ITAFOS

Unaudited Condensed Consolidated Interim Financial Statements
For the three and six months ended June 30, 2022
August 11, 2022

ITAFOS

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CONDENSED CONSOLIDATED INTERIM BALANCE SHEETS
AS AT JUNE 30, 2022 AND DECEMBER 31, 2021

(unaudited in thousands of US Dollars)		June 30, 2022		December 31, 2021
Assets				
Cash and cash equivalents	$	61,517	$	31,565
Accounts receivable		46,374		39,688
Inventories, net *(Note 5)*		121,726		112,704
Other current assets *(Note 8)*		10,964		11,173
Total current assets	**$**	**240,581**	**$**	**195,130**
Long-term inventories, net *(Note 5)*		1,365		1,505
Property, plant and equipment, net *(Note 6)*		323,858		313,073
Mineral properties, net *(Note 7)*		118,103		120,746
Other long-term assets *(Note 8)*		3,794		3,399
Total non-current assets	**$**	**447,120**	**$**	**438,723**
Total assets	**$**	**687,701**	**$**	**633,853**
Liabilities				
Accounts payable and accrued liabilities *(Note 9)*	$	65,365	$	61,469
Provisions *(Note 10)*		3,942		4,072
Current debt *(Note 11)*		33,679		52,838
Contract liabilities		2,601		913
Other current liabilities *(Note 12)*		2,502		2,544
Total current liabilities	**$**	**108,089**	**$**	**121,836**
Long-term debt *(Note 11)*		167,738		187,010
Deferred tax liabilities, net *(Note 19)*		2,106		1,670
Long-term provisions *(Note 10)*		177,667		170,232
Other long-term liabilities *(Note 12)*		16,522		18,500
Total long-term liabilities	**$**	**364,033**	**$**	**377,412**
Total liabilities	**$**	**472,122**	**$**	**499,248**
Equity				
Share capital *(Note 13)*		536,074		532,390
Contributed surplus		246,626		246,626
Cumulative translation adjustment reserve		4,660		4,660
Deficit		(572,946)		(650,236)
Shareholders' equity *(Notes 2 and 13)*	**$**	**214,414**	**$**	**133,440**
Non-controlling interest *(Notes 2 and 13)*		1,165		1,165
Total equity	**$**	**215,579**	**$**	**134,605**
Total liabilities and equity	**$**	**687,701**	**$**	**633,853**

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

Approved by the Company's Board of Directors

Signed "Anthony Cina"
ANTHONY CINA
Chairman

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

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2022 AND 2021

(unaudited in thousands of US Dollars except as otherwise noted)	*For the three months ended June 30,* 2022	2021	*For the six months ended June 30,* 2022	2021
Revenues *(Note 14)*	**$ 155,005**	**$ 103,316**	**$ 304,858**	**$ 193,458**
Cost of goods sold *(Note 3)*	93,406	70,710	184,776	142,323
Gross margin	**$ 61,599**	**$ 32,606**	**$ 120,082**	**$ 51,135**
Selling, general and administrative expenses *(Note 15)*	4,196	7,680	16,620	13,270
Operating income	**$ 57,403**	**$ 24,926**	**$ 103,462**	**$ 37,865**
Foreign exchange gain (loss) *(Notes 16)*	(907)	129	(585)	58
Other income (expense), net *(Note 17)*	(496)	42	7,869	144
Gain on asset disposal	—	48	—	48
Finance expense, net *(Note 18)*	(7,658)	(8,564)	(17,350)	(16,956)
Income before income taxes	**$ 48,342**	**$ 16,581**	**$ 93,396**	**$ 21,159**
Current and deferred income tax expense *(Note 19)*	4,061	6,999	16,106	9,676
Net income	**$ 44,281**	**$ 9,582**	**$ 77,290**	**$ 11,483**
Net income and comprehensive income attributable to non-controlling interest *(Notes 2 and 13)*	—	—	—	—
Net income and comprehensive income attributable to shareholders of the Company	**$ 44,281**	**$ 9,582**	**$ 77,290**	**$ 11,483**
Basic earnings ($/share) *(Note 13)*	**$ 0.23**	**$ 0.05**	**$ 0.41**	**$ 0.06**
Diluted earnings ($/share) *(Note 13)*	**$ 0.23**	**$ 0.05**	**$ 0.41**	**$ 0.06**

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

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 2022 AND 2021

(unaudited in thousands of US Dollars except as otherwise noted)	Number of shares		Amount		Contributed surplus		Cumulative translation adjustment reserve		Deficit		Shareholders' equity		Non-controlling interest		Total equity
Balance as at December 31, 2021	**186,814,842**	**$**	**532,390**	**$**	**246,626**	**$**	**4,660**	**$**	**(650,236)**	**$**	**133,440**	**$**	**1,165**	**$**	**134,605**
Net income	—		—		—		—		77,290		77,290		—		77,290
Issuance of shares under RSU Plan *(Note 13)*	1,956,209		3,684		—		—		—		3,684		—		3,684
Balance as at June 30, 2022	**188,771,051**	**$**	**536,074**	**$**	**246,626**	**$**	**4,660**	**$**	**(572,946)**	**$**	**214,414**	**$**	**1,165**	**$**	**215,579**
Balance as at December 31, 2020	**185,462,824**	**$**	**531,647**	**$**	**246,626**	**$**	**4,660**	**$**	**(701,264)**	**$**	**81,669**	**$**	**754**	**$**	**82,423**
Net income	—		—		—		—		11,483		11,483		—		11,483
Issuance of shares under RSU Plan *(Note 13)*	1,299,662		676		—		—		—		676		—		676
Balance as at June 30, 2021	**186,762,486**	**$**	**532,323**	**$**	**246,626**	**$**	**4,660**	**$**	**(689,781)**	**$**	**93,828**	**$**	**754**	**$**	**94,582**

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

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2022 AND 2021

(unaudited in thousands of US Dollars)	*For the six months ended June 30,* **2022**	**2021**
Operating activities		
Net income	$ 77,290	$ 11,483
Adjustments for the following items:		
Depreciation and depletion	15,414	12,190
Cash settlement of share-based payments *(Note 12)*	(421)	(36)
Share-based payment expense *(Note 12)*	4,731	3,134
Current and deferred income tax expense *(Note 19)*	16,106	9,676
Income tax payments	(24,218)	(3,531)
Environmental and asset retirement obligations payments *(Note 10)*	(2,050)	(2,307)
Unrealized foreign exchange loss	521	67
Finance expense, net *(Note 18)*	17,350	16,956
Net change in non-cash working capital *(Note 22)*	899	3,028
Cash flows from operating activities	**$ 105,622**	**$ 50,660**
Investing activities		
Addition of property, plant and equipment and mineral properties *(Notes 6 and 7)*	$ (17,473)	$ (14,191)
Cash flows used by investing activities	**$ (17,473)**	**$ (14,191)**
Financing activities		
Repayment of debt *(Note 11)*	(47,572)	(611)
Repayment of lease liabilities *(Note 12)*	(2,167)	(1,948)
Payment of interest expense *(Note 11)*	(8,505)	(8,694)
Cash flows used by financing activities	**$ (58,244)**	**$ (11,253)**
Effect of foreign exchange of non-US Dollar denominated cash	$ 47	$ 117
Increase in cash	29,952	25,333
Beginning cash	31,565	9,539
Ending cash	**$ 61,517**	**$ 34,872**

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2022 AND 2021

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

1. GENERAL COMPANY INFORMATION

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

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

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

The Company is a Delaware corporation that 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 13 and 23).

2. BASIS OF PREPARATION AND PRESENTATION

STATEMENT OF COMPLIANCE

The unaudited condensed consolidated interim financial statements (the "Interim Financial Statements") are based on International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") applicable to the preparation of interim financial statements. The Interim Financial Statements have been prepared in accordance with International Accounting Standards ("IAS") 34 Interim Financial Reporting. The Interim Financial Statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2021 (the "Audited Financial Statements"), which include information necessary or useful to understand the Company's business and financial statement presentation.

The Interim Financial Statements were authorized for issuance by the Company's Board of Directors on August 11, 2022.

GOING CONCERN BASIS

The Interim 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.

CONSOLIDATION

The Interim 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.

The Company's consolidated entities are described in greater detail in the Audited Financial Statements. For the six months ended June 30, 2022, the Company had no changes to its consolidated entities.

NCI

As at June 30, 2022 and 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%

CURRENCIES

The Company's presentation and functional currency is US Dollars ("$").

3. ACCOUNTING POLICIES

Except as noted below, the accounting policies adopted in the preparation of the Interim Financial Statements remain consistent with those adopted in the preparation of the Audited Financial Statements.

ENVIRONMENTAL AND ASSET RETIREMENT OBLIGATIONS

During Q2 2022, Conda reached a settlement with wholly-owned subsidiaries of Nutrien Ltd. ("Nutrien") related to shared environmental and asset retirement obligations at Lanes Creek mine. As a result of the settlement, Conda received an upfront cash payment of $11,000 from Nutrien in exchange for assuming responsibility for 100% of the remaining environmental and asset retirement obligations associated with Lanes Creek mine. As a result of the settlement, the Company changed its recognition of environmental and asset retirement obligations related to Lanes Creek mine from pro-rata to 100%. Conda recorded an addition to environmental and asset retirement obligations of $4,972, reduced accounts receivable by $4,676 and recorded a gain on settlement of $1,352 as a reduction of cost of goods sold. The settlement does not otherwise amend or restate Nutrien's liability for all environmental and asset retirement obligations related to the pre-closing operations of Conda, including with respect to Environmental Protection Agency ("EPA") matters (see Notes 10 and 20).

NEW ACCOUNTING STANDARDS

The IASB issued certain new accounting standards or amendments that are mandatory for accounting periods after December 31, 2021, including annual improvements to IFRS Standards 2018-2020, amendments to IFRS 3, IAS 16 and IAS 37. The Company concluded that the effect of such new accounting standards or amendments did not have a material impact and therefore did not record any adjustments to the Interim Financial Statements.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The critical accounting estimates and judgments considered in the preparation of the Interim Financial Statements remain consistent with those considered in the preparation of the Audited Financial Statements.

5. INVENTORIES

As at June 30, 2022 and December 31, 2021, the Company had inventories as follows:

(unaudited in thousands of US Dollars)		June 30, 2022		December 31, 2021
Finished goods	$	19,641	$	22,049
Work in process		3,731		3,622
Raw materials		81,319		71,161
Spare parts		18,400		17,377
Inventories, net	**$**	**123,091**	**$**	**114,209**
Less: current portion		(121,726)		(112,704)
Long-term inventories, net	**$**	**1,365**	**$**	**1,505**

As at June 30, 2022 and December 31, 2021, the Company had non-current inventories related to raw materials at Arraias.

6. PROPERTY, PLANT AND EQUIPMENT

As at June 30, 2022 and December 31, 2021, the Company had property, plant and equipment as follows:

(unaudited in thousands of US Dollars)		Land		Buildings and plant		Machinery, equipment and other		Asset under construction		Total property, plant and equipment
Cost										
Balance as at December 31, 2021	**$**	**26,267**	**$**	**146,409**	**$**	**287,516**	**$**	**28,672**	**$**	**488,864**
Additions		—		5,683		9,138		5,234		20,055
Balance as at June 30, 2022	**$**	**26,267**	**$**	**152,092**	**$**	**296,654**	**$**	**33,906**	**$**	**508,919**
Accumulated depreciation										
Balance as at December 31, 2021	**$**	**—**	**$**	**37,395**	**$**	**138,396**	**$**	**—**	**$**	**175,791**
Additions		—		1,668		7,602		—		9,270
Balance as at June 30, 2022	**$**	**—**	**$**	**39,063**	**$**	**145,998**	**$**	**—**	**$**	**185,061**
Property, plant and equipment, net										
Balance as at December 31, 2021	**$**	**26,267**	**$**	**109,014**	**$**	**149,120**	**$**	**28,672**	**$**	**313,073**
Balance as at June 30, 2022	**$**	**26,267**	**$**	**113,029**	**$**	**150,656**	**$**	**33,906**	**$**	**323,858**

IFRS 16 – RIGHT-OF-USE ASSETS

As at June 30, 2022 and December 31, 2021, the Company had right-of-use assets, recorded as a component of property, plant and equipment, as follows:

(unaudited in thousands of US Dollars)	Right-of-use assets-buildings and plant	Right-of-use assets-machinery, equipment and other	Total right-of-use assets
Cost			
Balance as at December 31, 2021	**$ 878**	**$ 21,644**	**$ 22,522**
Additions	—	35	35
Balance as at June 30, 2022	**$ 878**	**$ 21,679**	**$ 22,557**
Accumulated depreciation			
Balance as at December 31, 2021	**$ 312**	**$ 10,941**	**$ 11,253**
Additions	74	1,333	1,407
Balance as at June 30, 2022	**$ 386**	**$ 12,274**	**$ 12,660**
Right-of-use assets, net			
Balance as at December 31, 2021	**$ 566**	**$ 10,703**	**$ 11,269**
Balance as at June 30, 2022	**$ 492**	**$ 9,405**	**$ 9,897**

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 three and six months ended June 30, 2022, the Company had $4,827 and $9,234 of costs related to variable lease payments that are not dependent on an index or rate, respectively.

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 three and six months ended June 30, 2022, the Company's costs related to short-term leases of low-value assets were not material.

7. MINERAL PROPERTIES

As at June 30, 2022 and December 31, 2021, the Company had mineral properties as follows:

(unaudited in thousands of US Dollars)	Development costs	Exploration and evaluation costs	Accumulated depletion	Total mineral properties
Balance as at December 31, 2021	**$ 91,268**	**$ 72,046**	**$ (42,568)**	**$ 120,746**
Additions	2,627	740	—	3,367
Depletion	—	—	(6,010)	(6,010)
Balance as at June 30, 2022	**$ 93,895**	**$ 72,786**	**$ (48,578)**	**$ 118,103**

8. OTHER ASSETS

As at June 30, 2022 and December 31, 2021, the Company had other assets as follows:

(unaudited in thousands of US Dollars)		June 30, 2022		December 31, 2021
Tax credits	$	7,132	$	6,592
Prepaid expenses		4,674		4,310
Deposits		1,035		1,041
Advances to suppliers		1,407		2,062
Other		510		567
Other assets	**$**	**14,758**	**$**	**14,572**
Less: current portion		(10,964)		(11,173)
Other non-current assets	**$**	**3,794**	**$**	**3,399**

As at June 30, 2022 and December 31, 2021, the Company had other current assets as follows:

(unaudited in thousands of US Dollars)		June 30, 2022		December 31, 2021
Tax credits	$	4,236	$	4,088
Prepaid expenses		4,674		4,310
Advances to suppliers		1,407		2,062
Deposits		292		292
Other		355		421
Other current assets	**$**	**10,964**	**$**	**11,173**

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

As at June 30, 2022 and December 31, 2021, the Company had accounts payable and accrued liabilities as follows:

(unaudited in thousands of US Dollars)		June 30, 2022		December 31, 2021
Trade payables	$	36,504	$	25,295
Taxes payable		4,690		13,221
Accrued liabilities and other		12,070		9,537
Payroll and related taxes payable		5,355		8,838
Rebates		2,641		1,028
Other payables		4,105		3,550
Accounts payable and accrued liabilities	**$**	**65,365**	**$**	**61,469**

10. PROVISIONS

As at June 30, 2022 and December 31, 2021, the Company had provisions as follows:

(unaudited in thousands of US Dollars)		June 30, 2022		December 31, 2021
Environmental and asset retirement obligations	$	180,765	$	174,056
Contingent liabilities		844		248
Provisions	**$**	**181,609**	**$**	**174,304**
Less: current portion		(3,942)		(4,072)
Long-term provisions	**$**	**177,667**	**$**	**170,232**

For the period December 31, 2021 through June 30, 2022, the Company had changes in environmental and asset retirement obligations as follows:

(unaudited in thousands of US Dollars)		Environmental and asset retirement obligations
Balance as at December 31, 2021	**$**	**174,056**
Additions		6,625
Payments		(2,050)
Changes		514
Accretion *(Note 18)*		1,620
Balance as at June 30, 2022	**$**	**180,765**

For the three months ended June 30, 2022, Conda recorded an addition to its environmental and asset retirement obligations of $4,972 as a result of the settlement with Nutrien related to shared environmental and asset retirement obligations at Lanes Creek mine (see Note 3).

11. DEBT

OVERVIEW

As at June 30, 2022 and December 31, 2021, the Company had debt as follows:

(unaudited in thousands of US Dollars)		June 30, 2022		December 31, 2021
Term Loan	$	156,252	$	198,863
Deferred financing costs related to the Term Loan		(6,284)		(9,423)
Promissory Note		46,562		43,283
Conda ABL		—		5,000
Conda equipment financings		3,580		909
Brazilian debentures		962		885
Canadian debentures		345		331
Debt	**$**	**201,417**	**$**	**239,848**
Less: current portion		(33,679)		(52,838)
Long-term debt	**$**	**167,738**	**$**	**187,010**

For the period December 31, 2021 through June 30, 2022, the Company had changes in debt as follows:

(unaudited in thousands of US Dollars)		Current debt		Long-term debt
Balance as at December 31, 2021	**$**	**52,838**	**$**	**187,010**
Amortization of deferred financing costs related to the Term Loan		—		3,138
Repayment of Term Loan		—		(42,313)
Reclassification of current portion of the Term Loan		(19,250)		19,250
Payment of cash interest of the Term Loan		(8,505)		—
Accrual of cash interest of the Term Loan		8,207		—
Accrual of in-kind interest of the Promissory Note		—		3,279
Repayment of cash drawn under Conda ABL		—		(5,000)
Net borrowing from Conda equipment financings		—		2,930
Repayment of Conda equipment financings		(119)		(140)
Reclassification of current portion of the Conda equipment financings		466		(466)
Change in Brazilian debentures		27		50
Change in Canadian debentures		15		—
Balance as at June 30, 2022	**$**	**33,679**	**$**	**167,738**

TERM LOAN

The Company's secured term loan (the "Term Loan") bears interest at 8.25% per annum plus the London Interbank Offered Rate ("LIBOR"), subject to a floor of 1.00%, with interest payments payable in cash on a quarterly basis. The Term Loan has a maturity of August 25, 2024. The Term Loan had an original principal amount of $205,000 and 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 Term Loan amortizes 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.

The Term Loan includes financial covenants that require the Company to comply with certain ratios and thresholds. As at June 30, 2022, the Company was in compliance with all financial covenants related to the Term Loan (see Note 24). 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.

For the three months ended June 30, 2022, the effective interest rate of the Term Loan was 9.44% and the Company repaid $7,688 of principal under the Term Loan. For the six months ended June 30, 2022, the effective interest rate for the Term Loan was 9.35% and the Company repaid $42,313 of principal under the Term Loan, which satisfied its obligation to reduce the outstanding principal balance to $155,000 or less on or before 15 months after the closing date.

PROMISSORY NOTE

The Company's unsecured and subordinated promissory note (the "Promissory Note") bears interest at 15% per annum on drawn amounts and 4% per annum on undrawn amounts, with interest payments payable in-kind on a quarterly basis. The Promissory Note interest rate per annum would 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. The Promissory Note has a maturity of 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 (see Note 23).

CONDA ABL

Conda's secured working capital facility (the "Conda ABL") has a commitment amount of $40,000. 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.

The Conda ABL has a maturity of 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).

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. As at June 30, 2022, the springing financial covenants related to the Conda ABL were not applicable (see Note 24).

For the three months ended June 30, 2022, the effective interest rate for the Conda ABL was 1.75% for posted letters of credit. For the six months ended June 30, 2022, the effective interest rates for the Conda ABL were 1.9% for cash drawn and 1.83% for posted letters of credit. For the six months ended June 30, 2022, Conda repaid $5,000 cash drawn under the Conda ABL.

As at June 30, 2022, Conda had no cash drawn and posted letters of credit of $32,793 under the Conda ABL. As at June 30, 2022, an additional $7,207 remained available under the Conda ABL to be drawn by Conda subject to certain terms and conditions (see Notes 20 and 24).

CONDA EQUIPMENT FINANCINGS

For the three months ended June 30, 2022, Conda purchased mining equipment in exchange for a note payable of $3,930 with maturity on April 23, 2027. The note payable bears interest at 4.75% per annum with an upfront principal payment of $1,000 and equal monthly installments of principal and interest thereafter through maturity.

Conda also has two other equipment financings. The notes payable bear interest at 8.3% per annum with maturity on August 28, 2022 and 5.75% per annum with maturity on March 11, 2024, respectively and are payable in equal monthly installments of principal and interest through maturity.

DEBENTURES

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

The Company's Canadian debentures bear interest at 10% per annum with 10 equal annual installments of principal and interest through maturity on October 27, 2026 (see Note 23).

12. OTHER LIABILITIES

As at June 30, 2022 and December 31, 2021, the Company had other long-term liabilities as follows:

(unaudited in thousands of US Dollars)		June 30, 2022		December 31, 2021
Lease liabilities	$	12,626	$	14,244
Other tax liabilities		2,706		2,607
Share-based payments		3,016		3,499
Other		676		694
Other liabilities	**$**	**19,024**	**$**	**21,044**
Less: current portion		(2,502)		(2,544)
Other long-term liabilities	**$**	**16,522**	**$**	**18,500**

LEASE LIABILITIES

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

As at June 30, 2022 and December 31, 2021, the Company had other current liabilities as follows:

(unaudited in thousands of US Dollars)		June 30, 2022		December 31, 2021
Lease liabilities	$	2,502	$	2,544
Other current liabilities	**$**	**2,502**	**$**	**2,544**

As at June 30, 2022, the Company had total future contractual payments for leases recognized under IFRS 16 as follows:

(unaudited in thousands of US Dollars)		June 30, 2022
Within 1 year	$	2,502
Between 2 and 3 years		6,812
Between 4 and 5 years		3,016
After 5 years		3,180
Total contractual payments	**$**	**15,510**

For the period December 31, 2021 through June 30, 2022, the Company had changes in lease liabilities as follows:

(unaudited in thousands of US Dollars)		Current Lease Liabilities		Long-term Lease Liabilities
Balance as at December 31, 2021		**2,544**		**11,700**
New leases commenced		20		15
Interest accrual on the leases *(Note 18)*		514		—
Lease payments		(576)		(1,591)
Balance as at June 30, 2022	**$**	**2,502**	**$**	**10,124**

OTHER TAX LIABILITIES

As at June 30, 2022 and December 31, 2021, other tax liabilities were primarily related to the taxes payable to the Brazilian tax authorities resulting from intercompany loans between the Company's subsidiaries.

SHARE-BASED PAYMENTS

As at June 30, 2022 and December 31, 2021, share-based payments were related to RSUs granted by the Company under its restricted share unit plan (the "RSU Plan").

As at June 30, 2022, the Company had 5,385,021 RSUs outstanding and 5,837,343 RSUs available for issuance under its RSU Plan. As at December 31, 2021, the Company had 6,985,661 RSUs outstanding and 6,978,838 RSUs available for issuance under its RSU Plan.

For the period December 31, 2021 through June 30, 2022, the Company had changes in RSUs as follows:

(in number of RSUs)	RSUs
Balance as at December 31, 2021	**6,985,661**
Granted	1,439,754
Cash settled	(199,712)
Vested	(2,542,422)
Forfeited	(298,260)
Balance as at June 30, 2022	**5,385,021**

For the three months ended June 30, 2022, the Company granted 187,955 RSUs to management under its RSU Plan. For the six months ended June 30, 2022, the Company granted 1,439,754 RSUs under its RSU Plan, including 105,724 RSUs granted to directors, 654,206 RSUs granted to management and 679,824 RSUs granted to employees and contractors.

For the six months ended June 30, 2022, the Company cash settled 199,712 for $421 due to vesting under its RSU Plan. For the six months ended June 30, 2021, the Company cash settled 74,597 for $36 due to vesting under its RSU Plan.

For the six months ended June 30, 2022, the Company issued 1,956,209 shares (net of 586,213 shares withheld to pay applicable taxes) due to vesting under its RSU Plan. For the six months ended June 30, 2021, the Company issued 1,299,662 shares (net of 382,870 shares withheld to pay applicable taxes) due to vesting under its RSU Plan (see Note 13).

For the three months ended June 30, 2022 and 2021, the Company had share-based payment expense (recovery) of $(1,204) and $1,843, respectively. For the six months ended June 30, 2022 and 2021, the Company had share-based payment expense of $4,731 and $3,134, respectively (see Note 15).

13. SHARE CAPITAL

AUTHORIZED CAPITAL

As at June 30, 2022, the Company was authorized to issue up to 5,000,000,000 shares, consisting of 4,000,000,000 shares of common stock and 1,000,000,000 shares of preferred stock, each with a par value of 0.00001 US Dollars per share.

SHARES ISSUED AND OUTSTANDING

As at June 30, 2022 and December 31, 2021, the Company had 188,771,051 and 186,814,842 basic shares outstanding, respectively. As at June 30, 2022 and December 31, 2021, CLF beneficially owned and controlled 124,961,722 shares of the Company, representing approximately 66.2% and 66.9% of the basic shares outstanding, respectively (see Notes 1 and 23).

For the six months ended June 30, 2022, the Company issued 1,956,209 shares (net of 586,213 shares withheld to pay applicable taxes) due to vesting under its RSU Plan (see Note 12).

For the three months ended June 30, 2021, the Company issued 34,042 shares (net of 10,958 shares withheld to pay applicable taxes) due to vesting under its RSU Plan (see Note 12). For the six months ended June 30, 2021, the Company issued 1,299,662 shares (net of 382,870 shares withheld to pay applicable taxes) due to vesting under its RSU Plan (see Note 12).

WEIGHTED-AVERAGE NUMBER OF SHARES

For the three and six months ended June 30, 2022 and 2021, the Company had weighted-average number of shares and potentially dilutive RSUs as follows:

	For the three months ended June 30,		*For the six months ended June 30,*	
(in number of shares)	**2022**	**2021**	**2022**	**2021**
Basic weighted-average shares outstanding	188,771,051	186,750,515	187,253,073	185,670,141
Weighted-average number of potentially dilutive RSUs	3,390,296	2,152,018	2,721,741	2,152,018
Diluted weighted-average shares outstanding	**192,161,347**	**188,902,533**	**189,974,814**	**187,822,159**

For the three and six months ended June 30, 2022 and 2021 the Company recorded net income. Accordingly, all potentially dilutive RSUs were included in the diluted weighted-average shares outstanding.

NCI

As at June 30, 2022 and December 31, 2021, the Company had NCI of $1,165 (see Note 2).

14. REVENUES

For the three and six months ended June 30, 2022 and 2021, Conda had revenues as follows:

	For the three months ended June 30,		For the six months ended June 30,	
(unaudited in thousands of US Dollars)	**2022**	**2021**	**2022**	**2021**
MAP	$ 86,506	$ 46,133	$ 160,461	$ 81,718
MAP+	2,767	7,529	11,700	17,906
SPA	54,346	44,588	117,194	87,082
MGA	549	206	549	477
APP	4,772	4,860	6,566	6,275
HFSA	—	—	—	—
Revenues	**$ 148,940**	**$ 103,316**	**$ 296,470**	**$ 193,458**

For the three months ended June 30, 2022 and 2021, Conda had one customer and two customers that individually accounted for more than 10%, respectively of Conda's total revenues. For the three months ended June 30, 2022, this customer represented approximately 64% of Conda's total revenues. For the three months ended June 30, 2021, these two customers represented approximately 58% and 11%, respectively of Conda's total revenues.

For the six months ended June 30, 2022 and 2021, Conda had two customers that individually accounted for more than 10% of Conda's total revenues. For the six months ended June 30, 2022, these two customers represented approximately 62% and 10%, respectively of Conda's total revenues. For the six months ended June 30, 2021, these two customers represented approximately 53% and 13%, respectively of Conda's total revenues.

For the three and six months ended June 30, 2022 and 2021, Arraias had revenues as follows:

	For the three months ended June 30,		For the six months ended June 30,	
(unaudited in thousands of US Dollars)	**2022**	**2021**	**2022**	**2021**
SSP	$ —	$ —	$ —	$ —
SSP+	—	—	—	—
Sulfuric acid	6,065	—	8,388	—
Revenues	**$ 6,065**	**$ —**	**$ 8,388**	**$ —**

For the three months ended June 30, 2022, Arraias had three customers that individually accounted for more than 10% of Arraias' total revenues. For the three months ended June 30, 2022, these three customers represented approximately 48%, 11%, and 10%, respectively of Arraias' total revenues.

For the six months ended June 30, 2022, Arraias had two customers that individually accounted for more than 10% of Arraias' total revenues. For the six months ended June 30, 2022, these two customers represented approximately 52% and 11%, respectively of Arraias' total revenues.

15. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

For the three and six months ended June 30, 2022 and 2021, the Company had selling, general and administrative expenses as follows:

	For the three months ended June 30,		For the six months ended June 30,	
(unaudited in thousands of US Dollars)	**2022**	**2021**	**2022**	**2021**
Payroll expenses	$ 2,880	$ 3,164	$ 6,555	$ 5,705
Professional fees	800	1,716	1,756	2,235
Share-based payments expense (recovery)	(1,204)	1,843	4,731	3,134
Insurance expenses	232	296	530	548
Office, travel and general administrative expense	1,270	514	2,496	1,355
Director fees	218	147	552	293
Selling, general and administrative expenses	**$ 4,196**	**$ 7,680**	**$ 16,620**	**$ 13,270**

16. FOREIGN EXCHANGE GAIN (LOSS)

For the three months ended June 30, 2022 and 2021, the Company recognized a foreign exchange gain (loss) of $(907) and $129, respectively. For the six months ended June 30, 2022 and 2021, the Company recognized a foreign exchange gain (loss) of $(585) and $58, respectively. These amounts are primarily comprised of the gain or loss resulting from remeasuring monetary items denominated in Brazilian Reals and Canadian Dollars.

17. OTHER INCOME (EXPENSE)

For the three months ended June 30, 2022 and 2021, the Company recognized other income (expense) of $(496) and $42, respectively.

For the six months ended June 30, 2022 and 2021, the Company recognized other income of $7,869 and $144, respectively. For the six months ended June 30, 2022, Conda reached a settlement with insurers on a business interruption claim related to the 2020 disruption in sulfuric acid supply. As a result of the settlement, Conda received net insurance proceeds of $8,675.

18. FINANCE EXPENSE (INCOME)

For the three and six months ended June 30, 2022 and 2021, the Company had finance expense (income) as follows:

	For the three months ended June 30,		For the six months ended June 30,	
(unaudited in thousands of US Dollars)	**2022**	**2021**	**2022**	**2021**
Interest expense	$ 5,546	$ 7,442	$ 12,082	$ 14,744
Amortization of deferred financing costs related to the Credit Facility *(Note 11)*	—	548	—	1,068
Amortization of deferred financing costs related to the Term Loan *(Note 11)*	1,029	—	3,138	—
Environmental and asset retirement obligation accretion expense *(Note 10)*	831	269	1,620	529
Interest on lease liabilities *(Note 12)*	254	305	514	616
Interest income	(2)	—	(4)	(1)
Finance expense, net	**$ 7,658**	**$ 8,564**	**$ 17,350**	**$ 16,956**

19. INCOME TAXES

For the three and six months ended June 30, 2022 and 2021, the Company had total current and deferred income tax expense as follows:

	For the three months ended June 30,		For the six months ended June 30,	
(unaudited in thousands of US Dollars)	2022	2021	2022	2021
Current income tax expense	$ 3,970	$ 4,678	$ 15,607	$ 9,378
Deferred income tax expense	91	2,321	499	298
Total current and deferred income tax expense	**$ 4,061**	**$ 6,999**	**$ 16,106**	**$ 9,676**
Actual effective tax rate (%)	8.4	42.2	17.2	45.7

DEFERRED TAX ASSETS

As at June 30, 2022 and December 31, 2021, the Company had deferred tax assets as follows:

(unaudited in thousands of US Dollars)	June 30, 2022	December 31, 2021
Payroll and related taxes payable	$ 1,039	$ 1,726
Mineral properties	17,991	15,372
Interest expense	—	1,297
Deferred tax assets	**$ 19,030**	**$ 18,395**
Offset of deferred tax liabilities	(19,030)	(18,395)
Deferred tax assets, net	**$ —**	**$ —**

As at June 30, 2022 and December 31, 2021, the Company had related deferred tax assets and liabilities at Conda and corporate, which have been presented on a net basis.

For the period December 31, 2021 through June 30, 2022, the Company had changes in deferred tax assets as follows:

(unaudited in thousands of US Dollars)	Payroll and related taxes payable	Mineral properties	Interest expense	Total deferred tax assets
Balance as at December 31, 2021	**$ 1,726**	**$ 15,372**	**$ 1,297**	**$ 18,395**
Credit (charge) to profit or loss	(687)	2,619	(1,297)	635
Balance as at June 30, 2022	**$ 1,039**	**$ 17,991**	**$ —**	**$ 19,030**

The Company has not recognized a deferred tax asset for its tax losses. As at June 30, 2022, the Company had tax losses as follows:

- Brazilian tax losses of approximately $421,016 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).

The Company has not recognized a deferred tax asset for its carry forward of interest expense from periods prior to the Company's redomiciliation from the Cayman Islands to the US. As at June 30, 2022, the Company had interest expense carryforward of approximately $40,889.

DEFERRED TAX LIABILITIES

As at June 30, 2022 and December 31, 2021, the Company had deferred tax liabilities as follows:

(unaudited in thousands of US Dollars)		June 30, 2022		December 31, 2021
Property, plant and equipment	$	18,795	$	17,594
Inventories		2,341		2,471
Deferred tax liabilities	**$**	**21,136**	**$**	**20,065**
Offset of deferred tax liabilities		(19,030)		(18,395)
Deferred tax liabilities, net	**$**	**2,106**	**$**	**1,670**

As at June 30, 2022 and December 31, 2021, the Company had related deferred tax assets and liabilities at Conda and corporate, which have been presented on a net basis.

For the period December 31, 2021 through June 30, 2022, the Company had changes in deferred tax liabilities as follows:

(unaudited in thousands of US Dollars)		Property, plant and equipment		Inventories		Total deferred tax liabilities
Balance as at December 31, 2021	**$**	**17,594**	**$**	**2,471**	**$**	**20,065**
Charge (credit) to profit or loss		1,201		(130)		1,071
Balance as at June 30, 2022	**$**	**18,795**	**$**	**2,341**	**$**	**21,136**

20 COMMITMENTS AND CONTINGENT LIABILITIES

CONTRACTUAL OBLIGATIONS

As at June 30, 2022, the Company's contractual obligations were as follows:

(unaudited in thousands of US Dollars)		Within 1 year		Years 2 and 3		Years 4 and 5		After 5 years		Total
Debt	$	33,679	$	172,396	$	1,624		—	**$**	**207,699**
Accounts payable and accrued liabilities		65,365		—		—		—	**$**	**65,365**
Provisions		3,942		7,980		35,440		134,247	**$**	**181,609**
Leases		2,502		6,812		3,016		3,180	**$**	**15,510**
Contractual obligations	**$**	**105,488**	**$**	**187,188**	**$**	**40,080**	**$**	**137,427**	**$**	**470,183**

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

CONTINGENT LIABILITIES

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

As at June 30, 2022, the Company has accrued contingent liabilities of $844. The Company does not believe that the outcome of any of the matters, individually or in the aggregate, that are not recorded in the Interim Financial Statements would have a material adverse effect. The ultimate amount of any liability for such matters, including interest and penalties, is uncertain and the Company is defending its position in each case.

CONDA GUARANTEES

Conda's operating and environmental permits require certain obligations related to environmental and reclamation activities to be guaranteed. As at June 30, 2022, Conda's guarantee requirements were $77,739. As at June 30, 2022, Conda had surety bonds in place for its guarantee requirements.

For the six months ended June 30, 2022, Conda posted incremental letters of credit of $3,663 under the Conda ABL as collateral for its surety bonds. As at June 30, 2022, Conda had posted letters of credit of $32,793 under the Conda ABL as collateral for its surety bonds (see Note 11).

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).

21. SEGMENT REPORTING

The Company's segment reporting is as follows:

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

The development and exploration segment is comprised of activities related to Farim, Santana, Araxá, Paris Hills and Mantaro. The Company's corporate segment considers support, administrative and financing activities. 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.

For the three months ended June 30, 2022 and 2021

For the three months ended June 30, 2022, the Company had net income (loss) by segment as follows:

(unaudited in thousands of US Dollars)	Conda	Arraias	Development and exploration	Corporate	Total
Revenues	$ **148,940**	$ **6,065**	$ —	$ —	$ **155,005**
Cost of goods sold	87,780	5,626	—	—	93,406
Gross margin	$ **61,160**	$ **439**	$ —	$ —	$ **61,599**
Selling, general and administrative expenses	996	579	259	2,362	4,196
Operating income (loss)	$ **60,164**	$ **(140)**	$ **(259)**	$ **(2,362)**	$ **57,403**
Foreign exchange gain (loss)	(35)	(1,062)	311	(121)	(907)
Other income (expense), net	(43)	59	32	(544)	(496)
Finance income (expense), net	(1,228)	183	(4)	(6,609)	(7,658)
Income (loss) before income taxes	$ **58,858**	$ **(960)**	$ **80**	$ **(9,636)**	$ **48,342**
Current and deferred income tax expense (recovery)	11,371	—	—	(7,310)	4,061
Net income (loss)	$ **47,487**	$ **(960)**	$ **80**	$ **(2,326)**	$ **44,281**

For the three months ended June 30, 2021, the Company had net income (loss) by segment as follows:

(unaudited in thousands of US Dollars)	Conda	Arraias	Development and exploration	Corporate	Total
Revenues	$ **103,316**	$ —	$ —	$ —	$ **103,316**
Cost of goods sold	70,074	636	—	—	70,710
Gross margin	$ **33,242**	$ **(636)**	$ —	$ —	$ **32,606**
Selling, general and administrative expenses	1,266	415	435	5,564	7,680
Operating loss	$ **31,976**	$ **(1,051)**	$ **(435)**	$ **(5,564)**	$ **24,926**
Foreign exchange gain (loss)	51	392	(566)	252	129
Other income (expense), net	(8)	50	—	—	42
Gain on asset disposal	—	48	—	—	48
Finance expense, net	(697)	(7)	(2)	(7,858)	(8,564)
Income (loss) before income taxes	$ **31,322**	$ **(568)**	$ **(1,003)**	$ **(13,170)**	$ **16,581**
Current and deferred income tax expense	6,952	—	—	47	6,999
Net income (loss)	$ **24,370**	$ **(568)**	$ **(1,003)**	$ **(13,217)**	$ **9,582**

For the six months ended June 30, 2022 and 2021

For the six months ended June 30, 2022, the Company had net income (loss) by segment as follows:

(unaudited in thousands of US Dollars)	Conda	Arraias	Development and exploration	Corporate	Total
Revenues	**$ 296,470**	**$ 8,388**	**$ —**	**$ —**	**$ 304,858**
Cost of goods sold	176,387	8,389	—	—	184,776
Gross margin	**$ 120,083**	**$ (1)**	**$ —**	**$ —**	**$ 120,082**
Selling, general and administrative expenses	1,984	1,164	528	12,944	16,620
Operating income (loss)	**$ 118,099**	**$ (1,165)**	**$ (528)**	**$ (12,944)**	**$ 103,462**
Foreign exchange loss	(36)	(344)	(95)	(110)	(585)
Other income (expense), net	8,343	48	22	(544)	7,869
Finance expense, net	(2,434)	(43)	(6)	(14,867)	(17,350)
Income (loss) before income taxes	**$ 123,972**	**$ (1,504)**	**$ (607)**	**$ (28,465)**	**$ 93,396**
Current and deferred income tax expense (recovery)	26,750	—	—	(10,644)	16,106
Net income (loss)	**$ 97,222**	**$ (1,504)**	**$ (607)**	**$ (17,821)**	**$ 77,290**

For the six months ended June 30, 2021 the Company had net income (loss) by segment as follows:

(unaudited in thousands of US Dollars)	Conda	Arraias	Development and exploration	Corporate	Total
Revenues	**$ 193,458**	**$ —**	**$ —**	**$ —**	**$ 193,458**
Cost of goods sold	141,087	1,236	—	—	142,323
Gross margin	**$ 52,371**	**$ (1,236)**	**$ —**	**$ —**	**$ 51,135**
Selling, general and administrative expenses	2,341	764	932	9,233	13,270
Operating loss	**$ 50,030**	**$ (2,000)**	**$ (932)**	**$ (9,233)**	**$ 37,865**
Foreign exchange gain (loss)	113	83	(469)	331	58
Other income (expense), net	(8)	61	91	—	144
Gain on asset disposal	—	48	-	—	48
Finance expense, net	(1,423)	(12)	(3)	(15,518)	(16,956)
Income (loss) before income taxes	**$ 48,712**	**$ (1,820)**	**$ (1,313)**	**$ (24,420)**	**$ 21,159**
Current and deferred income tax expense	9,578	—	—	98	9,676
Net income (loss)	**$ 39,134**	**$ (1,820)**	**$ (1,313)**	**$ (24,518)**	**$ 11,483**

As at June 30, 2022, the Company had total assets and total liabilities by segment as follows:

(unaudited in thousands of US Dollars)	Conda	Arraias	Development and exploration	Corporate	Total
Total assets	$ 455,050	$ 147,142	$ 76,359	$ 9,150	**$ 687,701**
Total liabilities	$ 247,718	$ 13,677	$ 3,321	$ 207,406	**$ 472,122**

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

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

As at June 30, 2022 and December 31, 2021, the Company had property, plant and equipment and mineral properties by segment as follows:

(unaudited in thousands of US Dollars)	Conda	Arraias	Development and exploration	Corporate	Total
Balance as at June 30, 2022	$ 244,656	$ 121,452	$ 75,455	$ 398	**$ 441,961**
Balance as at December 31, 2021	$ 238,543	$ 120,012	$ 74,726	$ 538	**$ 433,819**

As at June 30, 2022 and December 31, 2021, the Company had property, plant and equipment and mineral properties by region as follows:

(unaudited in thousands of US Dollars)	June 30, 2022	December 31, 2021
Brazil (South America)	$ 130,549	$ 129,092
US (North America)	245,034	239,061
Guinea-Bissau (Africa)	66,378	65,666
Property, plant and equipment, and mineral properties, net	**$ 441,961**	**$ 433,819**

22. NET CHANGE IN NON-CASH WORKING CAPITAL

For the six months ended June 30, 2022 and 2021, the Company had net change in non-cash working capital as follows:

(unaudited in thousands of US Dollars)	June 30, 2022	June 30, 2021
Accounts receivable	$ (6,686)	$ (650)
Inventories, net	(9,221)	6,659
Other assets and prepaids	216	7,536
Accounts payable and accrued liabilities	16,050	(12,332)
Other liabilities and provisions	540	1,815
Net change in non-cash working capital	**$ 899**	**$ 3,028**

23. RELATED PARTY TRANSACTIONS

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

KEY MANAGEMENT COMPENSATION

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

For the three and six months ended June 30, 2022 and 2021, the Company had key management compensation as follows:

	For the three months ended June 30,		*For the six months ended June 30,*	
(unaudited in thousands of US Dollars)	2022	2021	2022	2021
Management compensation[i]	$ 311	$ 548	$ 2,320	$ 838
Director fees	218	147	552	293
Share-based payments[ii]	—	26	1,492	282
Non-recurring compensation[iii]	228	—	966	—
Other benefits	13	26	48	43
Key management compensation	**$ 770**	**$ 747**	**$ 5,378**	**$ 1,456**

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 June 30, 2022 and December 31, 2021, the Company had related party debt as follows:

(unaudited in thousands of US Dollars)		June 30, 2022		December 31, 2021
Promissory Note		46,562		43,283
Canadian debentures		345		331
Related party debt	**$**	**46,907**	**$**	**43,614**

24. 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 three months ended June 30,2022 and 2021, there were no such transfers.

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

Long-term debt is recorded on the consolidated balance sheets at amortized cost. The fair value of long-term debt is determined by applying a discount rate, reflecting an appropriate credit spread considering the Company's credit rating, to future related cash flows. As such, long-term debt is classified within Level 3 of the fair value hierarchy. As at June 30, 2022 and December 31, 2021, the Company's long-term debt was stated at an amortized cost of $170,441 and $187,010, respectively and had a fair value of $188,539 and $231,645, respectively.

RISK FACTORS

Except as noted below, the risk factors considered in the Interim Financial Statements remain consistent with those considered in the Audited Financial Statements.

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.

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 June 30, 2022, the Company had cash and cash equivalents of $61,517. As at June 30, 2022, an additional $7,207 remained available under the Conda ABL to be drawn by Conda subject to certain terms and conditions (see Note 11).

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 11).

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 11).

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.

25. SUBSEQUENT EVENTS

RSU GRANT

Subsequent to June 30, 2022, the Company granted 82,230 RSUs to management under its RSU Plan (see Note 13).

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