



Consolidated Financial Statements
For the years ended December 31, 2021 and 2020
March 24, 2022

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION

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

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

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

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

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

Signed "George Burdette"
GEORGE BURDETTE
Chief Financial Officer

March 24, 2022



Independent auditor's report

To the Shareholders of Itafos

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Itafos and its subsidiaries (together, the Company) as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

What we have audited

The Company's consolidated financial statements comprise:

- the consolidated balance sheets as at December 31, 2021 and 2020;
- the consolidated statements of operations and comprehensive income for the years then ended;
- the consolidated statements of changes in equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

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

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

Independence

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

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



Other information

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

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

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

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

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

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

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

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

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

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



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

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

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

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



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

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
March 24, 2022

**CONSOLIDATED BALANCE SHEETS
AS AT DECEMBER 31, 2021 AND 2020**

<i>(in thousands of US Dollars)</i>	As at December 31,	
	2021	2020
Assets		
Cash and cash equivalents	\$ 31,565	\$ 9,539
Accounts receivable	39,688	21,949
Inventories, net (Note 6)	112,704	93,435
Other current assets (Note 10)	11,173	9,568
Total current assets	\$ 195,130	\$ 134,491
Long-term inventories, net (Note 6)	1,505	1,551
Property, plant and equipment, net (Note 7)	313,073	205,069
Mineral properties, net (Note 8)	120,746	127,930
Deferred tax assets, net (Note 20)	—	1,204
Other long-term assets (Note 9)	3,399	7,059
Total non-current assets	\$ 438,723	\$ 342,813
Total assets	\$ 633,853	\$ 477,304
Liabilities		
Accounts payable and accrued liabilities (Note 10)	\$ 61,469	\$ 50,986
Provisions (Note 11)	4,072	760
Current debt (Note 12)	52,838	2,437
Contract liabilities	913	21
Other current liabilities (Note 13)	2,544	2,812
Total current liabilities	\$ 114,148	\$ 57,016
Long-term debt (Note 12)	187,010	237,756
Deferred tax liabilities, net (Note 20)	1,670	-
Long-term provisions (Note 11)	170,232	82,743
Other long-term liabilities (Note 13)	18,500	17,366
Total long-term liabilities	\$ 385,100	\$ 337,865
Total liabilities	\$ 499,248	\$ 394,881
Equity		
Share capital (Note 14)	532,390	531,647
Contributed surplus	246,626	246,626
Cumulative translation adjustment reserve	4,660	4,660
Deficit	(650,236)	(701,264)
Shareholders' equity (Notes 2 and 14)	\$ 133,440	\$ 81,669
Non-controlling interest (Notes 2 and 14)	1,165	754
Total equity	\$ 134,605	\$ 82,423
Total liabilities and equity	\$ 633,853	\$ 477,304

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

Approved by the Company's Board of Directors

Signed "Anthony Cina"
ANTHONY CINA
Chairman

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

**CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

<i>(in thousands of US Dollars except as otherwise noted)</i>	<i>For the years ended December 31,</i>	
	2021	2020
Revenues (Note 16)	\$ 413,247	\$ 260,185
Cost of goods sold	276,372	267,957
Write-off of mineral properties (Note 8)	—	8,449
Gross margin	\$ 136,875	\$ (16,221)
Selling, general and administrative expenses (Note 17)	25,896	19,435
Operating income (loss)	\$ 110,979	\$ (35,656)
Foreign exchange loss (Notes 18 and 25)	(634)	(5,394)
Other income (expense), net	541	(1,759)
Loss on asset disposal	(97)	(1,209)
Finance expense, net (Note 19)	(37,244)	(28,030)
Income (loss) before income taxes	\$ 73,545	\$ (72,048)
Current and deferred income tax expense (recovery) (Note 20)	22,106	(9,742)
Net income (loss) and comprehensive income (loss)	\$ 51,439	\$ (62,306)
Net income and comprehensive income attributable to non-controlling interest (Notes 2 and 14)	411	754
Net income (loss) and comprehensive income (loss) attributable to shareholders of the Company	\$ 51,028	\$ (63,060)
Basic earnings (loss) (\$/share) (Note 15)	\$ 0.28	\$ (0.34)
Diluted earnings (loss) (\$/share) (Note 15)	\$ 0.27	\$ (0.34)

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

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

<i>(in thousands of US Dollars except as otherwise noted)</i>	Number of shares	Amount	Contributed surplus	Cumulative translation adjustment reserve	Deficit	Shareholders' equity ¹	Non- controlling interest ¹	Total equity
Balance as at December 31, 2019 (Note 2)	178,551,065	\$ 529,177	\$ 246,626	\$ 4,660	\$ (638,204)	\$ 142,259	\$ —	\$ 142,259
Net loss	—	—	—	—	(63,060)	(63,060)	754	(62,306)
Issuance of shares under RSU Plan (Notes 3 and 14)	1,911,759	732	—	—	—	732	—	732
Issuance of shares to lenders of the Credit Facility (Notes 12 and 14)	5,000,000	1,738	—	—	—	1,738	—	1,738
Balance as at December 31, 2020 (Note 2)	185,462,824	\$ 531,647	\$ 246,626	\$ 4,660	\$ (701,264)	\$ 81,669	\$ 754	\$ 82,423
Net income	—	—	—	—	51,028	51,028	411	51,439
Issuance of shares under RSU Plan (Note 14)	1,352,018	743	—	—	—	743	—	743
Balance as at December 31, 2021	186,814,842	532,390	246,626	4,660	(650,236)	133,440	1,165	134,605

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

¹ See Note 2.

**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

<i>(in thousands of US Dollars)</i>	<i>For the years ended December 31,</i>	
	2021	2020
Operating activities		
Net income (loss)	\$ 51,439	\$ (62,306)
Adjustments for the following items:		
Depreciation and depletion	25,844	38,985
Cash settlement of share-based payments <i>(Note 13)</i>	(36)	(45)
Share-based payment expense <i>(Note 13)</i>	4,127	446
Current and deferred income tax expense (recovery) <i>(Note 20)</i>	22,106	(9,742)
Income tax payments	(11,790)	(11,728)
Environmental and asset retirement obligations payments <i>(Note 11)</i>	(3,297)	—
Unrealized foreign exchange loss	1,024	4,118
Write-off of mineral properties <i>(Note 8)</i>	—	8,449
Finance expense, net <i>(Note 19)</i>	37,244	28,030
Net change in non-cash working capital <i>(Note 23)</i>	(32,162)	351
Cash flows from (used by) operating activities	\$ 94,499	\$ (3,442)
Investing activities		
Addition of property, plant and equipment and mineral properties <i>(Notes 8 and 9)</i>	\$ (34,076)	\$ (13,965)
Cash flows used by investing activities	\$ (34,076)	\$ (13,965)
Financing activities		
Proceeds from debt <i>(Note 12)</i>	196,800	\$ 21,185
Repayment of debt <i>(Note 12)</i>	(210,138)	(10,838)
Repayment of lease liabilities <i>(Note 13)</i>	(4,056)	(3,284)
Payment of interest expense <i>(Note 12)</i>	(18,307)	(9,222)
Payment of financing related costs	(2,732)	—
Cash flows used by financing activities	\$ (38,433)	\$ (2,159)
Effect of foreign exchange of non-US Dollar denominated cash	\$ 36	\$ (4)
Increase (decrease) in cash	22,026	(19,570)
Beginning cash	9,539	29,109
Ending cash	\$ 31,565	\$ 9,539

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

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

1. GENERAL COMPANY INFORMATION

The Company is a phosphate and specialty fertilizer company. The Company’s businesses and projects are as follows:

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

In addition to the businesses and projects described above, the Company also owns Paris Hills (Idaho, US) and Mantaro (Junin, Peru), which are phosphate mine projects that are in process of being wound down.

As at June 30, 2021, the Company was a Cayman Islands corporation. On July 1, 2021, the Company completed a redomiciliation from the Cayman Islands to the US. The redomiciliation was implemented as a continuation of the Company’s jurisdiction of incorporation from the Cayman Islands to the State of Delaware (see Note 20). In connection with the redomiciliation, the Company changed its name from Itafos to Itafos Inc. The Company is headquartered in Houston, TX.

The Company’s shares trade on the TSX Venture Exchange under the ticker symbol “IFOS”. The Company’s principal shareholder is CL Fertilizers Holding LLC (“CLF”). CLF is an affiliate of Castlelake, L.P., a global private investment firm. CLF is a related party (see Notes 14 and 24).

2. BASIS OF PREPARATION AND PRESENTATION

STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with IFRS as issued by the IASB and were authorized for issuance by the Company’s Board of Directors on March 24, 2022.

GOING CONCERN BASIS

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

BASIS OF PRESENTATION

As at December 31, 2020, the Company reclassified equity between shareholder's equity and non-controlling interest ("NCI") as at December 31, 2019 in the Company's consolidated statements of changes in equity to conform with the basis used to calculate NCI in the current period (see NCI in this Note 2 below and Note 14).

CONSOLIDATION

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

As at December 31, 2021, the Company's consolidated entities were as follows:

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

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

- Itafos Desenvolvimento Holdings B.V. (previously a consolidated entity of the Company in the Netherlands) and Itafos Araxa Holdings B.V. (previously a consolidated entity of the Company in the Netherlands) merged into Itafos International Holdings Cooperatie U.A.;
- Itafos (previously a Cayman Islands entity) redomiciled to the State of Delaware, US and changed its name to Itafos Inc.;
- Itafos Conda Holdings (previously a Cayman Islands entity) redomiciled to the State of Delaware, US and changed its name to Itafos Conda Holdings LLC; and

- Paris Hills Agricom Inc. (previously part of the development and exploration segment) became the owner of Itafos Conda Holdings LLC (part of the Conda segment) and changed its name to Itafos US Holdings Inc.

For the year ended December 31, 2020, the Company had changes to its consolidated entities as follows:

- Itafos Santana Holdings B.V. (previously a consolidated entity of the Company in the Netherlands) merged into Itafos International Holdings Cooperatie U.A.;
- GB Minerals Barbados Ltd (previously a consolidated entity of the Company in Barbados) was dissolved;
- MBAC (Barbados) Inc (previously a consolidated entity of the Company in Barbados) was dissolved; and
- GBMH Mineraiis Unipessoal, Lda (previously a consolidated entity of the Company in Portugal) was dissolved.

During 2020, the Company capitalized certain intercompany loans related to the Company's funding of Arraias. As a result, the Company increased its ownership interest in Arraias from 97.0% to 98.3% (see Note 14).

During 2021, the Company capitalized additional intercompany loans related to the Company's funding of Arraias. As a result, the Company increased its ownership interest in Arraias from 98.3% to 98.4% (see Note 14).

NCI

As at December 31, 2021, the Company had NCI as follows:

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

As at December 31, 2020, the Company had NCI as follows:

Entity	Company interests	NCI
Itafos Arraias Mineracao e Fertilizantes S.A.	98.3%	1.7%
Itafos Santana Mineracao e Fertilizantes S.A.	99.4%	0.6%

In 2017, the Company's subsidiary Itafos Arraias Mineracao e Fertilizantes S.A. ("Arraias") issued a total of 593,054,482 preferred shares in exchange for warrants, of which 563,250,403 were issued to a wholly-owned subsidiary of the Company and 29,804,079 were issued to third parties. As at December 31, 2017, the preferred shares issued to third parties were recorded at a book value of R\$1 per share resulting in NCI of \$9,062. The preferred shares would participate, on equal terms with other classes of shares, in any declared dividends of Arraias and earnings would be attributable to NCI upon any payment of dividends. In a liquidation event, after repayment of secured debt and intercompany debt, the preferred shares would be entitled to receive the lower of book value or fair value as determined by an appraisal. Accordingly, annual net and comprehensive loss would be allocated to NCI in the event that the fair value of Arraias would be below the book value of the total preferred shares. The Company has allocated equity between shareholders' equity and NCI in the current period based on this methodology.

As at December 31, 2020, the Company reclassified equity between shareholders' equity and NCI as at December 31, 2019 in the Company's consolidated statements of changes in equity to conform with the basis used to calculate NCI in the current period as follows:

<i>(in thousands of US Dollars)</i>	As at December 31, 2019		
	Original	Reclassification	Current
Shareholders' equity	\$ 133,197	\$ 9,062	\$ 142,259
Non-controlling interest	9,062	(9,062)	—

CURRENCIES

The Company's presentation and functional currency is US Dollars ("\$"). The consolidated financial statements also reference Canadian Dollars and Brazilian Reals (see Note 25).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Company's significant accounting policies are summarized below.

CASH AND CASH EQUIVALENTS

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

INVENTORIES

Inventories consist of the following:

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

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

PROPERTY, PLANT AND EQUIPMENT

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

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

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

i. Includes environmental and asset retirement obligations assets.

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

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

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

LEASES

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

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

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

CAPITALIZED INTEREST

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

ASSETS UNDER CONSTRUCTION

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

PLANT TURNAROUND COSTS

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

MINERAL PROPERTIES AND EXPLORATION AND EVALUATION EXPENDITURES

The Company accounts for its projects, including Farim, Santana, Araxá, Paris Hills and Mantaro, under IFRS 6 Exploration for and Evaluation of Mineral Resources.

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

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

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

CARE AND MAINTENANCE

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

DEFERRED STRIPPING COSTS

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

IMPAIRMENTS

In accordance with International Accounting Standard (“IAS”) 36 Impairment of Assets, the Company reviews the carrying amounts of its non-current assets including property, plant and equipment and mineral property for impairment whenever facts and circumstances indicate that the recoverable amounts are less than the carrying values. Whenever indications of impairment exist, the Company estimates the recoverable amounts of the asset in order to compare such estimated recoverable amount to its carrying value. An impairment is recognized for any excess of the carrying value of an asset over

its estimated recoverable amount. The Company conducts impairment assessments on its assets at the level of the cash generating unit (“CGU”) to which the asset belongs. The Company’s CGUs are considered to be its businesses, including Conda and Arraias, and its projects, including, Farim, Santana, Araxá, Paris Hills and Mantaro.

The Company determines the recoverable amount of a CGU as the higher of its fair value less costs of disposal (“FVLCD”) and its value in use (“VIU”). Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Costs of disposal are incremental costs directly attributable to the disposal of an asset. The most appropriate measure of FVLCD is a market price, which would be classified within Level 1 or Level 2 of the fair value hierarchy. If a market price is not available, FVLCD is calculated considering a discounted cash flow methodology considering estimated cash flows from the perspective of an independent market participant, which would be classified within Level 3 of the fair value hierarchy. For earlier stage projects where a discounted cash flow methodology is not appropriate, FVLCD is calculated considering market data points including comparable public company and transaction valuations, which would be classified with Level 3 of the fair value hierarchy (see Note 26). VIU is calculated considering a discounted cash flow methodology considering estimated cash flows from the perspective of continuing use of the CGU in its present state.

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

BORROWINGS

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

ENVIRONMENTAL AND ASSET RETIREMENT OBLIGATIONS

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

Revisions, if any, to the estimated timing of cash flows, to the original estimated undiscounted cost, or to update the discount rate to a current rate, if any, also result in an increase or decrease to the environmental and asset retirement obligations and the related asset. Actual costs incurred upon settlement of the environmental and asset retirement obligations are charged against the environmental and asset retirement obligations to the extent of the liability recorded. Any difference between the actual costs incurred upon settlement of the environmental and asset retirement obligations and the recorded liability is recognized as a gain or loss in the Company’s earnings in the period in which the settlement occurs. Costs arising from unforeseen remediation activity are recognized as an expense and liability when the event occurs that gives rise to an obligation and reliable estimates of the required rehabilitation costs can be made.

In connection with the acquisition of Conda from subsidiaries of Agrium, Inc. (“Agrium”), a wholly-owned subsidiary of Nutrien Ltd. (“Nutrien”), Nutrien assumed full liability for all environmental and asset retirement obligations relating to the pre-closing operations of Conda (see Note 21). As current owner and operator of Conda, the Company is liable for environmental and asset retirement obligations relating to the post-closing operations of Conda.

Accordingly, the Company recognizes the present value of its respective share of environmental and asset retirement obligations relating to the post-closing operations of Conda as follows:

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

RESTRICTED SHARE UNITS

The Company issues RSUs under the Company's restricted share unit plan (the "RSU Plan") to compensate selected directors, employees and contractors. Each RSU granted under the Company's RSU Plan has a value equal to one common share. On September 17, 2020, the Company's RSU Plan was amended to increase the maximum number of shares which may be reserved for issuance under the RSU Plan from 14,207,030 to 18,546,282.

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

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

Upon vesting of the RSUs, the selected directors, employees and contractors receive either cash or common shares, depending on the terms of the grant. The RSUs are accounted for as cash settled share-based payments with a liability recognized for services provided. A liability for RSUs is measured at fair value considering the market price of the share on the grant date and is subsequently adjusted for changes in fair value at the end of each reporting period. The liability is recognized on a straight-line basis over the vesting period, with a corresponding charge to compensation expense, as a component of selling, general and administrative expenses within the corporate segment. Compensation expenses for RSUs incorporate an estimate for expected forfeiture rates based on which the fair value is adjusted (see Note 13).

SHARE ISSUANCE COSTS

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

NCI

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

REVENUE RECOGNITION

Revenues from Sale of Goods

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

Variable Consideration

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

Contract Liabilities

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

TAXES

Income Tax

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

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

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

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

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

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

BASIC AND DILUTED EARNINGS (LOSS) PER SHARE

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

FOREIGN CURRENCY TRANSLATION

Functional currency

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

Presentation currency

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

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

FINANCIAL INSTRUMENTS

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

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

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

For the years ended December 31, 2021 and 2020, the Company had no hedging arrangements on its consolidated financial statements.

SEGMENT REPORTING

The Company's segment reporting is as follows:

- Conda;
- Arraias;
- development and exploration; and
- corporate.

The Company's development and exploration segment considers activities related to Farim, Santana, Araxá, Paris Hills and Mantaro. The Company's corporate segment considers support, administrative and financing activities (see Note 23). The Company's segment reporting is consistent with its internal reporting to its chief operating decision maker ("CODM"). The Company's CODM role is comprised of its management team. The CODM considers the Company's segment reporting in its decision making, planning, cash flow management and other management activities.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

CRITICAL JUDGMENTS IN THE APPLICATION OF ACCOUNTING POLICIES

Impact of the Coronavirus Disease 2019 ("COVID-19") Pandemic

On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic. The Company is closely monitoring potential risks to its operations as a result of the COVID-19 pandemic, including factors that could impact production or demand for its products. Despite near-term uncertainties, the Company is not currently projecting any material impact on its operations or financial outlook as a result of the COVID-19 pandemic (see Note 25). In response to the COVID-19 pandemic, the Company has implemented working practices at its businesses and projects to address potential impacts to its employees, contractors and operations and will take further measures in the future, if required.

Carrying Values and Impairment Charges

Whenever indications of impairment exist, the Company estimates the recoverable amount of the asset in order to compare such estimated recoverable amount to its carrying value. Calculating estimated recoverable amounts requires management to make estimates and assumptions relying on its judgment and taking into account information available at the end of each reporting period. Changes in any of the estimates or assumptions considered in estimating the recoverable amounts could have an impact on the results and conclusions of the impairment assessment.

Leases

Judgment is used in the Company's assessment if it is reasonably certain that an extension option will be exercised. Estimates are used to determine the lease term and the appropriate discount rate applied to the lease payments to calculate the lease liability.

KEY SOURCES OF ESTIMATION UNCERTAINTY IN THE APPLICATION OF ACCOUNTING POLICIES

Environmental and Asset Retirement Obligations

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

Income Tax

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

5. RECENT ACCOUNTING PRONOUNCEMENTS

NEW ACCOUNTING STANDARDS EFFECTIVE IN 2021

The IASB issued certain new accounting standards or amendments that are mandatory for accounting periods after December 31, 2020, including Interest Rate Benchmark Reform – Phase 2, Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16. The Company concluded that the effect of such new accounting standards or amendments did not have a material impact and therefore did not record any adjustments to the consolidated financial statements.

NEW ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

The IASB issued certain new accounting standards or amendments that were not yet effective as at December 31, 2021 as follows:

- amendments to IFRS 3 Business Combinations;
- amendments to IAS 16 Property, Plant and Equipment;
- amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets – onerous contracts;
- annual improvements to IFRS 2018-2020;
- amendments to IAS 1 Presentation of Financial Statements – classification of liabilities as current or non-current;
- amendments to IAS 1 Presentation of Financial Statements – IFRS Practice Statement 2 – disclosure of accounting policies;
- amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – definition of accounting estimates; and
- amendments to IAS 12 Income Taxes – deferred taxes related to assets and liabilities arising from a single transaction.

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

6. INVENTORIES

As at December 31, 2021 and 2020, the Company had inventories as follows:

<i>(in thousands of US Dollars)</i>	December 31, 2021	December 31, 2020
Finished goods	\$ 22,049	\$ 13,341
Work in process	3,622	2,480
Raw materials	71,161	61,879
Spare parts	17,377	17,286
Inventories, net	\$ 114,209	\$ 94,986
Less: current portion	(112,704)	(93,435)
Long-term inventories, net	\$ 1,505	\$ 1,551

As at December 31, 2021 and 2020, the Company had non-current inventories related to raw materials at Arraias.

7. PROPERTY, PLANT AND EQUIPMENT

As at December 31, 2021 and 2020, the Company had property, plant and equipment as follows:

<i>(in thousands of Us Dollars)</i>	Land	Buildings and plant	Machinery, equipment and other	Asset under construction	Total property, plant and equipment
Cost					
Balance as at December 31, 2019	\$ 24,699	\$ 131,192	\$ 139,200	\$ 48,609	\$ 343,700
Additions	—	2,506	8,991	9,300	20,797
Disposals/transfers	—	—	12,590	(12,590)	—
Balance as at December 31, 2020	\$ 24,699	\$ 133,698	\$ 160,781	\$ 45,319	\$ 364,497
Additions	1,568	12,711	94,399	15,689	124,367
Disposals/transfers	—	—	32,336	(32,336)	—
Balance as at December 31, 2021	\$ 26,267	\$ 146,409	\$ 287,516	\$ 28,672	\$ 488,864
Accumulated depreciation					
Balance as at December 31, 2019	\$ —	\$ 30,978	\$ 97,905	\$ —	\$ 128,883
Additions	—	3,045	27,500	—	30,545
Balance as at December 31, 2020	\$ —	\$ 34,023	\$ 125,405	\$ —	\$ 159,428
Additions	—	3,372	12,991	—	16,363
Balance as at December 31, 2021	\$ —	\$ 37,395	\$ 138,396	\$ —	\$ 175,791
Property, plant and equipment, net					
As at December 31, 2020	\$ 24,699	\$ 99,675	\$ 35,376	\$ 45,319	\$ 205,069
As at December 31, 2021	\$ 26,267	\$ 109,014	\$ 149,120	\$ 28,672	\$ 313,073

During 2021, Conda placed phosphogypsum stack 3 into service. Accordingly, the Company recorded an addition to environmental and asset retirement obligations (see Note 11) and a corresponding addition to other property, plant and equipment of \$89,863.

IFRS 16 – RIGHT-OF-USE ASSETS

As at December 31, 2021 and 2020, the Company had right-of-use assets, recorded as a component of property, plant and equipment, as follows:

<i>(in thousands of US Dollars)</i>	Right-of-use assets-buildings and plant	Right-of-use assets-machinery, equipment and other	Total right-of-use assets
Cost			
Balance as at December 31, 2019	\$ 227	\$ 13,774	\$ 14,001
Additions	284	7,870	8,154
Balance as at December 31, 2020	\$ 511	\$ 21,644	\$ 22,155
Additions	367	—	367
Balance as at December 31, 2021	\$ 878	\$ 21,644	\$ 22,522
Accumulated depreciation			
Balance as at December 31, 2019	\$ 71	\$ 4,103	\$ 4,174
Additions	96	3,330	3,426
Balance as at December 31, 2020	\$ 167	\$ 7,433	\$ 7,600
Additions	145	3,508	3,653
Balance as at December 31, 2021	\$ 312	\$ 10,941	\$ 11,253
Right-of-use assets, net			
Balance as at December 31, 2020	\$ 344	\$ 14,211	\$ 14,555
Balance as at December 31, 2021	\$ 566	\$ 10,703	\$ 11,269

The Company is unable to quantify the value of certain of its right-of-use assets because the lease payments are variable and not dependent upon an index or rate. In such cases, the Company did not recognize a right-of-use asset or corresponding lease liability. For the years ended December 31, 2021 and 2020, the Company incurred \$17,212 and \$15,301 of costs related to variable lease payments that are not dependent on an index or rate, respectively (see Note 3).

The Company is exempt from quantifying the value of certain of its right-of-use assets for leases that are 12 months or less in duration or for leases of low-value assets. In such cases, the Company did not recognize a right-of-use asset or corresponding lease liability. For the years ended December 31, 2021 and 2020, the Company's costs related to short-term leases of low-value assets were not material (see Note 3).

8. MINERAL PROPERTIES

As at December 31, 2021 and 2020, the Company had mineral properties as follows:

<i>(in thousands of US Dollars)</i>	Development costs	Exploration and evaluation costs	Accumulated depletion	Total mineral properties
Balance as at December 31, 2019	\$ 57,609	\$ 79,318	\$ (19,137)	\$ 117,790
Additions	30,628	83	—	30,711
Depletion	—	—	(12,612)	(12,612)
Write-off	—	(7,959)	—	(7,959)
Balance as at December 31, 2020	\$ 88,237	\$ 71,442	\$ (31,749)	\$ 127,930
Additions	3,031	604	—	3,635
Depletion	—	—	(10,819)	(10,819)
Balance as at December 31, 2021	\$ 91,268	\$ 72,046	\$ (42,568)	\$ 120,746

For the year ended December 31, 2020, the Company recorded a write-off of mineral properties of \$8,449 related to Paris Hills, of which \$7,959 corresponds to mineral properties and \$490 corresponds to environmental and asset retirement obligations (see Note 11).

9. OTHER ASSETS

As at December 31, 2021 and 2020, the Company had other assets as follows:

<i>(in thousands of US Dollars)</i>	<i>As at December 31,</i>	
	2021	2020
Tax credits	\$ 6,592	\$ 10,525
Prepaid expenses	4,310	4,346
Deposits	1,041	1,334
Advances to suppliers	2,062	295
Other	567	127
Other assets	\$ 14,572	\$ 16,627
Less: current portion	(11,173)	(9,568)
Other non-current assets	\$ 3,399	\$ 7,059

As at December 31, 2021 and 2020, the Company had other current assets as follows:

<i>(in thousands of US Dollars)</i>	<i>As at December 31,</i>	
	2021	2020
Tax credits	\$ 4,088	\$ 4,295
Prepaid expenses	4,310	4,346
Advances to suppliers	2,062	295
Deposits	292	500
Other	421	132
Other current assets	\$ 11,173	\$ 9,568

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

As at December 31, 2021 and 2020, the Company had accounts payable and accrued liabilities as follows:

<i>(in thousands of US Dollars)</i>	As at December 31,	
	2021	2020
Trade payables	\$ 25,295	\$ 23,071
Taxes payable	13,221	8,492
Accrued liabilities and other	9,537	8,020
Payroll and related taxes payable	8,838	6,226
Rebates	1,028	2,565
Other payables	3,550	2,612
Accounts payable and accrued liabilities	\$ 61,469	\$ 50,986

11. PROVISIONS

As at December 31, 2021 and 2020, the Company had provisions as follows:

<i>(in thousands of US Dollars)</i>	As at December 31,	
	2021	2020
Environmental and asset retirement obligations	\$ 174,056	\$ 83,194
Legal contingencies	248	309
Provisions	\$ 174,304	\$ 83,503
Less: current portion	(4,072)	(760)
Long-term provisions	\$ 170,232	\$ 82,743

For the year ended December 31, 2020, the Company recorded \$490 of environmental and asset retirement obligations related to a write-off of mineral properties at Paris Hills (see Note 8).

For the years ended December 31, 2021 and 2020, the Company had changes in environmental and asset retirement obligations as follows:

<i>(in thousands of US Dollars)</i>	Environmental and asset retirement obligations	
Balance as at December 31, 2019	\$	54,952
Additions		26,935
Accretion (Note 20)		1,307
Balance as at December 31, 2020	\$	83,194
Additions		93,000
Payments		(3,297)
Accretion (Note 20)		1,159
Balance as at December 31, 2021	\$	174,056

During 2021, Conda placed phosphogypsum stack 3 into service. Accordingly, the Company recorded an addition to environmental and asset retirement obligations of \$89,863 and a corresponding addition to other property, plant and equipment (see Note 7).

12. DEBT

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

<i>(in thousands of US Dollars)</i>	<i>As at December 31,</i>	
	2021	2020
Term Loan	\$ 198,863	\$ —
Deferred financing costs related to the Term Loan	(9,423)	—
Credit Facility	—	194,070
Deferred financing costs related to the Credit Facility	—	(3,272)
Promissory Note	43,283	35,820
Conda ABL	5,000	10,000
Conda equipment financings	909	1,549
Brazilian debentures	885	1,024
Canadian debentures issued to CLF	331	399
Canadian debentures issued to Banco Modal S.A.	—	603
Debt	\$ 239,848	\$ 240,193
less: current portion	(52,838)	(2,437)
Long-term debt	\$ 187,010	\$ 237,756

On August 25, 2021, the Company closed a secured term loan (the “Term Loan”). The proceeds of the Term Loan were used to repay the Company’s secured term credit facility (the “Credit Facility”) and to pay related transaction costs and fees. The key terms of the Term Loan are as follows:

- principal amount of \$205,000;
- term of three years;
- interest rate of 8.25% per annum plus the London Interbank Offered Rate (“LIBOR”), subject to a floor of 1.00%, with interest payments payable in cash on a quarterly basis;
- amortization of 15% per annum with principal payments payable on a quarterly basis and a one-time principal payment on or before 15 months after the closing date in an amount sufficient to reduce the outstanding principal balance to \$155,000 or less; and
- other terms, financial covenants, fees and cost reimbursements standard and customary for similar agreements.

For the year ended December 31, 2021, the effective interest rate for the Term Loan was 9.25%.

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

The Term Loan includes financial covenants that require the Company to comply with certain ratios and thresholds. As at December 31, 2021, the Company was in compliance with all financial covenants related to the Term Loan (see Note 25). In addition, the Term Loan includes certain compliance requirements including, but not limited to, a requirement to maintain a minimum liquidity amount of \$15,000 throughout the term of the Term Loan.

The Credit Facility bore interest at 12% per annum (9% payable in cash and 3% payable in-kind) with a bullet repayment at maturity on June 6, 2022. On August 25, 2021, the Company repaid the Credit Facility in full. The changes in the Company’s debt as a result of the repayment of the Credit Facility resulted in a loss on debt extinguishment of \$2,012, which was recorded as finance expense (see Note 19).

On August 25, 2021, in connection with the closing of the Term Loan, the Company completed an amendment to the Company’s unsecured and subordinated promissory note (the “Promissory Note”). The key terms of the amendment to the Promissory Note are as follows:

- commitment amount reduced from \$36,000 to \$30,600, which cancelled the previously remaining availability of \$5,400;

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

The changes in the Company's debt as a result of the amendment to the Promissory Note were recorded as a debt extinguishment. The Company discounted the cash flows of the Promissory Note considering the amendment at the original effective interest rate, resulting in a loss on debt extinguishment of the Promissory Note of \$1,546, which was recorded as finance expense (see Notes 10 and 24).

On August 25, 2021, in connection with the closing of the Term Loan, the Company completed an amendment to the Conda ABL to increase the commitment amount from \$20,000 to \$40,000 and extend the term, among other modifications. The key terms of the amendment to the Conda ABL are as follows:

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

Other key terms of the Conda ABL, including the interest rate, were not amended. The Conda ABL bears interest as follows:

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

For the year ended December 31, 2021, the effective interest rates for the Conda ABL were 2.1% for cash drawn and 1.9% for posted letters of credit.

The Conda ABL includes springing financial covenants that require Conda to comply with certain ratios and thresholds if there is an event of default or an insufficient borrowing base (see Note 25). As at December 31, 2021, Conda has drawn cash of \$5,000 and posted letters of credit of \$29,130 under the Conda ABL. As at December 31, 2021, an additional \$5,870 remained available under the Conda ABL to be drawn by Conda subject to certain terms and conditions (see Notes 21 and 26).

Conda's equipment financings bear interest at 8.3% per annum with maturity on August 28, 2022 and 5.75% per annum with maturity on March 11, 2024. Such equipment financings are payable in equal monthly installments of principal and interest through maturity. During 2021, Conda also repaid in full an equipment financing that bore interest at 8.3% per annum with maturity on February 28, 2021.

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

The Company's Canadian debentures issued to CLF bear interest at 10% per annum with 10 equal annual installments of

principal and interest through maturity on October 27, 2026 (see Note 24).

The Company's Canadian debentures issued to Banco Modal S.A. ("Modal") bore interest at 7.5% per annum with four equal annual installments of principal and interest through maturity on May 31, 2021 and July 28, 2021. During 2021, the Company repaid in full Canadian debentures issued to Modal.

For the years ended December 31, 2021 and 2020, the Company had changes in debt as follows:

<i>(in thousands of US Dollars)</i>	Current debt	Long-term debt
Balance as at December 31, 2019	\$ 2,459	\$ 208,851
Capitalization of in-kind interest of the Credit Facility	—	12,910
Payment of cash interest of the Credit Facility	(9,222)	—
Accrual of cash interest of the Credit Facility	9,601	—
Change in accrued in-kind interest of the Credit Facility	—	(265)
Amortization of financing costs of the Credit Facility	—	1,846
Proceeds from the Promissory Note	—	10,600
Accrual of in-kind interest of the Promissory Note	—	4,531
Proceeds from Conda ABL	—	10,000
Proceeds from Gavilon Facility	—	585
Repayment of Gavilon Facility	—	(10,000)
Change in Conda equipment financings	(350)	(618)
Repayment of Brazilian Debentures	—	(123)
Repayment of Canadian debentures issued to CLF	—	(107)
Repayment of Canadian debentures issued to Modal	—	(608)
Change in Brazilian Debentures	66	(122)
Change in Canadian debentures issued to CLF	(117)	167
Change in Canadian debentures issued to Modal	—	109
Balance as at December 31, 2020	\$ 2,437	\$ 237,756
Proceeds from the Term Loan	30,750	174,250
Deferred financing costs of the Term Loan	—	(10,932)
Amortization of financing costs of the Term Loan	—	1,509
Repayment of Term Loan	—	(7,688)
Reclassification of the Term Loan to current debt	19,251	(19,251)
Payment of cash interest of the Term Loan	(5,039)	—
Accrual of cash interest of the Term Loan	6,589	—
Repayment of the Credit Facility	—	(195,955)
Capitalization of in-kind interest of the Credit Facility	—	2,898
Payment of cash interest of the Credit Facility	(13,268)	—
Accrual of cash interest of the Credit Facility	12,508	—
Change in accrued in-kind interest of the Credit Facility	—	(253)
Amortization of financing costs of the Credit Facility	—	1,260
Loss on debt extinguishment of the Credit Facility	—	2,012
Accrual of in-kind interest of the Promissory Note	—	5,916
Loss on debt extinguishment of the Promissory Note	—	1,546
Repayment of Conda ABL	—	(5,000)
Repayment of Conda equipment financings	—	(640)
Reclassification of the Conda equipment financings to current debt	188	(188)
Repayment of Brazilian Debentures	—	(127)
Change in Brazilian debentures	26	(36)
Repayment of Canadian debentures issued to CLF	—	(107)
Change in Canadian debentures issued to CLF	(1)	40
Repayment of Canadian debentures issued to Modal	(621)	—
Change in Canadian debentures issued to Modal	18	—
Balance as at December 31, 2021	\$ 52,838	\$ 187,010

13. OTHER LIABILITIES

As at December 31, 2021 and 2020, the Company had other long-term liabilities as follows:

<i>(in thousands of US Dollars)</i>	As at December 31,	
	2021	2020
Lease liabilities	\$ 14,244	\$ 16,742
Other tax liabilities	2,607	2,450
Share-based payments	3,499	384
Other	694	602
Other liabilities	\$ 21,044	\$ 20,178
Less: current portion	(2,544)	(2,812)
Other long-term liabilities	\$ 18,500	\$ 17,366

LEASE LIABILITIES

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

As at December 31, 2021, and 2020, the Company had other current liabilities as follows:

<i>(in thousands of US Dollars)</i>	As at December 31,	
	2021	2020
Lease liabilities	\$ 2,544	\$ 2,812
Other current liabilities	\$ 2,544	\$ 2,812

As at December 31, 2021, the Company had total future contractual payments for leases recognized under IFRS 16 as follows:

<i>(in thousands of US Dollars)</i>	December 31, 2021
Within 1 year	\$ 2,544
Between 2 and 3 years	6,933
Between 4 and 5 years	3,895
After 5 years	3,884
Total contractual payments	\$ 17,256

For the years ended December 31, 2021 and 2020, the Company had changes in lease liabilities as follows:

<i>(in thousands of US Dollars)</i>	Current Lease Liabilities	Long-term Lease Liabilities
Balance as at December 31, 2019	2,446	8,982
New leases commenced	545	7,007
Interest accrual on the leases (Note 19)	1,046	—
Lease payments	(1,225)	(2,059)
Balance as at December 31, 2020	2,812	13,930
New leases commenced	—	367
Interest accrual on the leases (Note 19)	1,191	—
Lease payments	(1,459)	(2,597)
Balance as at December 31, 2021	\$ 2,544	\$ 11,700

TAXES PAYABLE

As at December 31, 2021 and 2020, taxes payable were primarily related to the taxes payable to the Brazilian tax authorities resulting from intercompany loans between the Company's subsidiaries. During 2021 and 2020, the Company capitalized certain intercompany loans related to the Company's funding of Arraias. In December 2020, as a result of the capitalization of intercompany loans, the Company reversed \$5,933 of taxes payable.

SHARE-BASED PAYMENTS

As at December 31, 2021 and 2020, share-based payments were related to RSUs granted by the Company under its RSU Plan (see Note 3).

As at December 31, 2021, the Company had 6,985,661 RSUs outstanding and 6,978,838 RSUs available for issuance under its RSU Plan. As at December 31, 2020, the Company had 5,444,829 RSUs outstanding and 10,354,983 RSUs available for issuance under its RSU Plan.

For the years ended December 31, 2021 and 2020, the Company had changes in RSUs as follows:

<i>(in number of RSUs)</i>	RSUs
Balance as at December 31, 2019	4,339,605
Granted	5,009,348
Cash settled	(128,082)
Vested	(2,315,594)
Forfeited	(1,460,448)
Balance as at December 31, 2020	5,444,829
Granted	3,761,637
Cash settled	(74,597)
Vested	(1,760,717)
Forfeited	(385,491)
Balance as at December 31, 2021	6,985,661

For the year ended December 31, 2021, the Company granted 3,761,637 RSUs under its RSU Plan, including 305,326 RSUs granted to directors, 1,559,777 RSUs granted to management and 1,896,534 RSUs granted to employees and contractors. For the year ended December 31, 2020, the Company granted 5,009,348 under its RSU Plan, including 621,279 RSUs granted to directors, 2,081,980 RSUs granted to management and 2,306,089 RSUs granted to employees and contractors.

For the year ended December 31, 2021, the Company cash settled 74,597 for \$36 due to vesting under its RSU Plan. For the year ended December 31, 2020, the Company cash settled 128,082 RSUs for \$45 due to vesting under its RSU Plan.

For the year ended December 31, 2021, the Company issued 1,352,018 shares (net of 408,699 shares withheld to pay applicable taxes) due to vesting under its RSU Plan. For the year ended December 31, 2020, the Company issued 1,911,759 shares (net of 403,835 shares withheld to pay applicable taxes) due to vesting under its RSU Plan (see Notes 3 and 14).

For the years ended December 31, 2021 and 2020, the Company had share-based payment expense of \$4,127 and \$446, respectively (see Note 17).

14. SHARE CAPITAL**AUTHORIZED CAPITAL**

As at December 31, 2021, the Company was authorized to issue up to 5,000,000,000 shares, consisting of 4,000,000,000 shares of common stock and 1,000,000,000 shares of preferred stock, each with a par value of 0.00001 US Dollars per share.

SHARES ISSUED AND OUTSTANDING

As at December 31, 2021 and 2020, the Company had 186,814,842 and 185,462,284 shares issued and outstanding, respectively. As at December 31, 2021 and 2020, CLF beneficially owned and controlled 124,961,722 shares of the Company, representing approximately 66.9% and 67.4% of the issued and outstanding shares on an undiluted basis, respectively (see Notes 1 and 24).

For the year ended December 31, 2021, the Company issued 1,352,018 shares (net of 408,699 shares withheld to pay applicable taxes) due to vesting under its RSU Plan (see Notes 3 and 13).

For the year ended December 31, 2020, the Company issued 1,911,759 shares (net of 403,835 shares withheld to pay applicable taxes) due to vesting under its RSU Plan (see Notes 3 and 13).

On January 31, 2020, the Company issued 5,000,000 shares to lenders of the Credit Facility in exchange for eliminating additional interest of 1% per annum payable in cash for each quarter that the Company's consolidated secured leverage ratio was equal to or greater than 4.00:1.00 at the end of such quarter (see Notes 12 and 24).

WEIGHTED-AVERAGE NUMBER OF SHARES

For the years ended December 31, 2021 and 2020, the Company had weighted-average number of shares and potentially dilutive RSUs as follows:

<i>(in number of shares)</i>	<i>For the years ended December 31,</i>	
	2021	2020
Weighted-average number of shares	186,413,304	184,651,199
Weighted-average number of potentially dilutive RSUs	3,134,051	2,057,914
Diluted weighted-average number of shares	189,547,355	186,709,113

NCI

As at December 31, 2020, the Company reclassified equity between shareholders' equity and NCI as at December 31, 2019 in the Company's consolidated statements of changes in equity to conform with the basis used to calculate NCI in the current period. As at December 31, 2021 and 2020, the Company had NCI of \$1,165 and \$754, respectively. For the year ended December 31, 2021, the Company incurred net income of \$51,439, of which \$51,028 was attributable to shareholders' equity and \$411 was attributable to NCI. For the year ended December 31, 2020, the Company incurred net loss of \$(62,306), of which \$(63,060) was attributable to shareholders' equity and \$754 was attributable to NCI. (see Note 2).

15. EARNINGS (LOSS) PER SHARE

For the years ended December 31, 2021 and 2020, the Company had earnings (loss) per share as follows:

<i>(in thousands of US Dollars except as otherwise noted)</i>	<i>For the years ended December 31,</i>	
	2021	2020
Net income (loss) attributable to shareholders of the Company	\$ 51,028	\$ (63,060)
Weighted average shares outstanding	186,413,304	184,651,199
Basic earnings (loss) (\$/share)	\$ 0.28	\$ (0.34)
Diluted earnings (loss) (\$/share)	\$ 0.27	\$ (0.34)

For the year ended December 31, 2021, the Company recorded net income. Accordingly, all potentially dilutive RSUs were included in the diluted weighted-average number of shares (see Note 14).

For the year ended December 31, 2020, the Company incurred net loss. Accordingly, all potentially dilutive RSUs were excluded from the diluted weighted-average number of shares (see Note 14).

16. REVENUES

For the years ended December 31, 2021 and 2020, Conda had revenues as follows:

<i>(in thousands of US Dollars)</i>	<i>For the years ended December 31,</i>	
	2021	2020
MAP	\$ 174,424	\$ 112,301
MAP+	39,536	10,509
SPA	179,932	115,449
MGA	862	741
APP	18,493	16,524
Revenues	\$ 413,247	\$ 255,524

For the years ended December 31, 2021 and 2020, Conda had two customers that individually accounted for more than 10% of Conda's total revenues. For the year ended December 31, 2021, these two customers represented approximately 51% and 12%, respectively, of Conda's total revenues. For the year ended December 31, 2020 these two customers represented approximately 53% and 12%, respectively, of Conda's total revenues.

For the years ended December 31, 2021 and 2020, Arraias had revenues as follows:

<i>(in thousands of US Dollars)</i>	<i>For the years ended December 31,</i>	
	2021	2020
SSP	\$ —	\$ 3,740
SSP+	—	453
Excess sulfuric acid	—	468
Revenues	\$ —	\$ 4,661

For the year ended December 31, 2020, Arraias had one customer that individually accounted for more than 10% of Arraias' total revenues. For the year ended December 31, 2020, this one customer represented approximately 15% of Arraias' total revenues.

17. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

For the years ended December 31, 2021 and 2020 the Company had selling, general and administrative expenses as follows:

<i>(in thousands of US Dollars)</i>	<i>For the years ended December 31,</i>	
	2021	2020
Payroll expenses	\$ 12,368	\$ 9,794
Professional fees	4,799	3,435
Share-based payments expense	4,127	446
Insurance expenses	1,136	1,438
Office, travel and general administrative expense	2,831	3,383
Director fees	635	939
Selling, general and administrative expenses	\$ 25,896	\$ 19,435

18. FOREIGN EXCHANGE GAIN (LOSS)

For the years ended December 31, 2021 and 2020, the Company recognized a foreign exchange loss of \$634 and \$5,394, respectively. These amounts are primarily comprised of the gain or loss resulting from remeasuring monetary items denominated in Brazilian Reals and Canadian Dollars (see Note 25).

19. FINANCE EXPENSE (INCOME)

For the years ended December 31, 2021 and 2020, the Company had finance expense as follows:

<i>(in thousands of US Dollars)</i>	<i>For the years ended December 31,</i>	
	2021	2020
Interest expense	\$ 28,572	\$ 27,189
Interest capitalized in property, plant and equipment	—	(3,345)
Amortization of deferred financing costs related to the Credit Facility <i>(Note 12)</i>	1,260	1,846
Amortization of financing costs of the Term Loan <i>(Note 12)</i>	1,509	—
Loss on debt extinguishment of the Credit Facility <i>(Note 12)</i>	2,012	—
Loss on debt extinguishment of the Promissory Note <i>(Note 12)</i>	1,546	—
Environmental and asset retirement obligation accretion expense <i>(Note 11)</i>	1,159	1,307
Interest on lease liabilities <i>(Note 13)</i>	1,191	1,046
Interest income	(5)	(13)
Finance expense, net	\$ 37,244	\$ 28,030

20. INCOME TAXES

For the years ended December 31, 2021 and 2020, the Company had income tax (recovery) expense as follows:

<i>(in thousands of US Dollars except as otherwise noted)</i>	<i>For the years ended December 31,</i>	
	2021	2020
Loss before income taxes	\$ 73,545	\$ (72,048)
Cayman Islands statutory tax rate (%)	—	—
US statutory tax rate (%) ⁱ	26.1	26.5
Expected income tax expense	\$ 19,221	\$ —
Difference in foreign tax rates	84	(4,333)
Non-deductible/taxable items	1,160	(3,467)
Tax benefit not recognized	1,994	3,094
Withholding taxes	119	754
Withholding taxes reversal	—	(5,933)
True-up of tax provisions in respect of prior years	(504)	786
Interest and penalties	32	63
Interest and penalties abatement	—	(706)
Income tax expense (recovery)	\$ 22,106	\$ (9,742)
Actual effective tax rate (%)	30.1	13.5

- i. Considers effective rate comprised of US federal corporate income tax rate of 21.0% and State of Idaho corporate income tax rate of 6.5% and 6.925%, respectively, for 2021 and 2020.

As at June 30, 2021, the Company was a Cayman Islands corporation. On July 1, 2021, the Company completed a redomiciliation from the Cayman Islands to the US. The redomiciliation was implemented as a continuation of the Company's jurisdiction of incorporation from the Cayman Islands to the State of Delaware (see Note 1).

For the years ended December 31, 2021 and 2020, the Company had total current and deferred income tax expense (recovery) as follows:

<i>(in thousands of US Dollars)</i>	<i>For the years ended December 31,</i>	
	2021	2020
Current income tax expense	\$ 19,113	\$ 2,764
Deferred income tax expense (income), net	2,993	(12,506)
Total current and deferred income tax expense (income)	\$ 22,106	\$ (9,742)

DEFERRED TAX ASSETS

As at December 31, 2021 and 2020, the Company had deferred tax assets as follows:

<i>(in thousands of US Dollars)</i>	<i>As at December 31,</i>	
	2021	2020
Payroll and related taxes payable	\$ 1,726	\$ 932
Mineral properties	15,372	12,339
Interest expense	1,297	—
Deferred tax assets	\$ 18,395	\$ 13,271
Offset of deferred tax liabilities	(18,395)	(12,067)
Deferred tax assets, net	\$ —	\$ 1,204

As at December 31, 2021 and 2020, the Company had related deferred tax assets and liabilities at Conda and corporate, which have been presented on a net basis.

For the years ended December 31, 2021 and 2020, the Company had changes in deferred tax assets as follows:

<i>(in thousands of US Dollars)</i>	Payroll and related taxes payable		Mineral properties		Interest expense		Total deferred tax assets	
	\$	\$	\$	\$	\$	\$	\$	\$
Balance as at December 31, 2019	858	6,861	—	7,719	—	—	—	7,719
Credit to profit or loss	74	5,478	—	5,552	—	—	—	5,552
Balance as at December 31, 2020	932	12,339	—	13,271	—	—	—	13,271
Credit to profit or loss	794	3,033	1,297	5,124	—	—	—	5,124
Balance as at December 31, 2021	1,726	15,372	1,297	18,395	—	—	—	18,395

The Company has not recognized a deferred tax asset for its tax losses. As at December 31, 2021, the Company had tax losses as follows:

- Brazilian tax losses of approximately \$390,245 that may be carried forward indefinitely; and
- US tax losses of \$6,180 that may be carried forward indefinitely.

The Company's Brazilian tax losses are primarily related to Arraias. The Company's US tax losses are related to Paris Hills (wind down in process).

DEFERRED TAX LIABILITIES

As at December 31, 2021 and 2020, the Company had deferred tax liabilities as follows:

<i>(in thousands of US Dollars)</i>	<i>As at December 31,</i>	
	2021	2020
Property, plant and equipment	\$ 17,594	\$ 9,829
Inventories	2,471	2,238
Deferred tax liabilities	\$ 20,065	\$ 12,067
Offset of deferred tax liabilities	(18,395)	(12,067)
Deferred tax liabilities, net	\$ 1,670	\$ —

As at December 31, 2021 and 2020, the Company had related deferred tax assets and liabilities at Conda and corporate, which have been presented on a net basis.

For the years ended December 31, 2021 and 2020, the Company had changes in deferred tax liabilities as follows:

<i>(in thousands of US Dollars)</i>		Property, plant and equipment		Inventories		Total deferred tax liabilities
Balance as at December 31, 2019	\$	12,715	\$	1,126	\$	13,841
Charge (credit) to profit or loss		(2,886)		1,112		(1,774)
Balance as at December 31, 2020	\$	9,829	\$	2,238	\$	12,067
Charge to profit or loss		7,765		233		7,998
Balance as at December 31, 2021	\$	17,594	\$	2,471	\$	20,065

21. COMMITMENTS AND CONTINGENCIES

CONTRACTUAL OBLIGATIONS

As at December 31, 2021, the Company's contractual obligations were as follows:

<i>(in thousands of US Dollars)</i>		Within 1 year		Years 2 and 3		Years 4 and 5		After 5 years		Total
Debt	\$	52,838	\$	196,018	\$	414		—	\$	249,270
Accounts payable and accrued liabilities		61,469		—		—		—		61,469
Provisions		4,072		2,626		39,636		127,970		174,304
Leases		2,544		6,933		3,895		3,884		17,256
Contractual obligations	\$	120,923	\$	205,577	\$	43,945	\$	131,854	\$	502,299

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

LEGAL CONTINGENCIES

From time to time, the Company may be involved in legal proceedings that arise in the ordinary course of its business. The amount of any ultimate liability (including interest and penalties) with respect to these actions is not expected to, in the opinion of management, materially affect the Company's financial position, results of operations or cash flows. Based on the Company's knowledge and assessment of events as at December 31, 2021, the Company does not believe that the outcome of any of the matters, individually or in aggregate, not recorded in the consolidated financial statements would have a material adverse effect. As at December 31, 2021, the Company has currently accrued \$248 in relation to labor and other claims that have been made (see Note 11). The ultimate outcome of these claims is uncertain at this time and the Company is defending its position in each case.

CONDA GUARANTEES

Conda's operating and environmental permits require certain obligations related to environmental and reclamation activities to be guaranteed. As at December 31, 2021 and 2020, Conda's guarantee requirements were \$77,739 and \$39,757, respectively.

For the year ended December 31, 2021, Conda realized an increase in guarantee requirements from \$39,757 to \$77,739 as part of standard regulatory reviews by the respective governmental agencies.

For the year ended December 31, 2021, Conda placed incremental surety bonds of \$37,982 for its guarantee requirements. As at December 31, 2021, Conda had surety bonds in place for the full amount of its \$77,739 guarantee requirements.

For the year ended December 31, 2021, Conda posted incremental letters of credit of \$21,179 under the Conda ABL as collateral for its surety bonds. As at December 31, 2021 and 2020, Conda had posted letters of credit of \$29,130 and \$7,951 under the Conda ABL as collateral for its surety bonds, respectively (see Notes 12 and 26).

ENVIRONMENTAL PROTECTION AGENCY (“EPA”) MATTERS

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

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

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

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

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

22. SEGMENT REPORTING

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

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

For the year ended December 31, 2020, the Company had net income (loss) by segment as follows:

<i>(in thousands of US Dollars)</i>	Conda		Arraias		Development and exploration		Corporate	Total		
Revenues	\$	255,524	\$	4,661	\$	—	\$	—	\$	260,185
Cost of goods sold		253,977		13,980		—		—		267,957
Write-off of mineral properties		—		—		8,449		—		8,449
Gross margin	\$	1,547	\$	(9,319)	\$	(8,449)	\$	—	\$	(16,221)
Selling, general and administrative expenses		4,009		2,427		2,241		10,758		19,435
Operating loss	\$	(2,462)	\$	(11,746)	\$	(10,690)	\$	(10,758)	\$	(35,656)
Foreign exchange gain (loss)		563		(7,197)		555		685		(5,394)
Other income (expense), net		12		(1,797)		24		2		(1,759)
Loss on asset disposal		—		(1,209)		—		—		(1,209)
Finance (income) expense, net		97		(28)		(8)		(28,091)		(28,030)
Income (loss) before income taxes	\$	(1,790)	\$	(21,977)	\$	(10,119)	\$	(38,162)	\$	(72,048)
Current and deferred income tax recovery		(4,608)		—		—		(5,134)		(9,742)
Net income (loss)	\$	2,818	\$	(21,977)	\$	(10,119)	\$	(33,028)	\$	(62,306)

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

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

As at December 31, 2020, the Company had total assets and total liabilities by segment as follows:

<i>(in thousands of US Dollars)</i>	Conda		Arraias		Development and exploration		Corporate	Total		
Total assets	\$	263,092	\$	136,300	\$	75,246	\$	2,666	\$	477,304
Total liabilities	\$	142,801	\$	15,556	\$	3,236	\$	233,288	\$	394,881

As at December 31, 2021 and 2020, the Company had property, plant and equipment and mineral properties by segment as follows:

<i>(in thousands of US Dollars)</i>	Conda		Arraias		Development and exploration		Corporate	Total		
Balance as at December 31, 2021	\$	238,543	\$	120,012	\$	74,726	\$	538	\$	433,819
Balance as at December 31, 2020	\$	139,805	\$	118,826	\$	74,159	\$	209	\$	332,999

As at December 31, 2021 and 2020, the Company had property, plant and equipment and mineral properties by region as follows:

<i>(in thousands of US Dollars)</i>	As at December 31,			
	2021	2020		
Brazil (South America)	\$	129,092	\$	127,781
US (North America)		239,061		140,015
Guinea-Bissau (Africa)		65,666		65,203
Property, plant and equipment, and mineral properties, net	\$	433,819	\$	332,999

23. NET CHANGE IN NON-CASH WORKING CAPITAL

For the years December 31, 2021 and 2020, the Company had net change in non-cash working capital as follows:

<i>(in thousands of US Dollars)</i>	<i>For the years ended December 31,</i>	
	2021	2020
Accounts receivable	\$ (17,739)	\$ 1,832
Inventories, net	(18,275)	13,113
Other assets and prepaids	1,516	4,683
Accounts payable and accrued liabilities	(2,216)	(20,265)
Other liabilities and provisions	4,552	988
Net change in non-cash working capital	\$ (32,162)	\$ 351

24. RELATED PARTY TRANSACTIONS

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

KEY MANAGEMENT COMPENSATION

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

For the years ended December 31, 2021 and 2020, the Company had key management compensation as follows:

<i>(in thousands of US Dollars)</i>	<i>For the years ended December 31,</i>	
	2021	2020
Management compensation ⁱ	\$ 1,424	\$ 1,432
Director fees	635	939
Share-based payments ⁱⁱ	282	378
Non-recurring compensation payments ⁱⁱⁱ	100	1,412
Other benefits	52	33
Key management compensation	\$ 2,493	\$ 4,194

- i. Includes salary and bonus payments to the Company's Chief Executive Officer, Chief Financial Officer and Chief Strategy Officer.
- ii. Relates to vesting under the Company's RSU Plan.
- iii. Includes cash and share-based termination payments.

RELATED PARTY DEBT

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

<i>(in thousands of US Dollars)</i>	<i>As at December 31,</i>	
	2021	2020
CLF participation in the Credit Facility	\$ —	\$ 31,372
Promissory Note	43,283	35,820
Canadian debentures issued to CLF	331	399
Related party debt	\$ 43,614	\$ 67,591

On January 31, 2020, the Company issued 5,000,000 shares to lenders of the Credit Facility, of which CLF received 812,506 based on its pro-rata debt holding of the Credit Facility (see Notes 12 and 14).

25. FAIR VALUE MEASUREMENT AND RISK FACTORS

FAIR VALUE MEASUREMENT

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

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

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

The Company recognizes transfers between the levels of the fair value hierarchy at the date of the event or change in circumstances that caused the transfer. For the years ended December 31, 2021 and 2020, there were no such transfers.

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

Long-term debt is recorded on the consolidated balance sheets at amortized cost. The fair value of long-term debt is determined by applying a discount rate, reflecting an appropriate credit spread considering the Company's credit rating, to future related cash flows. As such, long-term debt is classified within Level 3 of the fair value hierarchy. As at December 31, 2021 and 2020, the Company's long-term debt was stated at an amortized cost of \$194,698 and \$237,756, respectively, and had a fair value of \$231,645 and \$205,261, respectively.

RISK FACTORS

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

Market Risk

Currency Risk

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

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

For the years ended December 31, 2021 and 2020, the Company had foreign exchange loss and cumulative translation adjustment as follows:

<i>(in thousands of US Dollars except as otherwise noted)</i>	<i>For the years ended December 31,</i>	
	2021	2020
Brazilian Real strengthening against US Dollar (%)	6.8	22.5
Canadian Dollar weakening against US Dollar (%)	(0.4)	(2.0)
Foreign exchange loss	\$ (634)	\$ (5,394)

Commodity Price Risk

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

Interest Rate Risk

As at December 31, 2021 and 2020, the Company's long-term debt was largely comprised of fixed interest rates. The Term Loan interest rate includes a variable component tied to LIBOR and the Conda ABL interest rate includes a variable component tied to Conda's fixed charge coverage ratio and LIBOR (see Note 12).

Credit Risk

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

As at December 31, 2021 and 2020, the Company had accounts receivable of \$39,688 and \$21,949, respectively. As at December 31, 2021 and 2020, Conda had trade receivables of \$34,932 and \$19,873, respectively. As at December 31, 2021 and 2020, Conda had approximately 77% and 80%, respectively, of its trade accounts receivable from four customers, respectively. As at December 31, 2021 and 2020, Conda had other receivables of \$4,678 and \$1,975, respectively. As at December 31, 2021 and 2020, Arraias' accounts receivable were not material.

Management reviews the aging of accounts receivables and, where necessary, reduces the carrying value to provide for possible losses. As at December 31, 2021 and 2020, management did not anticipate material credit losses. Accordingly, the Company's provision for credit losses was not material.

Liquidity Risk

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

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

As at December 31, 2021, the Company had cash and cash equivalents of \$31,565. As at December 31, 2021, an additional \$5,870 remained available under the Conda ABL to be drawn by Conda subject to certain terms and conditions (see Note 12).

Financial Covenant Risk

The Term Loan includes financial covenants that require the Company to comply with certain ratios and thresholds. The principal financial covenants in the Term Loan require the Company not to exceed a consolidated net secured leverage ratio and to maintain a minimum fixed charge coverage ratio as at the end of each fiscal quarter commencing December 31, 2021 (see Note 12).

The Conda ABL includes springing financial covenants that require Conda to comply with certain ratios and thresholds if there is an event of default or an insufficient borrowing base. The principal springing financial covenants in the Conda ABL, if applicable, require Conda to maintain minimum fixed charge coverage ratios at the end of each month and fiscal quarter, respectively (see Note 12).

Capital Management

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

26. SUBSEQUENT EVENTS

Restart of Sulfuric Acid Plant at Arraias

On February 8, 2022, the Company announced the resumption of sulfuric acid production and sales at Arraias. Subsequent to the restart, the Company decided in March 2022 to conduct further maintenance activities at the sulfuric acid plant, which are expected to be completed in April 2022. The remainder of Arraias' operations, including its mine, beneficiation plant, acidulation plant and granulation plant remain idled following best practices.

Insurance Settlement

Subsequent to December 31, 2021, Conda reached a settlement with insurers on a business interruption claim related to the 2020 disruption in sulfuric acid supply. As a result of the settlement, Conda received net insurance proceeds of \$8,675.

Conda Guarantees

Subsequent to December 31, 2021, Conda posted incremental letters of credit of \$3,663 under the Conda ABL as collateral for its surety bonds, increasing the total amount of letters of credit posted under the Conda ABL to \$32,793 (see Notes 12 and 21).

RSU Plan

Subsequent to December 31, 2021, the Company issued an aggregate of 582,804 shares (net of 170,877 shares withheld to pay applicable taxes) shares and cash settled 24,424 RSUs for \$24 under its RSU Plan.

Subsequent to December 31, 2021, the Company granted 1,251,799 RSUs under its RSU Plan, including 105,724 RSUs granted to directors, 466,251 RSUs granted to management and 679,824 RSUs granted to employees and contractors.
