



Unaudited Condensed Consolidated Interim Financial Statements
For the three and six months ended June 30, 2024 and 2023
August 7, 2024

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**CONDENSED CONSOLIDATED INTERIM BALANCE SHEETS
AS AT JUNE 30, 2024 AND DECEMBER 31, 2023**

<i>(unaudited in thousands of US Dollars)</i>	June 30, 2024	December 31, 2023
Assets		
Cash and cash equivalents	\$ 59,107	\$ 30,753
Accounts receivable	12,188	37,449
Inventories, net	124,938	119,813
Other current assets	10,229	10,978
Total current assets	\$ 206,462	\$ 198,993
Long-term inventories, net	1,307	1,307
Property, plant and equipment, net	218,917	209,995
Mineral properties, net	168,906	161,626
Deferred tax assets, net (<i>Note 11</i>)	8,283	11,082
Other long-term assets	326	4,226
Total non-current assets	\$ 397,739	\$ 388,236
Total assets	\$ 604,201	\$ 587,229
Liabilities		
Accounts payable and accrued liabilities	\$ 69,733	\$ 66,319
Provisions	7,701	6,902
Current debt (<i>Note 5</i>)	29,109	29,127
Contract liabilities	340	386
Other current liabilities	4,267	3,882
Total current liabilities	\$ 111,150	\$ 106,616
Long-term debt (<i>Note 5</i>)	37,439	61,441
Long-term provisions	141,283	142,713
Other long-term liabilities	14,368	17,725
Total long-term liabilities	\$ 193,090	\$ 221,879
Total liabilities	\$ 304,240	\$ 328,495
Equity		
Share capital (<i>Note 6</i>)	540,031	538,727
Contributed surplus	246,626	246,626
Cumulative translation adjustment reserve	4,660	4,660
Deficit	(491,356)	(531,279)
Shareholders' equity (<i>Note 6</i>)	\$ 299,961	\$ 258,734
Non-controlling interest	—	—
Total equity	\$ 299,961	\$ 258,734
Total liabilities and equity	\$ 604,201	\$ 587,229

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, 2024 AND 2023**

<i>(unaudited in thousands of US Dollars except as otherwise noted)</i>	<i>For the three months ended June 30,</i>		<i>For the six months ended June 30,</i>	
	2024	2023	2024	2023
Revenues (Note 7)	\$ 105,064	\$ 116,117	\$ 233,070	\$ 235,699
Cost of goods sold	72,739	79,203	161,302	159,810
Gross margin	\$ 32,325	\$ 36,914	\$ 71,768	\$ 75,889
Selling, general and administrative expenses (Note 8)	6,350	5,584	14,555	15,123
Operating income	\$ 25,975	\$ 31,330	\$ 57,213	\$ 60,766
Foreign exchange gain (loss)	(803)	332	(1,344)	320
Other income (expense), net (Note 9)	(559)	44	184	131
Finance expense, net (Note 10)	(3,183)	(4,948)	(6,752)	(10,434)
Income before income taxes	\$ 21,430	\$ 26,758	\$ 49,301	\$ 50,783
Current and deferred income tax expense (Note 11)	5,224	6,328	9,378	2,146
Net Income and comprehensive income	\$ 16,206	\$ 20,430	\$ 39,923	\$ 48,637
Net income (loss) and comprehensive income (loss) attributable to non-controlling interest	—	—	—	—
Net income and comprehensive income attributable to shareholders of the Company	\$ 16,206	\$ 20,430	\$ 39,923	\$ 48,637
Basic earnings (\$/share) (Note 6)	\$ 0.08	\$ 0.11	\$ 0.21	\$ 0.26
Diluted earnings (\$/share) (Note 6)	\$ 0.08	\$ 0.11	\$ 0.21	\$ 0.26

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, 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
Balance as at December 31, 2023	190,608,358	\$ 538,727	\$ 246,626	\$ 4,660	\$ (531,279)	\$ 258,734	\$ —	\$ 258,734
Net income	—	—	—	—	39,923	39,923	—	39,923
Issuance of shares under RSU Plan <i>(Note 6)</i>	1,406,426	1,304	—	—	—	1,304	—	1,304
Balance as at June 30, 2024	192,014,784	540,031	246,626	4,660	(491,356)	299,961	—	299,961
Balance as at December 31, 2022	188,869,463	536,203	246,626	4,660	(535,140)	252,349	769	253,118
Net income	—	—	—	—	48,637	48,637	—	48,637
Issuance of shares under RSU Plan <i>(Note 6)</i>	1,738,895	2,524	—	—	—	2,524	—	2,524
Balance as at June 30, 2023	190,608,358	538,727	246,626	4,660	(486,503)	303,510	769	304,279

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, 2024 AND 2023**

<i>(unaudited in thousands of US Dollars)</i>	<i>For the six months ended June 30,</i>	
	2024	2023
Operating activities		
Net income	\$ 39,923	\$ 48,637
Adjustments for the following items:		
Depreciation and depletion	16,134	18,095
Share-based payment expense <i>(Note 8)</i>	857	2,602
Current and deferred income tax expense <i>(Note 11)</i>	9,378	2,146
Unrealized foreign exchange (gain) loss	1,330	(309)
Commodity derivative fair value loss <i>(Note 15)</i>	801	—
Finance expense, net <i>(Note 10)</i>	6,752	10,434
Cash payment of settled commodity derivative	(557)	—
Cash settlement of share-based payments	(135)	(286)
Income tax payments	(7,600)	(9,541)
Environmental and asset retirement obligations payments	(521)	(86)
Net change in non-cash working capital <i>(Note 14)</i>	16,149	1,918
Cash flows from operating activities	\$ 82,511	\$ 73,610
Investing activities		
Addition of property, plant and equipment and mineral properties	\$ (23,546)	\$ (15,743)
Interest received	1,218	—
Cash flows used by investing activities	\$ (22,328)	\$ (15,743)
Financing activities		
Repayment of debt	(24,461)	(24,461)
Repayment of lease liabilities	(1,782)	(2,010)
Interest paid	(4,331)	(6,361)
Cash flows used by financing activities	\$ (30,574)	\$ (32,832)
Effect of foreign exchange of non-US Dollar denominated cash	\$ (1,255)	\$ 773
Increase in cash	28,354	25,808
Beginning cash	30,753	42,811
Ending cash	\$ 59,107	\$ 68,619

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, 2024 AND 2023

The amounts contained herein are in thousands of US Dollars (“\$”) except for the 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

These 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 August 7, 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 materially 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 June 30, 2024 and December 31, 2023, the Company had debt as follows:

<i>(unaudited in thousands of US Dollars)</i>	June 30, 2024	December 31, 2023
Term Loan	\$ 35,546	\$ 49,717
Deferred financing costs related to the Credit Facilities	(1,014)	(1,489)
ABL Facility	30,000	40,000
Conda equipment financings	1,776	2,076
Brazilian debentures	240	264
Debt	\$ 66,548	\$ 90,568
Less: current portion	(29,109)	(29,127)
Long-term debt	\$ 37,439	\$ 61,441

For the three months ended June 30, 2024, the Company repaid \$7,081 of principal under the Term Loan and \$10,000 under the Company’s ABL Facility.

For the six months ended June 30, 2024, the Company repaid \$14,162 of principal under the Term Loan and \$10,000 under the Company’s ABL Facility.

As at June 30, 2024, the Company was in compliance with all financial covenants related to the Term Loan. As at June 30, 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 June 30, 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 June 30, 2024 and December 31, 2023, the Company had 192,014,784 and 190,608,358 shares issued and outstanding, respectively. As at June 30, 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 June 30, 2024, the Company issued 22,147 shares (net of 9,179 shares withheld to pay applicable taxes) due to vesting under its RSU Plan. For the six months ended June 30, 2024, the Company issued 1,406,426 shares (net of 543,720 shares withheld to pay applicable taxes) due to vesting under its RSU Plan.

For the three months ended June 30, 2023, the Company issued 341,505 shares (net of 118,141 shares withheld to pay applicable taxes) due to vesting under its RSU Plan. For the six months ended June 30, 2023, the Company issued 1,738,895 shares (net of 610,333 shares withheld to pay applicable taxes) due to vesting under its RSU Plan.

WEIGHTED-AVERAGE NUMBER OF SHARES

For the three and six months ended June 30, 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 June 30,</i>		<i>For the six months ended June 30,</i>	
	2024	2023	2024	2023
Weighted-average number of shares	192,004,562	190,493,665	190,935,975	188,919,284
Weighted-average number of potentially dilutive RSUs	1,586,018	2,480,014	1,558,198	1,796,025
Diluted weighted-average number of shares	193,590,580	192,973,679	192,494,173	190,715,309

7. REVENUES

For the three and six months ended June 30, 2024 and 2023, the Company had revenues as follows:

<i>(unaudited in thousands of US Dollars)</i>	<i>For the three months ended June 30,</i>		<i>For the six months ended June 30,</i>	
	2024	2023	2024	2023
MAP	\$ 52,605	\$ 60,484	\$ 122,217	\$ 119,962
MAP+	3,815	5,950	9,745	9,842
SPA	39,708	39,115	84,813	88,091
MGA	277	649	616	1,021
APP	4,452	5,832	5,364	7,737
HFSA	972	855	1,912	2,245
DAPR	187	—	286	—
Sulfuric acid	3,048	3,232	8,117	6,801
Revenues	\$ 105,064	\$ 116,117	\$ 233,070	\$ 235,699

For the three months ended June 30, 2024 and 2023, the Company had two customers, respectively, that individually accounted for more than 10% of the Company's total revenues. For the three months ended June 30, 2024, these customers represented approximately 54% and 11%, respectively, of the Company's total revenues. For the three months ended June 30, 2023, these customers represented approximately 59% and 14%, respectively, of the Company's total revenues.

For the six months ended June 30, 2024 and 2023, the Company had two customers, respectively, that individually accounted for more than 10% of the Company's total revenues. For the six months ended June 30, 2024, these customers represented approximately 54% and 10%, respectively, of the Company's total revenues. For the six months ended June 30, 2023, these customers represented approximately 62% and 10%, respectively, of the Company's total revenues.

8. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

For the three and six months ended June 30, 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 June 30</i>		<i>For the six months ended June 30,</i>	
	2024	2023	2024	2023
Payroll expenses	\$ 3,082	\$ 2,946	\$ 7,851	\$ 6,178
Professional fees	1,021	1,367	2,000	3,306
Share-based payments expense	435	(98)	857	2,602
Insurance expenses	206	241	433	503
Office, travel and general administrative expense	1,393	779	2,913	1,765
Directors fees	213	349	501	769
Selling, general and administrative expenses	\$ 6,350	\$ 5,584	\$ 14,555	\$ 15,123

9. OTHER INCOME (EXPENSE)

For the three months ended June 30, 2024 and 2023, the Company recognized other income (loss) of \$(559) and \$44, respectively. For the six months ended June 30, 2024 and 2023, the Company recognized other income of \$184 and \$131, respectively. For the three months ended June 30, 2024 and 2023, Conda recorded a commodity derivative fair value loss of \$(590) and nil, respectively. For the six months ended June 30, 2024 and 2023, Conda recorded a commodity derivative fair value loss of \$(801) and nil, respectively (see Note 15).

10. FINANCE EXPENSE (INCOME)

For the six months ended June 30, 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 June 30</i>		<i>For the six months ended June 30,</i>	
	2024	2023	2024	2023
Interest expense	\$ 2,108	\$ 2,958	\$ 4,379	\$ 6,344
Amortization of deferred financing costs related to the Credit Facilities	339	571	475	1,131
Environmental and asset retirement obligation accretion expense	1,208	1,387	2,630	2,777
Interest on lease liabilities	238	286	486	581
Interest income	(710)	(254)	(1,218)	(399)
Finance expense, net	\$ 3,183	\$ 4,948	\$ 6,752	\$ 10,434

11. INCOME TAXES

For the three and six months ended June 30, 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 June 30,</i>		<i>For the six months ended June 30,</i>	
	2024	2023	2024	2023
Current income tax expense	\$ 1,989	\$ 5,003	\$ 6,517	\$ 9,770
Deferred income tax expense (recovery), net	3,235	1,325	2,861	(7,624)
Total current and deferred income tax expense	\$ 5,224	\$ 6,328	\$ 9,378	\$ 2,146
Actual effective tax rate (%)	24.4	23.6	19.0	4.2

For the six months ended June 30, 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 June 30, 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	\$ 29,109	\$ 38,452	\$ -	\$ -	\$ 67,561
Accounts payable and accrued liabilities	69,733	—	—	—	69,733
Provisions	7,701	42,695	46,010	52,578	148,984
Leases	3,500	5,108	3,779	1,050	13,437
Contractual obligations	\$ 110,043	\$ 86,255	\$ 49,789	\$ 53,628	\$ 299,715

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

CONTINGENT LIABILITIES

As at June 30, 2024 and December 31, 2023, the Company has accrued provisions of \$429 and \$275, respectively, where the outcome of matters is uncertain. 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 June 30, 2024 and December 31, 2023, Conda's guarantee requirements were \$119,983 and \$81,113, respectively. As at June 30, 2024 Conda had surety bonds in place for the full amount of its \$119,983 guarantee requirements.

As at June 30, 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 June 30, 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
Revenues	\$	101,829	\$	3,235	\$	—	\$	105,064
Cost of goods sold		69,457		3,282		—		72,739
Gross Margin	\$	32,372	\$	(47)	\$	—	\$	32,325
Selling, general and administrative expenses		1,000		945		285		4,120
Operating income (loss)	\$	31,372	\$	(992)	\$	(285)	\$	(4,120)
Foreign exchange gain (loss)		(8)		(1,039)		253		(9)
Other (expense) income, net		(653)		57		(3)		40
Finance (expense) income, net		(954)		206		—		(2,435)
Income (loss) before income taxes	\$	29,757	\$	(1,768)	\$	(35)	\$	(6,524)
Current and deferred income tax expense (recovery)		7,286		—		—		(2,062)
Net income (loss)	\$	22,471	\$	(1,768)	\$	(35)	\$	(4,462)

For the three months ended June 30, 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
Revenues	\$	112,885	\$	3,232	\$	—	\$	116,117
Cost of goods sold		74,532		4,671		—		79,203
Gross margin	\$	38,353	\$	(1,439)	\$	—	\$	36,914
Selling, general and administrative expenses		996		95		254		4,239
Operating income (loss)	\$	37,357	\$	(1,534)	\$	(254)	\$	(4,239)
Foreign exchange gain (loss)		12		432		342		(454)
Other income (expense), net		7		43		(6)		—
Finance (expense) income, net		(1,578)		135		5		(3,510)
Income (loss) before income taxes	\$	35,798	\$	(924)	\$	87	\$	(8,203)
Current and deferred income tax expense (recovery)		8,600		—		—		(2,272)
Net income (loss)	\$	27,198	\$	(924)	\$	87	\$	(5,931)

For the six months ended June 30, 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
Revenues	\$	224,667	\$	8,403	\$	—	\$ 233,070
Cost of goods sold		153,294		8,008		—	161,302
Gross margin	\$	71,373	\$	395	\$	—	\$ 71,768
Selling, general and administrative expenses		2,364		1,706		543	14,555
Operating income (loss)	\$	69,009	\$	(1,311)	\$	(543)	\$ 57,213
Foreign exchange gain (loss)		(5)		(1,650)		320	(1,344)
Other income (loss)		(864)		1,012		(4)	184
Finance (expense) income, net		(2,387)		458		(1)	(6,752)
Income (loss) before income taxes	\$	65,753	\$	(1,491)	\$	(228)	\$ 49,301
Current and deferred income tax expense (recovery)		13,770		—		—	9,378
Net income (loss)	\$	51,983	\$	(1,491)	\$	(228)	\$ 39,923

For the six months ended June 30, 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
Revenues	\$	228,898	\$	6,801	\$	—	\$ 235,699
Cost of goods sold		151,351		8,459		—	159,810
Gross margin	\$	77,547	\$	(1,658)	\$	—	\$ 75,889
Selling, general and administrative expenses		2,102		368		539	15,123
Operating income (loss)	\$	75,445	\$	(2,026)	\$	(539)	\$ 60,766
Foreign exchange gain		10		508		743	320
Other income, net		24		75		32	131
Finance (expense) income, net		(3,280)		271		(79)	(10,434)
Income (loss) before income taxes	\$	72,199	\$	(1,172)	\$	157	\$ 50,783
Current and deferred income tax expense (recovery)		17,016		—		—	2,146
Net income (loss)	\$	55,183	\$	(1,172)	\$	157	\$ 48,637

As at June 30, 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
Total assets	\$	438,306	\$	79,760	\$	77,427	\$ 604,201
Total liabilities	\$	216,034	\$	16,592	\$	3,140	\$ 304,240

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
Total assets	\$	418,926	\$	80,542	\$	77,055	\$ 587,229
Total liabilities	\$	212,725	\$	15,843	\$	3,466	\$ 328,495

As at June 30, 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
Balance as at June 30, 2024	\$	253,261	\$	56,734	\$	77,120	\$	708	\$ 387,823
Balance as at December 31, 2023	\$	239,022	\$	54,976	\$	76,750	\$	873	\$ 371,621

As at June 30, 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>	June 30, 2024		December 31, 2023	
Brazil (South America)	\$	65,836	\$	64,093
US (North America)		253,949		239,874
Guinea-Bissau (Africa)		68,038		67,654
Property, plant and equipment, and mineral properties, net	\$	387,823	\$	371,621

14. NET CHANGE IN NON-CASH WORKING CAPITAL

For the six months ended June 30, 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 six months ended June 30,	
	2024	2023
Accounts receivable	\$ 25,261	\$ 9,583
Inventories, net	(2,369)	(8,432)
Other assets and prepaids	4,649	352
Accounts payable and accrued liabilities	(10,844)	6,050
Other liabilities and provisions	(548)	(5,635)
Net change in non-cash working capital	\$ 16,149	\$ 1,918

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 June 30, 2024, the Company had the following derivative contract in place which settles monthly:

Derivative Instrument	Settlement Period	Contracted Volumes	Weighted Averaged Contract Price
Natural Gas Swap	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 June 30, 2024 and December 31, 2023, the Company had a derivative liability of \$767 and \$696, respectively. For the three and six months ended June 30, 2024, the Company recorded a commodity derivative fair value loss of \$(590) and \$(801), respectively (see Note 10). For the three and six months ended June 30, 2024, the Company made cash payments of \$332 and \$557, respectively.

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 six months ended June 30, 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 June 30, 2024 and December 31, 2023, the Company had a derivative liability of \$767 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 June 30, 2024 and December 31, 2023, the Company's long-term debt was stated at an amortized cost of \$66,548 and \$90,568, respectively and had a fair value of \$62,198 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.

17. SUBSEQUENT EVENTS

SALE OF THE ARAXÁ PROJECT

On August 5, 2024, the Company announced that it entered into an agreement to sell its 100% interest in its Araxá project to a wholly-owned subsidiary of St George Mining Limited ("St George") (ASX: SGQ). The sale is structured as a cash and equity transaction. The total purchase price is cash of USD\$21,000,000 and securities of St George (the "Transaction"). As a result of the Transaction, St George will indirectly acquire all of the outstanding securities of Itafos Araxá Mineração e Fertilizantes S.A.
