**		**Development and exploration**		**Corporate**		**Total**
Net income (loss)	**$**	**53,682**	**$**	**(2,431)**	**$**	**7,224**	**$**	**(7,151)**	**$**	**51,324**
Finance (income) expense, net		141		138		35		1,811		2,125
Current and deferred income tax		3,460		—		—		323		3,783
Depreciation and depletion		3,046		—		—		39		3,085
EBITDA	**$**	**60,329**	**$**	**(2,293)**	**$**	**7,259**	**$**	**(4,978)**		60,317
Unrealized foreign exchange (gain) loss		—		78		30		(79)		29
Share-based payment (recovery) expense		—		—		—		616		616
Gain on fair valuation of Itafos Conda, net		(46,902)		—		—		—		(46,902)
Other (income) expense, net		(53)		244		—		—		191
Gain from investment in associates		—		—		(7,909)		—		(7,909)
Transaction costs		—		—		—		3,070		3,070
Adjusted EBITDA	**$**	**13,374**	**$**	**(1,971)**	**$**	**(620)**	**$**	**(1,371)**	**$**	**9,412**

(unaudited in thousands of US Dollars)		**Itafos Conda**		**Itafos Arraias**		**Development and exploration**		**Corporate**		**Total**
Operating income (loss)	**$**	**10,328**	**$**	**(1,971)**	**$**	**(620)**	**$**	**(5,096)**	**$**	**2,641**
Depreciation and depletion		3,046		—		—		39		3,085
Share-based payment (recovery) expense		—		—		—		616		616
Transaction costs		—		—		—		3,070		3,070
Adjusted EBITDA	**$**	**13,374**	**$**	**(1,971)**	**$**	**(620)**	**$**	**(1,371)**	**$**	**9,412**

For the three months ended March 31, 2018, Adjusted EBITDA was not impacted by IFRS 16 (see Note 3 in the Condensed Consolidated Interim Financial Statements).

CAPEX

For the three months ended March 31, 2019, the Company had capex by segment as follows:

(unaudited in thousands of US Dollars)	Itafos Conda	Itafos Arraias	Development and exploration	Corporate	Total
Additions to property, plant and equipment	$ 4,921	$ 3,189	$ 265	$ 11	$ 8,386
Additions to mineral properties	775	—	1,676	—	2,451
Additions to asset retirement obligations	(1,875)	—	—	—	(1,875)
Additions to right of use assets	(370)	—	—	—	(370)
Capitalized interest	(390)	—	—	—	(390)
Total capex	**$ 3,061**	**$ 3,189**	**$ 1,941**	**$ 11**	**$ 8,202**
Maintenance capex	2,573	2,602	—	11	5,186
Growth capex	488	587	1,941	—	3,016

For the three months ended March 31, 2018, the Company had capex by segment as follows:

(unaudited in thousands of US Dollars)	Itafos Conda	Itafos Arraias	Development and exploration	Corporate	Total
Additions to property, plant and equipment	$ 24,312	$ 8,521	$ 200	$ 33	$ 33,066
Additions to mineral properties	1,240	—	344	—	1,584
Additions to asset retirement obligations	(23,840)	—	—	—	(23,840)
Additions to right of use assets	—	—	—	—	—
Capitalized interest	—	(1,953)	—	—	(1,953)
Total capex	**$ 1,712**	**$ 6,568**	**$ 544**	**$ 33**	**$ 8,857**
Maintenance capex	1,712	—	—	33	1,745
Growth capex	—	6,568	544	—	7,112

8. FINANCIAL CONDITION

LIQUIDITY

To achieve its mission and execute its strategy, the Company will continue to require capital to supports its strategic initiatives and development objectives. In addition to cash flows from Itafos Conda, the Company intends to raise additional capital in 2019 through a combination of equity and debt financings. The Company has a demonstrated track record of securing financing and a strong capital base. In addition, the Company received a commitment from CLF in March 2019 to continue to provide financial support as required to meet its liabilities as and when they become due to ensure business continuity and ongoing operations over the next 14 months (see Notes 2 and 23 in the Condensed Consolidated Interim Financial Statements).

As at March 31, 2019 and December 31, 2018, the Company's working capital balances were as follows:

(unaudited in thousands of US Dollars)		**March 31, 2019**		December 31, 2018
Cash	$	10,550	$	9,919
Accounts receivable		24,325		35,907
Short-term investments		—		2,106
Inventories, net		138,595		133,840
Other current assets		8,618		12,704
Accounts payable and accrued liabilities		(64,684)		(75,601)
Current debt		(617)		(494)
Contract liabilities		(1,413)		(325)
Current debentures		(3,994)		(2,067)
Provisions		(1,012)		(942)
Other current liabilities		(3,331)		-
Working Capital	**$**	**107,037**	**$**	**115,047**

On January 12, 2018, the Company completed the acquisition of Itafos Conda (see Note 4 in the Condensed Consolidated Interim Financial Statements). With the acquisition of Itafos Conda, a cash flow generating business, the Company has further solidified its operating performance and financial position.

On June 6, 2018, the Company closed the Facility. The promissory notes and related interest which were included in current debt as at December 31, 2017 were exchanged or settled with the closing of the Facility (see Note 12 in the Condensed Consolidated Interim Financial Statements).

Management considered all the relevant information, as noted above, and concluded that there are no material uncertainties that would cast significant doubt upon the going concern assumption.

ITAFOS

BALANCE SHEETS

As at March 31, 2019 and December 31, 2018, the Company's balance sheets were as follows:

(unaudited in thousands of US Dollars)		**March 31, 2019**		December 31, 2018
Assets				
Cash	$	10,550	$	9,919
Accounts receivable		24,325		35,907
Short-term investments		—		2,106
Inventories, net		138,595		133,840
Other current assets		8,618		12,704
Total current assets	**$**	**182,088**	**$**	**194,476**
Property, plant and equipment, net		256,218		245,418
Mineral properties		124,492		124,286
Deferred tax assets		1,157		1,157
Other long-term assets		11,384		11,082
Total non-current assets	**$**	**393,251**	**$**	**381,943**
Total assets	**$**	**575,339**	**$**	**576,419**
Liabilities				
Accounts payable and accrued liabilities	$	64,684	$	75,601
Provisions		617		494
Current debt		1,413		325
Contract liabilities		3,994		2,067
Current debentures		1,012		942
Other current liabilities		3,331		—
Total current liabilities	**$**	**75,051**	**$**	**79,429**
Long-term debt		165,663		160,258
Long-term debentures		2,642		2,588
Deferred tax liabilities		13,663		14,961
Long-term provisions		41,198		39,148
Other long-term liabilities		18,666		8,256
Total long-term liabilities	**$**	**241,832**	**$**	**225,211**
Total liabilities	**$**	**316,883**	**$**	**304,640**
Equity				
Share capital		514,155		515,029
Contributed surplus		246,626		246,626
Cumulative translation adjustment reserve		5,039		3,655
Deficit		(516,426)		(502,593)
Equity attributable to shareholders of the parent	**$**	**249,394**	**$**	**262,717**
Non-controlling interest		9,062		9,062
Total equity	**$**	**258,456**	**$**	**271,779**
Total liabilities and equity	**$**	**575,339**	**$**	**576,419**

The decrease in total current assets was due to the following:

- $11,582 decrease in accounts receivable primarily due to lower sales at Itafos Conda during Q1 2019;
- $4,755 increase in inventory due to the following:
  - $11,771 increase due to significantly higher MAP volumes primarily due to unusually cold and wet weather conditions across key growing areas of the US;
  - $5,012 increase in WIP due to higher volumes and increased production costs;
  - $1,878 increase in spare parts and supplies;
  - $14,407 decrease in raw materials due to less ore being stockpiled due to normal plant production and seasonal reduced ore mining;
- $4,086 decrease in other current assets due to the following:
  - $1,500 decrease due to the return of a vendor deposit in January 2019; and
  - $1,365 decrease in other receivables relate to activities performed by Itafos Conda on behalf of a subsidiary of Agrium (see Note 9 in the Condensed Consolidated Interim Financial Statements).

The increase in total non-current assets was due to the following:

- $10,800 increase in plant, property and equipment, net, due to the following:
  - $13,107 increase in right of use assets, net, due to the initial application of IFRS 16 (see Note 3 in the Condensed Consolidated Interim Financial Statements);
  - $8,386 increase due to fixed asset additions primarily at Itafos Conda and Itafos Arraias (see Note 7 in the Condensed Consolidated Interim Financial Statements);
  - $1,100 increase due to additions to asset retirement obligations at Itafos Conda; and
    $11,330 decrease due to normal deprecation of assets in service (see Note 8 in the Condensed Consolidated Interim Financial Statements).

The decrease in total current liabilities was due to the following:

- $9,992 decreases in accounts payable and accrued liabilities due to the following:
  - $7,696 decrease due to the credits granted through the MAP offtake agreement (see Note 4 in the Condensed Consolidated Interim Financial Statements);
  - $2,065 decrease due to the timing of the receipt of vendor invoices, accrual for vendor goods and services received and vendor payments (see Note 10 in the Condensed Consolidated Interim Financial Statements);
- $3,331 increase in other current liabilities due to the recognition of lease liabilities related to the application of IFRS 16 (see Note 13 in the Condensed Consolidated Interim Financial Statements).

The increase in total long-term liabilities was due to the following:

- $5,405 increase in long-term debt due to the following:
  - $2,222 increase due to financing of equipment purchases at Itafos Conda;
  - $2,042 increase due to capitalization of in-kind interest; and
  - $1,090 increase due to amortization of financing costs (see Note 12 in the Condensed Consolidated Interim Financial Statements);
- $2,050 increase in long-term provisions due to additions to asset retirement obligations at Itafos Conda (see Note 11 in the Condensed Consolidated Interim Financial Statements);
- $9,971 increase in other long-term liabilities due to the recognition of lease liabilities related to the application of IFRS 16 (see Note 13 in the Condensed Consolidated Interim Financial Statements).

The decrease in total equity was due to the following:

- $14,341 increase in deficit due to the net loss for the three months ended March 31, 2019;
- $874 decrease in share capital due to the repurchase of shares through the NCIB (see Notes 14 and 24 in the Condensed Consolidated Interim Financial Statements); and
- $1,384 increase in cumulative translation adjustment reserve (see Note 23 in the Condensed Consolidated Interim Financial Statements).

CAPITAL RESOURCES

As at March 31, 2019, the Company's shares, Canadian debentures and restricted share units were as follows:

	Issue date		Exercise price	Securities outstanding
Shares	—	$	—	140,591,801
Canadian debentures	October 27, 2016		C$25.00	147,648
Restricted share units	—	$	—	2,799,284

As at March 31, 2019, CLF beneficially owned and controlled 81,980,064 shares of the Company, representing approximately 57.7% of the issued shares on an undiluted basis. As at December 31, 2018, CLF beneficially owned and controlled 81,980,064 shares of the Company, representing approximately 57.7% of the issued and outstanding shares on an undiluted basis (see Note 14 in the Condensed Consolidated Interim Financial Statements). CLF is a related party (see Note 22 in the Condensed Consolidated Interim Financial Statements).

On June 6, 2018, the Company issued 2,750,000 shares to the syndicate of lenders (including CLF) in connection with the closing of the Facility (see Note 12 in the Condensed Consolidated Interim Financial Statements).

On February 27, 2018, the Company issued 11,301,732 shares to GBL shareholders in connection with the acquisition of the remaining interests in GBL (see Note 4 in the Condensed Consolidated Interim Financial Statements).

On July 28, 2017, CLF assigned to Banco Modal S.A. ("Modal") C$1,753 of the C$2,584 convertible debenture issued by the Company to CLF on October 27, 2016 (the "CLF Debenture"). Following the assignment, the parties agreed to break the CLF Debenture into two separate instruments to reflect (i) Modal as the holder of C$1,753 and (ii) CLF as the holder of C$831. In addition, the Company and Modal agreed to amend Modal's convertible debentures of C$1,107 and C$1,753. The amendments reduced the term from 10 years to four years and reduced the interest rate from 10% to 7.5% (see Note 12 in the Condensed Consolidated Interim Financial Statements).

FOREIGN EXCHANGE

On January 1, 2017, Itafos and various of its subsidiaries changed functional currencies from Canadian Dollars to US Dollars based on the change in location of the principal administrative office and the financing of the entities.

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

On February 27, 2018, the Company completed the acquisition of all of the issued and outstanding common shares not previously owned, directly or indirectly, by the Company of GBL, the owner of Itafos Farim (see Note 4 in the Condensed Consolidated Interim Financial Statements). GBL's functional currency is Canadian Dollars and the functional currency of its subsidiary Itafos Farim, Sarl (formerly known as GBM Minerais Sarl) is Central African Francs. The currency translation impact of such non-US Dollar currencies has been included in the Company's statements of comprehensive income (loss) or statements of operations, as applicable, in the Condensed Consolidated Interim Financial Statements.

CASH FLOWS

For the three months ended March 31, 2019 and 2018, the Company's cash flows were as follows:

(unaudited in thousands of US Dollars)		**March 31, 2019**		March 31, 2018
Operating activities				
Net income (loss)	$	(13,331)	$	51,324
Adjustments for the following items:				
Depreciation and depletion		8,772		3,085
Cash settlement of share-based payments		(9)		—
Share-based payment (recovery) expense		(142)		616
Current and deferred income tax expense		1,722		3,783
(Gain) loss from investment in associates		—		(7,909)
Gain on fair valuation of Conda		—		(46,902)
Unrealized foreign exchange loss		499		29
Finance expense		5,441		2,126
Net change in non-cash working capital		4,479		(19,086)
Cash flows from operating activities	**$**	**7,431**	**$**	**(12,934)**
Investing activities				
Addition of property, plant and equipment and mineral properties	**$**	**(5,176)**	**$**	**(8,455)**
Sale of short-term investments		2,106		—
Acquisition of Itafos Conda		—		(66,500)
Cash received from Itafos Conda at acquisition		—		725
Acquisition of GBL		—		(25,539)
Issuance of note to GBL		—		(4,500)
Cash received from GBL at acquisition		—		2,898
Cash flows from investing activities	**$**	**(3,070)**	**$**	**(101,371)**
Financing activities				
Proceeds from debt financing	**$**	—	$	61,421
Repayment of principal portion of lease liabilities		(806)		
Payment of interest expense		(2,042)		—
Repurchase of shares through the NCIB		(874)		—
Cash flows from financing activities	**$**	**(3,722)**	$	61,421
Effect of foreign exchange of non-US Dollar denominated cash	$	(8)	$	2
Increase (decrease) in cash		**631**		**(52,882)**
Cash, beginning of period		9,919		63,677
Cash, end of period	**$**	**10,550**	**$**	**10,795**

The increase in cash flows from operating activities was primarily due to net change in non-cash working capital related to receivables and increased costs of goods used in production.

The decrease in cash flows from investing activities was primarily due to the acquisitions of Itafos Conda and GBL in Q1 2018 (see Note 4 in the Condensed Consolidated Interim Financial Statements).

The increase in cash flows from investing activities was primarily due to the issuance of unsecured promissory notes in the aggregate amount of $61,421 in Q1 2018 (see Note 12 in the Condensed Consolidated Interim Financial Statements).

CONTRACTUAL OBLIGATIONS

As at March 31, 2019, the Company had contractual obligations as follows:

(unaudited in thousands of US Dollars)	Within 1 year	Years 2 and 3	Years 4 and 5	After 5 years	Total
Accounts payable and accrued liabilities	$ 65,609	$ —	$ —	$ —	**$ 65,609**
Provisions	617	—	—	41,198	**41,815**
Rail car leases	3,511	4,955	4,013	2,822	**15,301**
Canadian debentures	742	1,194	124	186	**2,246**
Brazilian debentures	271	344	344	449	**1,408**
Long-term debt	11,980	34,942	195,686	—	**242,608**
Property leases	150	38	—	—	**188**
Other non-current liabilities	85	—	—	—	**85**
Contractual obligations	**$ 82,965**	**$ 41,473**	**$ 200,167**	**$ 44,655**	**$ 369,260**

The Company's provisions are representative of the environmental and asset retirement obligations as well as legal contingencies that exist as at March 31, 2019. As at March 31, 2019, Itafos Conda and Itafos Arraias had environmental and asset retirement obligations of $32,656 and $8,435, respectively. Liabilities for costs are recorded when it is probable that obligations have been incurred and the amounts can be reasonably estimated (see Note 11 in the Condensed Consolidated Interim Financial Statements).

9. TAXES

INCOME TAXES

The Company calculates tax provisions for each of the jurisdictions in which it operates. Current and deferred income tax expense is based on the results for the period as adjusted for items that are not currently taxable or not deductible. Current and deferred income tax expense is calculated considering tax rates and laws that are prevailing at the end of the reporting period (see Note 15 in the Condensed Consolidated Interim Financial Statements).

For the three months ended March 31, 2019 and 2018, the Company had total current and deferred income tax expense and effective tax rates as follows:

	For the three months ended March 31,	
(unaudited in thousands of US Dollars)	**2019**	2018
Current income tax expense	$ 2,765	$ 3,814
Deferred income tax expense (income), net	(1,043)	(31)
Total current and deferred income tax expense	**$ 1,722**	**$ 3,783**

The Company is domiciled in the Cayman Islands and is subject a statutory income tax rate of 0%.

Itafos Conda is domiciled in the US and is subject to a statutory income tax rate of 26.5%, comprised of federal corporate income tax of 21% and state corporate income tax of 6.925%.

Itafos Arraias is domiciled in Brazil and is subject to a statutory income tax rate of 34%, comprised of federal corporate income tax of 25% and social contribution of 9%. The location of Itafos Arraias' assets makes it eligible to participate in a regional development program administered by the Superintendência do Desenvolvimento da Amazônia ("SUDAM"). Created in 1966 to promote development of the Amazon region in Brazil, SUDAM offers tax incentives that allow eligible companies to reduce the statutory income tax rate of 34% to 15.25% by means of a 75% discount to the 25% federal corporate income tax. The Company has commenced the application process and expects to complete the process by the end of 2019.

The Company calculates an estimated average annual effective tax rate for each of the jurisdictions in which it operates. For the three months ended March 31, 2019 and 2018, the Company had effective tax rates of (13.6)% and 6.5%, respectively. The effective tax rate for the three months ended March 31, 2019 compared to the three months ended March 31, 2018 is primarily lower due to losses generated by Itafos Arraias, which commenced commercial production in Q3 2018.

The Company's effective tax rate may fluctuate from period to period due to factors including, but not limited to, the rate differential and proportion of income earned in each jurisdiction, tax benefits that were not recognized, foreign currency gains and losses and changes in tax rates. The interpretation of tax regulations and legislation and their application to the Company's business is complex and subject to change. Accordingly, the Company's ability to realize future income tax assets could significantly affect net income or cash flow in future periods.

As at March 31, 2019 and December 31, 2018, the Company had total income tax liabilities as follows:

(unaudited in thousands of US Dollars)	**Balance sheet location**		**March 31, 2019**		December 31, 2018
Taxes payable	Accounts payable and accrued liabilities	$	16,871	$	13,885
Non-current deferred income tax liabilities	Deferred tax liabilities		13,663		14,961
Total income tax liabilities		**$**	**30,534**	$	28,846

DEFERRED TAX ASSETS

Deferred tax assets are recognized for the carry-forward of unused tax losses and unused tax credits to the extent that it is probable that taxable profits will be available against which the unused tax losses/credits can be utilized. The Company has not recognized deferred tax assets for accumulated Brazilian tax losses. As at March 31, 2019, the Company had Brazilian tax losses of approximately $484,256 that may be carried forward indefinitely to offset taxable income in any given period.

DEFERRED TAX LIABILITIES

As a result of the excess book basis compared to the tax basis resulting from the revised fair values of certain Itafos Conda assets, the Company recognized deferred tax liabilities. These deferred tax liabilities will be utilized based on the consumption of inventory and depreciation of the property, plant and equipment over its useful life (see Note 4 in the Condensed Consolidated Interim Financial Statements).

BRAZILIAN TAX ASSESSMENTS

During the latter part of 2017, the Company elected to participate in the Brazilian Special Program for Tax Regularization ("PERT") to settle various significant outstanding income tax assessments associated with its subsidiaries in Brazil. This commercial resolution provided financial certainty during a time of political volatility and economic reform in the country. In coming to the decision to participate, the Company analyzed the costs and risks involved in continued litigation versus the potential financial burden that would be incurred by not participating in the program and then being unsuccessful in reducing the income assessment via other means. Also contributing to the Company's decision is that access to governance by judicial courts has limitations, including the financial burden imposed on those who take their disputes through the courts, which requires a bond or other collateral to be posted. The judicial process in Brazil may require years to resolve, during which time legal fees accumulate and interest accrues. The Company believes these financial resources, along with management's time and effort, are better allocated to value-creating opportunities.

On October 25, 2017, PERT was formally enacted into law, substantially in the form passed by the legislature. The final program is a mix of the original provisional measure suggested by the executive branch and the proposed amendments by certain members of the legislative branch. The final program provided an option to use tax losses, pay one lump sum in early 2018 or pay monthly installment payments over 175 months. The Company elected to utilize tax losses to settle outstanding income tax assessments and is awaiting final confirmation from the Brazilian tax authorities.

10. THE PHOSPHATE FERTILIZER MARKETS

PRICING, SUPPLY AND DEMAND FUNDAMENTALS

Supply and demand of benchmark phosphate fertilizer products, such as diammonium phosphate ("DAP") and MAP, are key trends that the Company follows as these products are the basis for domestic pricing of phosphate fertilizers both in the US and Brazil.

GLOBAL DEVELOPMENTS IN Q1 2019

Pricing Highlights (*Weak pricing in Q1 2019 vs. Q4 2018*)

- DAP FOB NOLA averaged $390/t in Q1 2019, down 13% from the previous quarter average of $449/t, reflecting oversupplied global markets, pressured by poor weather in the major growing regions of North America, and weak ammonia and sulfur prices;
- exhibiting a similar trend, MAP CFR Brazil averaged $418/t, down 7% from the previous quarter average of $450/t; and
- ammonia prices decreased approx. 20% and sulfur prices fell more than 20% quarter-over-quarter as balanced ammonia markets in Europe and Asia were more than offset by delayed spring applications in the US and sulfur markets saw demand limited by the Lunar New Year holiday in China and increased supplies in Europe.

Supply Highlights

- Global phosphate markets were subdued due to cold and wet weather in North America, which led to a heavy import line-up to NOLA from MENA, Russia and Europe; while
- Incitec Pivot, Australia's sole DAP producer, shut down its Phosphate Hills plant in February 2019 due to flood damage, bringing some relief to the oversupplied global market.

Demand Highlights

- Indian buyers continued to take advantage of low DAP prices and a strengthening rupee, importing approx. 1.2Mt of DAP in Q1 2019; and
- the Chinese domestic phosphate fertilizer market remained subdued through Q1 2019 with producers being pressured to cut prices as new fertilizer orders were limited.

US and Brazil Highlights

- MAP prices in the west-central US were mostly lower quarter-over-quarter owing to the effects of poor weather, which created larger than usual inventory builds that put downward pressure on prices. Because SPA prices and volumes are generally set in June for the year ahead, these prices held flat to slightly higher in the quarter; and
- realized prices of SSP and SSP+ in central Brazil were mostly higher quarter-over-quarter, but this was more a function of timing and reflected deliveries of customer orders that had been placed in Q4 2018 and early 2019, before market prices began trending lower in line with global price trends.

GLOBAL NEAR-TERM OUTLOOK

Pricing Outlook (*Lower pricing expected in the near-term vs. Q1 2019*)

- Suppliers are responding to lower phosphate prices and uncertain near-term demand growth by cutting operating rates, which should help provide some price stability, though prices are expected to remain challenged in the near-term; and
- the extent of the current weakness in ammonia and sulfur prices will play an important role in finished phosphate product prices over the coming months.

Supply Outlook

- Mosaic, OCP and JPMC are expected to undergo scheduled turnarounds and maintenance work in the near-term; and
- Chinese producers are expected to reduce utilization rates as distributors are not attracted by netbacks to Latin America as US suppliers, backed by large inventories, continue to direct product to the region.

Demand Outlook

- Indian domestic demand has slowed as the current weakness in finished phosphate prices and high product inventories are providing Indian DAP importers strong bargaining power. As such, DAP imports remain more attractive to Indian buyers than producing domestically with imported phosphoric acid;
- the domestic Chinese DAP season is about to end, in what has been a relatively quiet period with limited fresh demand; while
- spring planting season in the FSU and Europe is approaching, which is expected to bring some near-term demand support.

US and Brazil Outlook

- Adverse weather has continued to impair planting across major US grain and oilseed growing regions with waterlogged soils and cold temperatures causing plantings across the major crop growing areas to lag 5-year averages. The application window is expected to be shorter than in typical years, likely causing producers to curb output. The US market remains oversupplied by domestic production and imports in Q1 2019, which is keeping downward pressure on NOLA and US Gulf prices; and
- over the last month Brazilian buyers appear to have purchased sufficient phosphate fertilizer volume for the upcoming season (e.g. Mato Grosso state has purchased 75% of its needs[26]), taking advantage of US oversupply. As such, MAP producers have been restrained, with competition for market share among global suppliers weighing on prices in the short-term. Brazil's soybean production is anticipated to reach 114Mt[27] in the 2018/2019 year, 11% higher than the average of the last five harvest seasons. If these expectations are realized, there is further upside potential to Brazilian MAP demand.

[26] Source: ICIS The Outlook: Phosphates, April 2019
[27] Source: Companhia Nacional de Abastecimento (Conab), Acompanhamento da Safra Brasileira V.7 Safra 2018/2019

11. 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, including any information as to the Company's mission, strategy, outlook, plans or future operational and financial performance. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects", "is expected", "estimates", "intends", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved".

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

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

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

These factors include risks and uncertainties relating to:

- commodity price risks;
- operating risks;
- safety risks;
- mineral reserves and mineral resources risks;
- mine development and completion risks;
- foreign operations risks;
- regulatory risks;
- environmental risks;
- weather risks;
- climate change risks;
- currency risks;
- competition risks;
- counterparty risks;
- financing risks;
- additional capital risks;
- credit risks;
- key personnel risks;
- impairment risks;

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

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

The risks and uncertainties affecting the forward-looking information contained in this MD&A are described in greater detail in the Company's MD&A for the year ended December 31, 2018.

12. CONTINGENCIES

Due to the size, complexity and nature of the Company's operations, various legal, environmental, tax and other matters arise in the ordinary course of business. The Company accrues for such items when a liability is both probable and the reasonable estimates of the liability are available. Legal, environmental, tax and other matters are inherently complex requiring significant judgment in probable outcomes. Therefore, future adjustments to liabilities as well as costs and estimates may occur. Based on the Company's knowledge and assessment of the status of its operations, the Company does not believe that the outcome of any of the matters not recorded in the Condensed Consolidated Interim Financial Statements, individually or in aggregate, would have a material adverse effect on the financial condition of the Company. The Company continues to monitor its legal contingencies to present them fairly in the Condensed Consolidated Interim Financial Statements.

13 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with IFRS requires the Company to make estimates and assumptions that affect the reported amounts of the assets, liabilities, revenue 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 3 in the audited consolidated financial statements for the year ended December 31, 2018).

14 DISCLOSURE 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 recorded, processed, summarized 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.

There are inherent limitations to the effectiveness of any system of DC&P and ICFR, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective controls and procedures can only provide reasonable assurance of achieving their objectives.

The Company has identified certain risks in its controls and procedures related to segregation of duties resulting from limited administrative staffing and manual processes resulting from the acquisitions of Itafos Conda and GBL in Q1 2018 (see Note 4 in the Condensed Consolidated Interim Financial Statements). The Company is mitigating such risks through various measures including automating processes and increasing oversight.

For the three months ended March 31, 2019, the Chief Executive Officer and the Chief Financial Officer have evaluated the Company's controls and procedures and concluded that as of such date, the Company's DC&P and ICFR are effective at a reasonable assurance level.

For the three months ended March 31, 2019, there have been 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.

15. OTHER DISCLOSURES

RELATED PARTY TRANSACTIONS

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

QUALIFIED PERSON

Unless otherwise indicated, the responsible qualified person, within the guidelines set forth in NI 43-101, who has reviewed and approved the scientific and technical information contained in this MD&A regarding Itafos Arraias, Itafos Santana and Itafos Araxá is Carlos Guzmán, FAusIMM (229036), Mining Engineer, RM (Chilean Mining Commission).

Unless otherwise indicated, the responsible qualified person, within the guidelines set forth in NI 43-101, who has reviewed and approved the scientific and technical information contained in this MD&A regarding Itafos Paris Hills is Dan Thompson, P.E.

Unless otherwise indicated, the responsible qualified person, within the guidelines set forth in NI 43-101, who has reviewed and approved the scientific and technical information contained in this MD&A regarding Itafos Farim is Dan Markovik, P.E.

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