



**Unaudited Condensed Consolidated Interim Financial Statements  
For the three months ended March 31, 2024 and 2023  
May 8, 2024**

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**CONDENSED CONSOLIDATED INTERIM BALANCE SHEETS  
AS AT MARCH 31, 2024 AND DECEMBER 31, 2023**

<i>(unaudited in thousands of US Dollars)</i>	March 31, 2024	December 31, 2023
<b>Assets</b>		
Cash and cash equivalents	\$ 37,704	\$ 30,753
Accounts receivable	44,195	37,449
Inventories, net	115,977	119,813
Other current assets	8,484	10,978
<b>Total current assets</b>	<b>\$ 206,360</b>	<b>\$ 198,993</b>
Long-term inventories, net	1,307	1,307
Property, plant and equipment, net	201,864	209,995
Mineral properties, net	163,607	161,626
Deferred tax assets, net (Note 11)	11,488	11,082
Other long-term assets	407	4,226
<b>Total non-current assets</b>	<b>\$ 378,673</b>	<b>\$ 388,236</b>
<b>Total assets</b>	<b>\$ 585,033</b>	<b>\$ 587,229</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	\$ 50,837	\$ 66,319
Provisions	7,231	6,902
Current debt (Note 5)	29,133	29,127
Contract liabilities	93	386
Other current liabilities	3,994	3,882
<b>Total current liabilities</b>	<b>\$ 91,288</b>	<b>\$ 106,616</b>
Long-term debt (Note 5)	54,345	61,441
Long-term provisions	140,360	142,713
Other long-term liabilities	15,307	17,725
<b>Total long-term liabilities</b>	<b>\$ 210,012</b>	<b>\$ 221,879</b>
<b>Total liabilities</b>	<b>\$ 301,300</b>	<b>\$ 328,495</b>
<b>Equity</b>		
Share capital (Note 6)	540,009	538,727
Contributed surplus	246,626	246,626
Cumulative translation adjustment reserve	4,660	4,660
Deficit	(507,562)	(531,279)
<b>Shareholders' equity (Note 6)</b>	<b>\$ 283,733</b>	<b>\$ 258,734</b>
Non-controlling interest	—	—
<b>Total equity</b>	<b>\$ 283,733</b>	<b>\$ 258,734</b>
<b>Total liabilities and equity</b>	<b>\$ 585,033</b>	<b>\$ 587,229</b>

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 MONTHS ENDED MARCH 31, 2024 AND 2023**

<i>(unaudited in thousands of US Dollars except as otherwise noted)</i>	<i>For the three months ended March 31,</i>	
	<b>2024</b>	<b>2023</b>
<b>Revenues (Note 7)</b>	\$ <b>128,006</b>	\$ <b>119,582</b>
Cost of goods sold	88,563	80,607
<b>Gross margin</b>	\$ <b>39,443</b>	\$ <b>38,975</b>
Selling, general and administrative expenses (Note 8)	8,205	9,539
<b>Operating income</b>	\$ <b>31,238</b>	\$ <b>29,436</b>
Foreign exchange loss	(541)	(12)
Other income, net (Note 9)	743	87
Finance expense, net (Note 10)	(3,569)	(5,486)
<b>Income before income taxes</b>	\$ <b>27,871</b>	\$ <b>24,025</b>
Current and deferred income tax expense (recovery) (Note 11)	4,154	(4,182)
<b>Net Income and comprehensive income</b>	\$ <b>23,717</b>	\$ <b>28,207</b>
Net income (loss) and comprehensive income (loss) attributable to non-controlling interest	—	—
<b>Net income and comprehensive income attributable to shareholders of the Company</b>	\$ <b>23,717</b>	\$ <b>28,207</b>
<b>Basic earnings (\$/share) (Note 6)</b>	\$ <b>0.12</b>	\$ <b>0.15</b>
<b>Diluted earnings (\$/share) (Note 6)</b>	\$ <b>0.12</b>	\$ <b>0.15</b>

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

**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY  
FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023**

<i>(unaudited in thousands of US Dollars except as otherwise noted)</i>	Number of shares	Amount	Contributed surplus	Cumulative translation adjustment reserve	Deficit	Shareholders' equity	Non-controlling interest	Total equity
<b>Balance as at December 31, 2023</b>	<b>190,608,358</b>	<b>\$ 538,727</b>	<b>\$ 246,626</b>	<b>\$ 4,660</b>	<b>\$ (531,279)</b>	<b>\$ 258,734</b>	<b>\$ —</b>	<b>\$ 258,734</b>
Net income	—	—	—	—	23,717	23,717	—	23,717
Issuance of shares under RSU Plan (Note 6)	1,384,279	1,282	—	—	—	1,282	—	1,282
<b>Balance as at March 31, 2024</b>	<b>191,992,637</b>	<b>540,009</b>	<b>246,626</b>	<b>4,660</b>	<b>(507,562)</b>	<b>283,733</b>	<b>—</b>	<b>283,733</b>
<b>Balance as at December 31, 2022</b>	<b>188,869,463</b>	<b>536,203</b>	<b>246,626</b>	<b>4,660</b>	<b>(535,140)</b>	<b>252,349</b>	<b>769</b>	<b>253,118</b>
Net income	—	—	—	—	28,207	28,207	—	28,207
Issuance of shares under RSU Plan (Note 6)	1,397,390	2,043	—	—	—	2,043	—	2,043
<b>Balance as at March 31, 2023</b>	<b>190,266,853</b>	<b>538,246</b>	<b>246,626</b>	<b>4,660</b>	<b>(506,933)</b>	<b>282,599</b>	<b>769</b>	<b>283,368</b>

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

**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS  
FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023**

<i>(unaudited in thousands of US Dollars)</i>	<i>For the three months ended March 31,</i>	
	<b>2024</b>	<b>2023</b>
<b>Operating activities</b>		
Net income	\$ 23,717	\$ 28,207
Adjustments for the following items:		
Depreciation and depletion	9,717	10,115
Share-based payment expense <i>(Note 8)</i>	422	2,700
Current and deferred income tax expense <i>(recovery)</i> <i>(Note 11)</i>	4,154	(4,182)
Unrealized foreign exchange loss	544	11
Commodity derivative fair value loss <i>(Note 15)</i>	211	—
Finance expense, net <i>(Note 10)</i>	3,569	5,486
Cash payment of settled commodity derivative	(225)	—
Cash settlement of share-based payments	(135)	(286)
Environmental and asset retirement obligations payments	(239)	(86)
Net change in non-cash working capital <i>(Note 14)</i>	(20,180)	(20,893)
<b>Cash flows from operating activities</b>	<b>\$ 21,555</b>	<b>\$ 21,072</b>
<b>Investing activities</b>		
Addition of property, plant and equipment and mineral properties	\$ (4,376)	\$ (2,238)
Interest received	508	—
<b>Cash flows used by investing activities</b>	<b>\$ (3,868)</b>	<b>\$ (2,238)</b>
<b>Financing activities</b>		
Repayment of debt	(7,233)	(7,227)
Repayment of lease liabilities	(864)	(998)
Interest paid	(2,299)	(3,000)
<b>Cash flows used by financing activities</b>	<b>\$ (10,396)</b>	<b>\$ (11,225)</b>
Effect of foreign exchange of non-US Dollar denominated cash	\$ (340)	\$ 325
Increase in cash	6,951	7,934
Beginning cash	30,753	42,811
<b>Ending cash</b>	<b>\$ 37,704</b>	<b>\$ 50,745</b>

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 MONTHS ENDED MARCH 31, 2024 AND 2023

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

### 1. GENERAL COMPANY INFORMATION

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

- 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.

The Company is a Delaware corporation that is headquartered in Houston, Texas. The Company’s shares trade on the Canadian 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 Note 7).

### 2. BASIS OF PREPARATION AND PRESENTATION

#### STATEMENT OF COMPLIANCE

The condensed consolidated interim financial statements (the “Interim Financial Statements”) are based on IFRS Accounting Standards as issued by the International Accounting Standards Board (“IFRS”) 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, 2023 (the “2023 Consolidated Financial Statements”).

The Interim Financial Statements were authorized for issuance by the Company’s Board of Directors on May 8, 2024.

## 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.

## 3. ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the Interim Financial Statements remain consistent with those adopted in the preparation of the 2023 Consolidated Financial Statements.

## NEW ACCOUNTING STANDARDS

The International Accounting Standards Board (“IASB”) issued certain new accounting standards or amendments that are mandatory for accounting periods beginning on or after January 1, 2024, including amendments to IAS 1, IAS 7 and IAS 16. The Company concluded that the effect of such new accounting standards or amendments that were mandatory 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 2023 Consolidated Financial Statements.

## 5. DEBT

As at March 31, 2024 and December 31, 2023, the Company had debt as follows:

<i>(unaudited in thousands of US Dollars)</i>	<b>March 31, 2024</b>	<b>December 31, 2023</b>
Term Loan	\$ 42,647	\$ 49,717
Deferred financing costs related to the Credit Facilities	(1,353)	(1,489)
ABL Facility	40,000	40,000
Conda equipment financings	1,924	2,076
Brazilian debentures	260	264
<b>Debt</b>	<b>\$ 83,478</b>	<b>\$ 90,568</b>
Less: current portion	(29,133)	(29,127)
<b>Long-term debt</b>	<b>\$ 54,345</b>	<b>\$ 61,441</b>

For the three months ended March 31, 2024, the Company repaid \$7,081 of principal under the Term Loan.

As at March 31, 2024, the Company was in compliance with all financial covenants related to the Term Loan. As at March 31, 2024, the springing financial covenants related to the ABL Facility were not applicable. The Company's financial covenants are described in greater detail in the 2023 Consolidated Financial Statements.



## 6. SHARE CAPITAL

### AUTHORIZED CAPITAL

As at March 31, 2024, 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.

### COMMON SHARES ISSUED AND OUTSTANDING

As at March 31, 2024 and December 31, 2023, the Company had 191,992,637 and 190,608,358 shares issued and outstanding, respectively. As at March 31, 2024 and December 31, 2023, CLF beneficially owned and controlled 124,961,722 shares of the Company, representing approximately 65.1% and 65.6% of the issued and outstanding shares on an undiluted basis, respectively (see Note 1).

For the three months ended March 31, 2024, the Company issued 1,384,279 shares (net of 534,541 shares withheld to pay applicable taxes) due to vesting under its RSU Plan.

For the three months ended March 31, 2023, the Company issued 1,397,390 shares (net of 492,192 shares withheld to pay applicable taxes) due to vesting under its RSU Plan.

### WEIGHTED-AVERAGE NUMBER OF SHARES

For the three months ended March 31, 2024 and 2023, the Company had weighted-average number of shares and potentially dilutive RSUs as follows:

<i>(in number of shares)</i>	<i>For the three months ended March 31,</i>	
	<b>2024</b>	<b>2023</b>
Weighted-average number of shares	190,924,120	188,900,516
Weighted-average number of potentially dilutive RSUs	1,132,965	1,732,684
<b>Diluted weighted-average number of shares</b>	<b>192,057,085</b>	<b>190,633,200</b>

## 7. REVENUES

For the three months ended March 31, 2024 and 2023, the Company had revenues as follows:

<i>(unaudited in thousands of US Dollars)</i>	<i>For the three months ended March 31,</i>	
	<b>2024</b>	<b>2023</b>
MAP	\$ 69,612	\$ 59,478
MAP+	5,930	3,892
SPA	45,105	48,976
MGA	339	372
APP	912	1,905
HFSA	940	1,390
DAPR	99	—
Sulfuric acid	5,069	3,569
<b>Revenues</b>	<b>\$ 128,006</b>	<b>\$ 119,582</b>

For the three months ended March 31, 2024 and 2023, the Company had one and two customers, respectively, that individually accounted for more than 10% of the Company's total revenues. For the three months ended March 31, 2024, this customer represented approximately 54% of the Company's total revenues. For the three months ended March 31, 2023, these customers represented approximately 58% and 13%, respectively of the Company's total revenues.

## 8. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

For the three months ended March 31, 2024 and 2023 the Company had selling, general and administrative expenses as follows:

<i>(unaudited in thousands of US Dollars)</i>	<i>For the three months ended March 31,</i>	
	<b>2024</b>	<b>2023</b>
Payroll expenses	\$ 4,769	\$ 3,232
Professional fees	979	1,939
Share-based payments expense	422	2,700
Insurance expenses	227	262
Office, travel and general administrative expense	1,520	986
Directors fees	288	420
<b>Selling, general and administrative expenses</b>	<b>\$ 8,205</b>	<b>\$ 9,539</b>

## 9. OTHER INCOME (EXPENSE)

For the three months ended March 31, 2024 and 2023, the Company recognized other income of \$743 and \$87, respectively. For the three months ended March 31, 2024 and 2023, Conda recorded a commodity fair value loss of \$(211) and \$0, respectively (see Note 15).

## 10. FINANCE EXPENSE (INCOME)

For the three months ended March 31, 2024 and 2023, the Company had finance expense, net as follows:

<i>(unaudited in thousands of US Dollars)</i>	<i>For the three months ended March 31,</i>	
	<b>2024</b>	<b>2023</b>
Interest expense	\$ 2,271	\$ 3,386
Amortization of deferred financing costs related to the Credit Facilities	136	560
Environmental and asset retirement obligation accretion expense	1,422	1,390
Interest on lease liabilities	248	295
Interest income	(508)	(145)
<b>Finance expense, net</b>	<b>\$ 3,569</b>	<b>\$ 5,486</b>

## 11. INCOME TAXES

For the three months ended March 31, 2024 and 2023, the Company had current and deferred income tax expense as follows:

<i>(unaudited in thousands of US Dollars)</i>	<i>For the three months ended March 31,</i>	
	<b>2024</b>	<b>2023</b>
Current income tax expense	\$ 4,528	\$ 4,767
Deferred income tax expense (recovery), net	(374)	(8,949)
<b>Total current and deferred income tax expense (recovery)</b>	<b>\$ 4,154</b>	<b>\$ (4,182)</b>
Actual effective tax rate (%)	14.9	(17.4)

For the three months ended March 31, 2023, the Company recognized a deferred tax asset of \$8,353 for its interest expense carry forward from periods prior to the Company's redomiciliation in 2021 from the Cayman Islands to the US.

## 12. COMMITMENTS AND CONTINGENT LIABILITIES

### CONTRACTUAL OBLIGATIONS

As at March 31, 2024, the Company's contractual obligations were as follows:

<i>(unaudited in thousands of US Dollars)</i>	Within 1 year	Years 2 and 3	Years 4 and 5	After 5 years	Total
Debt	\$ 29,133	\$ 55,641	\$ 57	—	\$ 84,831
Accounts payable and accrued liabilities	50,837	—	—	—	50,837
Provisions	7,231	33,474	51,680	55,207	147,592
Leases	3,369	7,297	2,158	3,453	16,277
<b>Contractual obligations</b>	<b>\$ 90,570</b>	<b>\$ 96,412</b>	<b>\$ 53,895</b>	<b>\$ 58,660</b>	<b>\$ 299,537</b>

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

### CONTINGENT LIABILITIES

As at March 31, 2024 and December 31, 2023, the Company has accrued contingent liabilities of \$270 and \$275, respectively. 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.

During 2022 and 2023, the Company received assessments from the Dutch tax authorities in the aggregate amount of Euro 7,244 (approximately \$7,659) for 2016, 2017, 2018 and 2019 income taxes related to its Dutch holding structure for the Company's Brazilian subsidiaries. The Company filed an appeal against these tax assessments, which is currently under review by the Dutch tax authorities. The Company and its legal advisors consider it more likely than not that the resolution of these assessments will be favorable to the Company. On that basis, the Company has not recognized a provision for these assessments. In the event of an unfavorable resolution, the Company estimates a potential assessment in the aggregate amount of approximately \$7,659.

### CONDA GUARANTEES

Conda's operating and environmental permits require certain obligations related to environmental and reclamation activities to be guaranteed. As at March 31, 2024 and December 31, 2023, Conda's guarantee requirements were \$81,113. As at March 31, 2024 Conda had surety bonds in place for the full amount of its \$81,113 guarantee requirements.

As at March 31, 2024, the Company had posted letters of credit in the aggregate amount of \$12,539 under the \$35,000 letter of credit facility ("the LC Facility") as collateral for Conda's surety bonds.

### US ENVIRONMENTAL PROTECTION AGENCY ("EPA") MATTERS

The Company's EPA Matters are described in greater detail in the 2023 Consolidated Financial Statements.

### 13. SEGMENT REPORTING

For the three months ended March 31, 2024, the Company had net income (loss) by segment as follows:

<i>(unaudited in thousands of US Dollars)</i>	Conda		Arraias		Development and exploration		Corporate	Total
<b>Revenues</b>	\$	122,838	\$	5,168	\$	—	\$	128,006
Cost of goods sold		83,837		4,726		—		88,563
<b>Gross margin</b>	\$	39,001	\$	442	\$	—	\$	39,443
Selling, general and administrative expenses		1,364		761		258		8,205
<b>Operating income (loss)</b>	\$	37,637	\$	(319)	\$	(258)	\$	31,238
Foreign exchange gain (loss)		3		(611)		67		(541)
Other income (loss)		(211)		955		(1)		743
Finance (expense) income, net		(1,433)		252		(1)		(3,569)
<b>Income (loss) before income taxes</b>	\$	35,996	\$	277	\$	(193)	\$	27,871
Current and deferred income tax expense (recovery)		6,484		—		—		4,154
<b>Net income (loss)</b>	\$	29,512	\$	277	\$	(193)	\$	23,717

For the three months ended March 31, 2023, the Company had net income (loss) by segment as follows:

<i>(unaudited in thousands of US Dollars)</i>	Conda		Arraias		Development and exploration		Corporate	Total
<b>Revenues</b>	\$	116,013	\$	3,569	\$	—	\$	119,582
Cost of goods sold		76,819		3,788		—		80,607
<b>Gross margin</b>	\$	39,194	\$	(219)	\$	—	\$	38,975
Selling, general and administrative expenses		1,106		273		285		9,539
<b>Operating income (loss)</b>	\$	38,088	\$	(492)	\$	(285)	\$	29,436
Foreign exchange gain		(2)		76		401		(12)
Other income, net		17		32		38		87
Finance expense, net		(1,702)		136		(84)		(5,486)
<b>Income (loss) before income taxes</b>	\$	36,401	\$	(248)	\$	70	\$	24,025
Current and deferred income tax expense (recovery)		8,416		—		—		(4,182)
<b>Net income (loss)</b>	\$	27,985	\$	(248)	\$	70	\$	28,207

As at March 31, 2024, the Company had total assets and total liabilities by segment as follows:

<i>(unaudited in thousands of US Dollars)</i>	Conda		Arraias		Development and exploration		Corporate	Total
<b>Total assets</b>	\$	418,205	\$	81,303	\$	77,050	\$	585,033
<b>Total liabilities</b>	\$	191,251	\$	16,401	\$	3,400	\$	301,300

As at December 31, 2023, the Company had total assets and total liabilities by segment as follows:

<i>(unaudited in thousands of US Dollars)</i>	Conda		Arraias		Development and exploration		Corporate	Total
<b>Total assets</b>	\$	418,926	\$	80,542	\$	77,055	\$	587,229
<b>Total liabilities</b>	\$	212,725	\$	15,843	\$	3,466	\$	328,495

As at March 31, 2024 and December 31, 2023, the Company had property, plant and equipment and mineral properties by segment as follows:

<i>(unaudited in thousands of US Dollars)</i>	Conda		Arraias		Development and exploration		Corporate		Total
<b>Balance as at March 31, 2024</b>	\$	232,556	\$	55,384	\$	76,742	\$	789	\$ 365,471
<b>Balance as at December 31, 2023</b>	\$	239,022	\$	54,976	\$	76,750	\$	873	\$ 371,621

As at March 31, 2024 and December 31, 2023, the Company had property, plant and equipment and mineral properties by region as follows:

<i>(unaudited in thousands of US Dollars)</i>	March 31, 2024		December 31, 2023	
Brazil (South America)	\$	64,493	\$	64,093
US (North America)		233,324		239,874
Guinea-Bissau (Africa)		67,654		67,654
<b>Property, plant and equipment, and mineral properties, net</b>	\$	<b>365,471</b>	\$	<b>371,621</b>

#### 14. NET CHANGE IN NON-CASH WORKING CAPITAL

For the three months ended March 31, 2024 and 2023, the Company had net change in non-cash working capital as follows:

<i>(unaudited in thousands of US Dollars)</i>	For the three months ended March 31, 2024		2023	
Accounts receivable	\$	(6,746)	\$	(5,724)
Inventories, net		3,697		(3,308)
Other assets and prepaids		6,313		2,382
Accounts payable and accrued liabilities		(22,630)		(10,086)
Other liabilities and provisions		(814)		(4,157)
<b>Net change in non-cash working capital</b>	\$	<b>(20,180)</b>	\$	<b>(20,893)</b>

#### 15. DERIVATIVE FINANCIAL INSTRUMENTS

On November 10, 2023, the Company entered into an over-the-counter natural gas swap contract as part of its risk management program. The primary objective of this financial (non-physical delivery) contract is to mitigate commodity price risk associated with the natural gas formula included in the ammonia contract at Conda.

As of March 31, 2024, the Company had the following derivative contract in place which settles monthly:

Derivative Instrument	Settlement Period	Contracted Volumes	Weighted Averaged Contract Price
<b>Natural Gas Swap</b>	Jan - Dec 2024	2,000,000 mmBTU	\$ 1.954

The Company's commodity derivatives are measured at fair value and are included in the consolidated balance sheets as a derivative asset or liability. As at March 31, 2024 and December 31, 2023, the Company had a derivative liability of \$625 and \$696, respectively. For the three months ended March 31, 2024, the Company recorded a commodity derivative fair value loss of \$(211) (see Note 10) and made cash payments of \$225.

## 16. 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 March 31, 2024 and 2023, 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.

Derivative liability is recorded on the consolidated balance sheets at fair value. The fair value of derivative liability is determined by calculating the present value difference between the fixed and floating cash flows, based on projected future commodity prices and discounting factors. As such, derivative liability is classified within Level 2 of the fair value hierarchy. As at March 31, 2024 and December 31, 2023, the Company had a derivative liability of \$625 and \$696, respectively.

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 March 31, 2024 and December 31, 2023, the Company's long-term debt was stated at an amortized cost of \$83,478 and \$90,568, respectively and had a fair value of \$76,767 and \$82,851, respectively.

### RISK FACTORS

The risk factors considered in the Interim Financial Statements remain consistent with those considered in the 2023 Consolidated Financial Statements.

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