ANNUAL INFORMATION FORM

ITAFOS

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016

June 14, 2017

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INTRODUCTORY NOTES

Cautionary Note Regarding Forward-Looking Information

This annual information form ("**AIF**") contains contains forward-looking information ("**FLI**") regarding future events or the future performance of Itafos (the "**Company**", kormerly known as MBAC Fertilizer Corp.). Generally, FLI can be identified by expressions of belief, expectation or intention, and often contain words such as "anticipates", "believes", "expects", "estimates", "intends", "plans", "could", "may", "might", "should", "would" or variations of such words. In particular, FLI included in this AIF includes, without limitation, statements with respect to:

- the Company's expectation to remain a publicly listed entity;
- the Company's expectation that it will resume operations at the Itafos Arraias Single Super Phosphate Operations ("**Itafos Arraias SSP Operations**") in Brazil;
- the outcome of any current or pending litigation against and by the Company;
- the Company's vision and goal to become a significant integrated producer phosphate fertilizer and related products in the Brazilian market;
- the Company's ability to continue as a going concern;
- the Company's current estimate of mine life stipulated in the technical report entitled "Updated Technical Report, Itafos Arraias SSP Project, Tocantins State, Brazil" dated March 27, 2013 (the "**Itafos Arraias Technical Report**"), prepared in accordance with National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* ("**NI 43-101**") and filed under the Company's SEDAR profile at www.sedar.com,and the potential increase of such estimate;
- the Company's expectations regarding resources and reserves stipulated in the Itafos Arraias Technical Report;
- the Company's ability to resume exploration and evaluation efforts towards increasing the mine life at the Itafos Arraias SSP Operations and the respective expansion strategy;
- the Company's expectation to refine production processes, plant functioning to optimize efficiencies and control costs, and to maximize plant availability as it ramps up operations at the Itafos Arraias SSP Operations;
- the Company's expectations for future financing sources and use of funds;
- the Company's production capacity and sales expectations for Single Super Phosphate ("**SSP**") at the Itafos Arraias SSP Operations, once operations have resumed;
- the Company's SSP sales volume and production expectations and guidance for SSP and sulphuric acid and respective timelines at the Itafos Arraias SSP Operations;
- the Company's expectations that a broader product/packaging offering will provide the Company with additional margin;
- the Company's expectations that negotiations with large fertilizer distributors, blenders, large farmers, and grain traders within the region will be successful;
- the Company's assessment of the Itafos Arraias SSP Operations;
- the Company's expectations around the growth of Brazilian and global fertilizer markets in the foreseeable future and the increase in fertilizer and phosphate prices;
- the Company's expectations that 1.2 million tons of SSP will be consumed in the Company's target area for Itafos Arraias SSP Operations;
- the Company's expectations regarding the advancement of the Santana phosphate project in Pará State, Brazil (the "**Santana Project**") and the Araxá rare earth oxide-phosphate-niobium project in Minas Gerais State, Brazil (the "**Araxá Project**");
- the Company's expectations around the project design, economics, resource and reserve potential, technical feasibility, development timelines, underlying assumptions and forecasted market conditions stipulated in the feasibility study for the Santana Project and the preliminary economic assessment for the Araxá Project;
- the Company's ability to potentially produce Dicalcium Phosphate ("**DCP**") at the Santana Project in the future;
- the Company's expectations regarding the sufficiency of capital resources to fund all projected capital expenditures for the Santana Project;
- the Company's expectations regarding the strategic initiatives with respect to the Santana Project and

the Araxá Project; and

- the Company's projections of future levels of taxable income.

FLI is based on various assumptions, including with respect to operations and production at the Itafos Arraias SSP Operations and other projects, technical feasibility, resources and reserves, mine life, financing sources and use of funds, growth of Brazilian and global fertilizer markets, results of operations, performance, business prospects and opportunities. While the Company considers these assumptions to be reasonable based on information currently available, such assumptions may prove to be incorrect. FLI is subject to various risks and uncertainties that could cause actual events or results to differ materially from those projected. These risks and uncertainties include, but are not limited to, variations from the Company's assumptions regarding the matters mentioned above; the timing and outcome of current and pending environmental claims or lawsuits; imprecision in mineral reserves and resources estimates; changes in the agriculture, energy, fertilizer, financial, raw material and transportation market conditions; fluctuations in commodity prices and currency exchange rates; inability to obtain necessary permits; insurance and uninsured risks; potential increases in production costs; the Company's ability to effectively integrate any future acquisitions into its business structure; changes in government policy and in environmental and other governmental regulation; the Company's ability to attract and retain skilled employees with relevant industry expertise; catastrophic events such as fires, floods, explosions, release of hazardous chemicals and seismic events, as well as other risks and uncertainties reported by the Company from time to time in its Management's Discussion and Analysis filed with the securities regulatory authorities in Canada and available at www.sedar.com. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in FLI, there may be other factors that have not been identified. FLI should not be read as a guarantee of future events or results. You are cautioned not to put undue reliance on FLI.

Cautionary Note to United States Investors Concerning Estimates of Measured Mineral Resources, Indicated Mineral Resources and Inferred Mineral Resources

This AIF uses the terms "measured mineral resources", "indicated mineral resources" and "inferred mineral resources". United States investors are advised that while such terms are recognized and required by Canadian regulations, the United States Securities and Exchange Commission does not recognize them. "Inferred mineral resources" have a great amount of uncertainty as to their existence, and as to their economic and legal feasibility. It cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to a higher category. Under Canadian rules, estimates of inferred mineral resources may not form the basis of feasibility or other economic studies. **United States investors are cautioned not to assume that all or any part of measured mineral resources or indicated mineral resources will ever be converted into mineral reserves. United States investors are also cautioned not to assume that all or any part of an inferred mineral resource exists, or is economically or legally mineable.**

Currency Presentation and Exchange Rate Information

This AIF contains references to United States dollars, Canadian dollars and Brazilian reais. All dollar amounts referred to herein, unless otherwise indicated, are expressed in United States dollars. Canadian dollars are referred to as "C$" and Brazilian reais are referred to as "R$".

The closing, high, low and average exchange rates for the United States dollar in terms of Canadian dollars for the 12-month periods ended December 31, 2016, 2015 and 2014 as reported by the Bank of Canada, were as follows:

	2016	2015	2014
Closing	1.3427	1.3840	1.1601
High	1.4589	1.3990	1.1656
Low	1.2544	1.1728	1.1046
Average (1)	1.3248	1.2787	1.0639

(1) Calculated as an average of the daily noon rates for each period.

On June 13, 2017, the Bank of Canada exchange rate was $1.00 = C$1.3238 or C$1.00 = $0.7554.

The closing, high, low and average exchange rates for the United States dollar in terms of Brazilian reais for the 12-month periods ended December 31, 2016, 2015 and 2014 as per the Bank of Canada, were as follows:

	2016	2015	2014
Closing	3.2550	3.9612	2.6578
High	4.1320	4.1657	2.7228
Low	3.1147	2.5650	2.1870
Average (1)	3.4869	3.3343	2.3475

(1) Calculated as an average of the daily noon rates for each period.

On June 13, 2017, the Bank of Canada exchange rate was $1.00 = R$3.3136 or R$1.00 = $0.3018.

CORPORATE STRUCTURE

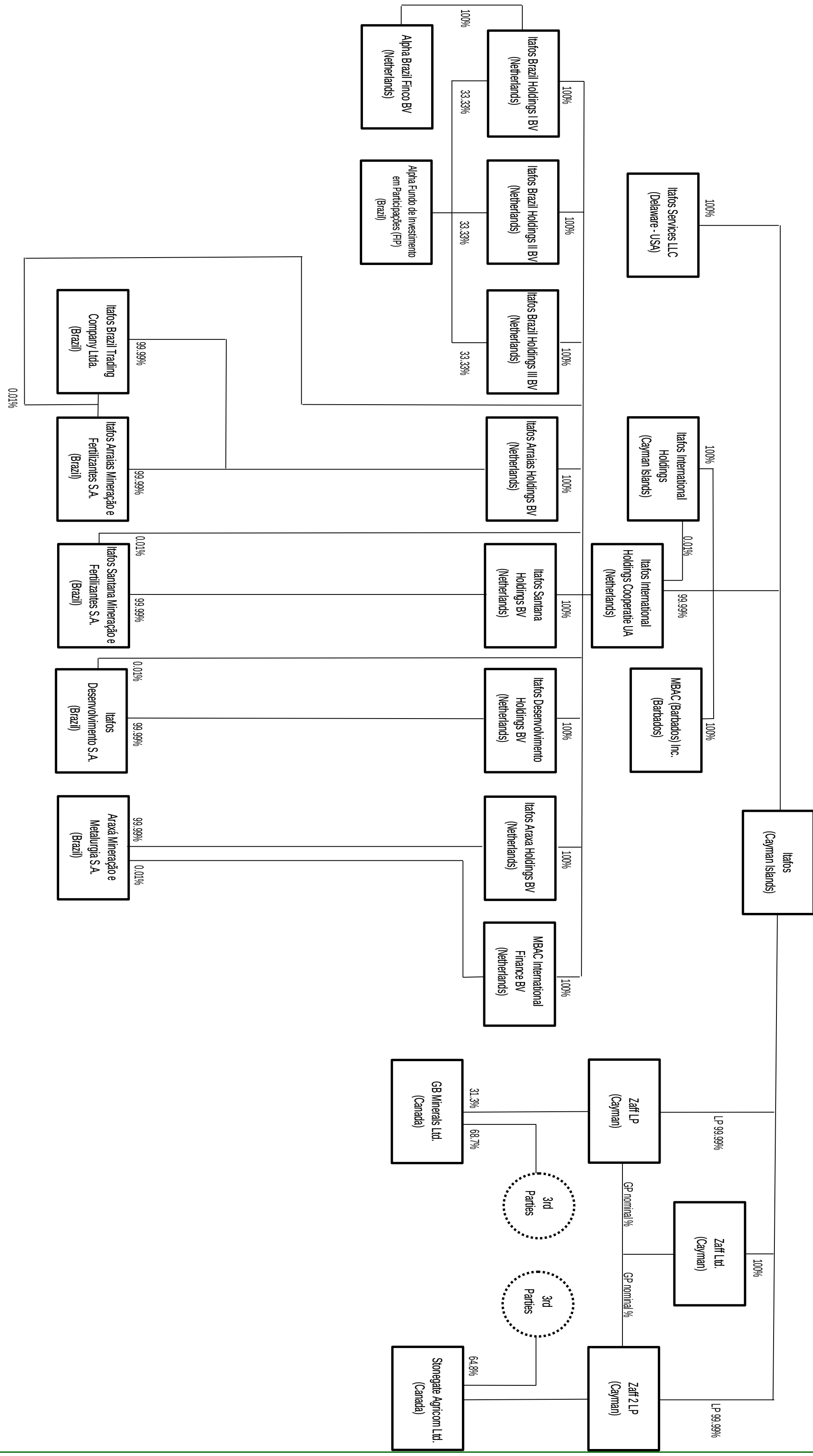
The Company was incorporated under the *Business Corporations Act* (Alberta) on July 9, 1999 under the name "Option-NFA Inc.". On December 12, 2000, the Company continued out of the Province of Alberta into the Province of British Columbia pursuant to the *Business Corporations Act* (British Columbia). On September 16, 2009, the Company changed its name to "Sandwell Mining Ltd.". On December 24, 2009, the Company completed a share exchange with the shareholders of a private company named MBAC Opportunities and Financing Inc. ("**MBAC FinCo**") in which shareholders of MBAC FinCo received 62.5 shares of the Company for each share of MBAC FinCo held. The Company then consolidated its shares on a 15:1 basis, continued out of British Columbia into Canada pursuant to the *Canada Business Corporations Act* (the "**CBCA**") by Articles of Continuance, and changed its name to "MBAC Fertilizer Corp.", all in connection with the reverse takeover (the "**RTO**") of the Company by the shareholders of MBAC FinCo by way of a three-cornered amalgamation involving MBAC FinCo, the Company and a wholly-owned subsidiary of the Company.

On October 27, 2016, the Company completed a recapitalization transaction pursuant to an amended and restated plan of compromise and arrangement (the "**CCAA Plan**") under the *Companies' Creditors Arrangement Act* (Canada) (the "**CCAA**") dated September 14, 2016. The CCAA Plan was approved by affected unsecured creditors of the Company that voted, in person or by proxy, at a meeting held on September 20, 2016. In combination with the CCAA Plan, the Company and certain affiliates implemented a concurrent plan of arrangement under the *Canada Business Corporations Act* (together with the CCAA Proceedings, the "**Canadian Proceedings**") whereby the Company completed a vertical amalgamation with two wholly-owned subsidiaries, with the Company being the surviving entity. In connection with implementation of the Canadian Proceedings, the Company filed articles of amendment, as a result of which: (i) the shares of the Company were consolidated at a ratio of one (1) post-consolidation share for each 100 pre-consolidation shares (the "**Consolidation**"); and (ii) the Company redomiciled to the Cayman Islands (the "**Continuance**"). See "*General Development of the Business – Three Year History*" for further details.

Pursuant to an Amended and Restated Memorandum and Articles of Association of the Company dated December 16, 2016, the Company changed its name from "MBAC Fertilizer Corp." to "Itafos".

The registered office of Itafos is located at Ugland House, South Church Street, Grand Cayman, KY1-1104, Cayman Islands.

The corporate chart below illustrates all the Company's subsidiaries (collectively, the "**Subsidiaries**") and affiliates, together with the jurisdiction of incorporation of each Subsidiary and the percentage of voting securities beneficially owned, controlled or directed, directly or indirectly, by the Company. As used in this AIF, except as otherwise required by the context, reference to the "Company" or "Itafos" means, collectively, Itafos and the Subsidiaries.


Itafos (Cayman Islands)
Itafos Services LLC (Delaware - USA)
100%
Itafos International Holdings (Cayman Islands)
100%
MBAC (Barbados) Inc. (Barbados)
100%
Itafos International Holdings Cooperatie UA (Netherlands)
99.99%
0.01%
Itafos Brazil Holdings I BV (Netherlands)
100%
Alpha Brazil Finco BV (Netherlands)
100%
Itafos Brazil Holdings II BV (Netherlands)
100%
Itafos Brazil Holdings III BV (Netherlands)
100%
Alpha Fundo de Investimento em Participações (FIP) (Brazil)
33.33%
33.33%
33.33%
Itafos Arraias Holdings BV (Netherlands)
100%
Itafos Arraias Mineração e Fertilizantes S.A. (Brazil)
99.99%
Itafos Brazil Trading Company Ltda. (Brazil)
99.99%
0.01%
Itafos Santana Holdings BV (Netherlands)
100%
Itafos Santana Mineração e Fertilizantes S.A. (Brazil)
99.99%
0.01%
Itafos Desenvolvimento Holdings BV (Netherlands)
100%
Itafos Desenvolvimento S.A. (Brazil)
99.99%
0.01%
Itafos Araxa Holdings BV (Netherlands)
100%
Araxá Mineração e Metalurgia S.A. (Brazil)
99.99%
0.01%
MBAC International Finance BV (Netherlands)
100%
Zaff LP (Cayman)
LP 99.99%
GP nominal %
GB Minerals Ltd. (Canada)
31.3%
68.7%
3rd Parties
Zaff Ltd. (Cayman)
100%
GP nominal %
Zaff 2 LP (Cayman)
LP 99.99%
Stonegate Agricom Ltd. (Canada)
64.8%
3rd Parties

14/06/17

GENERAL DEVELOPMENT OF THE BUSINESS

The Company is an integrated producer of phosphate based fertilizers and related products with near term production and an attractive portfolio of long-term strategic development and exploration projects. The Company is managed by an experienced and diverse team with extensive commercial, financial, legal and technical expertise.

The Company owns the Itafos Arraias SSP Operations, which consists of an integrated fertilizer production facility comprised of a phosphate mine, a mill, a beneficiation plant, a sulphuric acid plant, an SSP plant and a granulation plant and related infrastructure located in central Brazil. The Company's development and exploration portfolio includes a number of additional projects in Brazil, including the Santana Project, a high-grade phosphate deposit located in close proximity to the largest fertilizer market of Mato Grosso State and animal feed market of Pará State, and the Araxá Project, a high-grade rare earth elements, niobium and phosphate deposit located near two operating mines, therefore benefiting from existing local infrastructure.

In addition, the Company owns an approximate 31.3% interest in GB Minerals Ltd. ("**GB Minerals**") which owns the Farim Project, a high-grade phosphate deposit located in Guinea Bissau and an approximate 35.2% interest in Stonegate Agricom Ltd. ("**Stonegate**") which owns the Paris Hills Project, a high-grade phosphate deposit located in Idaho, United States and the Mantaro Project, a high-grade phosphate deposit located in Peru.

Three Year History

Over the three most recently completed financial years, the following events contributed materially to the development of the Company's business:

2014 and 2015

- Beginning in 2014 and through the first half of 2015, the Company engaged in an extensive strategic review process to identify solutions to its working capital constraints and liquidity requirements. Options under consideration in the strategic review process included, but were not limited to, securing a strategic partner, the sale of the Company or its assets, as well as other potential value-maximizing transactions. Several potential candidates were selected and approached. The Company received non-binding indicative offers and expressions of interest from various third-parties, but the strategic review process was ultimately unsuccessful.
- In early 2015, considering the Company's then financial constraints, the Company suspended production at its Itafos Arraias SSP Operations and placed the operations on care and maintenance.
- In July 2015, the Company, through its wholly owned subsidiary MBAC Opportunities and Financing Inc., received a $1.75 million senior secured loan from Zaff LLC (then known as Alpha Infrastructure LLC). The proceeds of the loan were intended to be used primarily to prepare the plant for a potential resumption of operations and to fund the related general and administrative expenses. In November 2015, the Company received a second loan of $0.15 million from Zaff LLC to fund legal expenses. In December 2015, the Company received a third loan from Zaff LLC amounting to $0.9 million to fund general and administrative expenses.

2016

- Itafos Arraias SSP Operations continued under care and maintenance during 2016 without any production.
- In April 2016, the Company entered into a support agreement with Zaff LLC, pursuant to which the Company agreed to pursue completion of the Canadian Proceedings and parallel extrajudicial restructuring proceedings in Brazil under The Bankruptcy Law (11,101/2005) (the "**Brazilian Proceedings**" and, together with the Candain Proceedings, the "**Recapitalization**").

- In May 2016, three of the Company's Brazilian Subsidiaries initiated the Brazilian Proceedings seeking to implement a reorganization plan. On August 29, 2016, the Brazilian Court approved the Brazilian Proceedings, which was implemented in March 2017.
- The Company implemented the Canadian Proceedings on October 27, 2016, in connection with which:
  - Zaff LLC became the holder of approximately 96.25% of the issued and outstanding shares of the Company.
  - Zaff LLC transferred its indirect interest in approximately $237 million of debt to the Company in exchange for shares of the Company.
  - The Company became the beneficial holder of approximately 31.3% of the issued and outstanding shares of GB Minerals and approximately 36.5% of the issued and outstanding shares of Stonegate, acquiring non-controlling interests that had previously been held by Zaff LLC.
  - The Company completed the Consolidation and the Continuance.
  - Certain unsecured creditors of the Company elected to receive 5.5% of their claim in cash, or payment of their claim in full up to C$10,000, while others received a combination of shares and restructured debt of the Company in the form of debentures.
  - All existing options, warrants and equity claims against the Company and MBAC Opportunities and Financing Inc. were cancelled.
  - All the secured and unsecured debt owed by the Company and MBAC Opportunities and Financing Inc. (including the outstanding Banco Modal S.A. ("**Modal**") working capital loans and the loans provided by Zaff LLC as described above) were either repaid, cancelled, or exchanged for Shares in the Company and/or debentures.
  - Convertible debentures were issued to each of Zaff LLC and Banco Modal S.A. in the aggregate principal amounts of approximately C$2.5 million and C$1.1 million, respectively.
- In connection with the Canadian Proceedings, trading in the Company's securities on the Toronto Stock Exchange (the "**TSX**") was suspended on April 5, 2016. The Company's securities were delisted from the TSX effective at the close of market on July 11, 2016 and listed on the TSX Venture Exchange ("**TSXV**") at the opening of markets on July 12, 2016. The Company's securities commenced trading on the TSXV on November 7, 2016.
- On December 8, 2016, the Company completed a non-brokered private placement of shares of the Company to Zaff LLC. The Company issued 5,374,800 shares to Zaff LLC at an offering price of C$2.50 per share, for aggregate proceeds of approximately C$13.4 million, which proceeds were used to initiate the recommission of the Itafos Arraias SSP Operations. Upon completion of the December 2016 private placement, Zaff LLC owned 55,573,669 shares (or 96.60%) of the Company.
- On December 16, 2016, the Company changed its name from "MBAC Fertilizer Corp." to "Itafos" and, on January 6, 2017, the shares of the Company commenced trading under the new symbol "IFOS" on the TSXV.

2017

- In January 2017, the Company took the Itafos Arraias SSP Operations off care and maintenance and started recommissioning activities.
- On February 23, 2017, the Company received funding from Zaff LLC in the amount of $3 million, which funds were utilized to support the funding of the recommissioning of the Itafos Arraias SSP Operations, working capital, general corporate expenses and for strategic purposes.
- On March 9, 2017, the Company completed a brokered private placement of shares of the Company. The Company issued 21,789,669 shares to various investors at an offering price of C$2.10 per share, for aggregate gross proceeds of approximately $34 million, including an investment by Pala Investments Limited for 6,348,000 shares. Zaff LLC subscribed for 8,388,781 shares and received 1,906,541 additional shares to settle the February 23, 2017 cash advance of $3 million made by Zaff LLC to the Company. Upon completion of the March 2017 private placement, Zaff LLC owned 65,868,991 shares (or 83.04%) of the Company.
- The Company finally implemented the Brazil Proceedings on March 31, 2017, in connection with which certain of the Company's Brazilian subsidiaries issued warrants and debentures to certain

creditors as set forth in the Brazilian Proceedings.

- On April 17, 2017, the Company completed a non-brokered private placement of shares of Stonegate. The Company subscribed for 47,500,000 shares of Stonegate Agricom Ltd., at an offering price of C$0.02 per share of Stonegate Agricom Ltd., for an aggregate subscription amount of C$950,000. Upon completion of the April 2017 private placement, the Company owned 202,450,462 shares of Stonegate Agricom Ltd.
- On May 8, 2017, the Company entered into an arrangement agreement with Stonegate Agricom Ltd. pursuant to which the Company will acquire all of the issued and outstanding Shares of Stonegate not already owned directly or indirectly by it by way of a court-approved plan of arrangement under the *Business Corporations Act* (Ontario).

Corporate Changes

Change in Corporate Structure

In October 2016, and in connection with the Recapitalization, the Company completed the Continuance.

In May 2017, the Company incorporated Itafos Brazil Trading Company Ltda. under the laws of Brazil.

Appointment of New Chief Executive Officer and Other Senior Officers

On January 16, 2017, Marten Walters joined the Company as Vice President of Operations.

On February 17, 2017, Brian Zatarain was appointed Chief Executive Officer of the Company and replaced Cristiano Melcher who had been appointed President and Chief Executive Officer on February 1, 2014 and resigned on February 17, 2017.

On February 17, 2017, Rafael Rangel was appointed Chief Financial Officer of the Company.

On May 17, 2017, Ernesto Cordova was appointed Country Manager for Brazil.

Changes to the Board

On October 27, 2016, Brent de Jong was appointed to the board of directors of the Company pursuant to the Canadian Proceedings. On December 16, 2016, Jose Manuel Ramos-Horta and D. Andrew Parsons were elected as directors of the Company at the annual general meeting of shareholders. Mohamed Ibnabdelijalil and G. David Delaney were appointed to the board of directors of the Company effective December 31, 2016 and February 6, 2017, respectively. D. Andrew Parsons resigned from the board of directors of the Company effective February 5, 2017.

DESCRIPTION OF THE BUSINESS

The Company's material property, being the Itafos Arraias SSP Operations, is held through the Company's wholly owned Brazilian subsidiary Itafos Arraias Mineração e Fertilizantes S.A. (formerly known as Itafos Mineração S.A., the "**Brazilian Subsidiary**").

The operations and business objectives of the Company and the Brazilian Subsidiary are effectively aligned due to common management, the Company being the indirect sole shareholder of the Brazilian Subsidiary and the Board's corporate governance practices. As the Company is the indirect sole shareholder of the Brazilian Subsidiary, it has legal rights as a shareholder to require the directors and officers of the Brazilian Subsidiary to comply with their fiduciary obligations and can also enforce its rights by way of derivative action or pursuant to oppression remedies or other shareholder remedies available to it. The Company, as the indirect sole shareholder of the Brazilian Subsidiary can also resolve in a limited period of time to remove directors by a sole written shareholder resolution and the registration of same with the Board of Trade and can remove officers by way of simple communication that such officer is being removed from his/her position. The opening and closing of bank accounts of the Brazilian Subsidiary is also overseen and approved by management of the Company.

In addition, prior to the Company's financial and liquidity constraints, the Company was periodically engaged in exploration and evaluation efforts aimed at increasing the mine life of the Itafos Arraias SSP Operations. If sufficient mineral resources were to be confirmed in the future through additional exploration efforts, the required funding is available, and the market case is attractive, the Company may consider the expansion of the Itafos Arraias SSP production facility in the long term.

Principal Products

The primary product that will be produced and sold by the Itafos Arraias SSP Operations is a registered 01-17-00 ammoniated SSP (granulated and grey in color) which, in addition to the N and P_2O_5, will provide for 15% Ca and 10% S with acidity of less than 2.0, moisture of 2.0% and hardness of more than 2.0 kgf per granule. SSP is a phosphate-based fertilizer produced by mixing phosphate concentrate with sulphuric acid. Itafos produces both sulfuric acid and phosphate concentrate at the Itafos Arraias SSP Operations. The Company expects production capacity of approximately 500,000 tonnes per annum of SSP once the production facility is fully operational. In addition, the Itafos Arraias SSP Operations will sell its excess sulfuric acid which, at maximum utilization, is currently estimated at approximately 40,000 tons per year.

Brazil Agriculture and Fertilizer Market

Brazil is unique among countries with its favorable climate, abundance of fresh water and arable land available for agriculture. As the global demand for food increases, Brazil remains an attractive market for an increase in agriculture exports which in turn increases fertilizer demand.

According to the Ministry of Agriculture (MAPA), Brazilian agribusiness exports in 2016 totaled $84.93 billion. That represented a decrease of approximately 3.7% compared to 2015, when exports reached $88.22 billion. The trade balance was $71.31 billion surplus, a decrease of approximately 5.1% compared to 2015, when the trade surplus was at $75.15 billion. The five main contributors of Brazilian agribusiness exports for 2016 were soy, meat, sugar (including ethanol), forest products and coffee; the same raw materials that top the list in 2015. Sugar's significant increase of 32% in dollar amount during 2016 partially offset decreases recorded among the other four exports. The latest survey of grains for 2016-2017 conducted by Brazil National Supply Company (CONAB) in April 2017 indicated that Brazil's annual soybean production is estimated to increase from 95.4 million tons in 2015/2016 to 110.2 million tons in 2016/2017, representing a growth of 15%. Total planted area for grains in Brazil for the 2016/2017 harvest is estimated to reach 60.1 million hectares up from 58.3 million in 2015/2016. Soybean crop is estimated to occupy the most area with 56.1% of total area, a slight decrease from 57.0% recorded in 2015 with corn gaining market share from 27.3% to 28.4%. Despite reductions in the dollar amount caused primarily by reduced commodity prices, the figures continue to demonstrate the strength of the Brazilian agribusiness sector and its competitiveness internationally. The Brazilian economy depends on agribusiness as a major revenue earner and contributor of surplus to the economy.

Crop financing, known as 'Plano Agricola e Pecuario', is expected to be at around R$185.5 billion for the period 2016/2017, slightly down from 2015/2016's R$187.7 billion, albeit flat in dollar terms as national currency has followed a steadier pace after an intense period of volatility throughout 2016. Although the negative outlook and the macroeconomic conditions surrounding Brazil appear more stable, the country has still a long path to recovery. Moreover, current political issues related to President Temer's possible involvement in the Car Wash operation pose a new threat to the state-of-affairs. Nonetheless, the importance of the agricultural sector for the Brazilian economy remains intact as underpinned by the recent announced plan. The 'Plano Agricola e Pecuario' initiative makes credit lines available for Brazilian farmers to invest in food production and supplies. The money can be used for the purchases of fertilizers, equipment, and the improvement of infrastructure in rural properties. As it stands, interest rates for loans related to support costs of production are set at 7.5% annually for medium-sized producers. For large producers, the rate was set at 8.5% per year. Interest rate for loans for infrastructure development was set at 7.5%. Despite the increase compared to the 2016 plan, the rates are still highly subsidized for Brazilian farmers (Brazil Central Bank's lending rate is currently at 10.25%). These funds are provided by Governmental lending institutions to assist in the funding, investment and marketing of the agricultural sector. According to former Brazilian Minister of Agriculture, Katia Abreu, Brazil will increase crop production by 50 million tons and meat production by 8 million tons in the next ten years "without any pressure on resources natural such as land and water."

According to the National Association of Fertilizer Producers – Brazil (ANDA), total consumption of fertilizer in Brazil for 2016 was 34.1 million tonnes. This represents an increase of 12.8% over the 30.2 million tonnes reportedly consumed in 2015. At the beginning of the year, ANDA forecasted that fertilizer consumption for 2017 would grow to 34.9 million tonnes in 2017.

Brazil SSP Market and Supply and Demand

SSP is widely used in Brazil as an excellent source of three plant nutrients – phosphorous, sulphur and calcium. The presence of these nutrients in SSP provides great benefit to the development of crops in regions where these nutrients are deficient, such as in Brazil's savannah regions (known in Brazil as "**Cerrado**"). SSP is also the preferred fertilizer for development of new cropping areas such as Brazil's new agricultural frontier in central and northern Brazil.

The Company's target market region is one of the areas of largest agricultural growth in Brazil and includes the States of Maranhao, Piaui, Tocantins, Bahia, Goias, and Mato Grosso. The total SSP market size in Brazil is estimated to be approximately 5.0 million tonnes per year, of which approximately 1.2 million tonnes are estimated to be consumed in the Company's target market region. Subject to securing sufficient working capital and liquidity and once fully ramped up, the Itafos Arraias SSP Operations would be the largest fully integrated SSP producing facility in this market, and one of the largest SSP production facilities in Brazil. According to ANDA, Brazil produced 4.76 million tonnes of SSP during 2016, similar to the 4.78 million tonnes of SSP produced in 2015, while imports increased to 0.72 million tonnes in 2016 from 0.56 million tonnes and 0.61 million tonnes in 2015 and 2014, respectively.

General Operations

Internal Controls and Financial Reporting

The Company maintains adequate internal control over financial reporting with respect to its operations in Brazil. Differences in banking systems and controls among Canada, United States, The Netherlands and Brazil are addressed by having stringent controls over cash in all locations, including over access to cash, cash disbursements, and appropriate authorization levels. The flow of funds between the Company and its subsidiaries is ensured to function as intended by appointing common officers as between the Company's Brazilian subsidiaries and the Company, hiring key finance personnel, closely monitoring the Brazil finance department, and by exercising direct oversight over financial activities in Brazil. Pursuant to the requirements of National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings*, the Company assesses the design of internal controls over financial reporting on an annual basis.

Permits and Licenses

The Company satisfies itself as to its land title and access rights to its material properties through: (a) title opinions provided by law firms in Brazil; (b) certificates issued by the General Registry Office of Real Estate in Brazil; (c) searches conducted in the registry of the National Department of Mineral Production (the Departamento Nacional da Produção Mineral, the "**DNPM**"), the federal agency responsible for controlling and applying the Brazilian Mining Code, including by registering and recording all applications, grants, transfers and assignments of exploration permits, mining concessions and other evidence of mineral rights to explore the underground; (d) correspondence with the DNPM including submission of exploration plans and detailed reports of work performed and geological and technological studies; (e) various operating and functioning licenses and correspondence with the DNPM in respect of compliance with the conditions contained in such licenses; (f) payment of applicable government fees, charges, taxes and annual exploration fees payable on the mineral titles held; (g) review, negotiation and execution of various asset purchase agreements relating to the acquisition/transfer of certain mining titles; and (h) entering into agreements with surface owners as necessary or desirable either by land purchase or through the payment of royalties – which covers the majority of the Company's properties – and in a couple of instances, proceeding to the courts in order to successfully appropriate or require the compulsory acquisition of the relevant surface lands upon payment of a court-determined acquisition fee/value to the surface owner.

The material permits and business licenses required for the Company to be able to carry out business operations in Brazil are to: (i) register at the Board of Trade, (ii) register at the Federal Municipal and State Revenue, (iii) obtain an Installation Permit issued by City Hall, (iv) obtain Installation and Operation Permits issued by the State Environmental Agency, and (v) obtain exploration licenses and mining concessions, as applicable. There are currently no restrictions or conditions that have been imposed by the government of Brazil on the Company's ability to operate in Brazil. However, there are certain restrictions on the acquisition of surface rights by local entities controlled by foreigners, see "– Risk Factors – Restrictions on Surface Right Acquisitions".

Specialized Skill and Knowledge

Certain aspects of the Company's business require specialized skill and knowledge, including the areas of geology, drilling, metallurgy, logistical planning, engineering, construction, finance and accounting.

Environmental Protection

The Company's operations are primarily located in Brazil and are subject to various environmental laws and regulations. The Company is required to submit and adhere to environmental plans lodged in relation to all its license areas. The financial and operational effects of environmental protection requirements on capital expenditures and the competitive position of the Company were not material during the year ended December 31, 2016. However, environmental protection requirements may cause additional capital expenditures and affect the competitive position of the Company in the future. See "– Risk Factors – Environmental Risks and Hazards".

Environmental Policies

The Company seeks to conduct its activities to the highest environmental standards, including by complying with all environmental laws, policies, regulations and plans and conducting extensive ongoing operations cleanups (including track maintenance and drilling operation cleanups) to keep any environmental impacts to a minimum and to rectify and/or rehabilitate those that necessarily occur as part of the exploration programs conducted.

Seasonality

Fertilizer sales in Brazil are seasonal, with the rainy season typically lasting from November to May. Sales are generally concentrated in the first half of the calendar year while deliveries are concentrated in the second half of the calendar year. As a result, the fertilizer industry typically builds inventories during the rainy season for deliveries during the dry season, all of which translates into the need to carry significant amounts of inventory and seasonal peaks in working capital requirements.

Employees

As at June 13, 2017, the Company had 10 full time employees in Houston, Texas (USA) and 256 full time employees in Brazil.

Foreign Operations

The Company's projects in Brazil are exposed to various levels of political, economic and other risks and uncertainties associated with operating in a foreign jurisdiction. See "– Risk Factors – Foreign Operations".

Competitive Conditions

The Company's mineral exploration, development and integrated phosphate fertilizer business is competitive compared with other entities engaged in the same business. The Company believes that it is well-positioned to compete in its market segment given the advantageous location of the Company's operations and experienced management team. See "– Risk Factors – Competition".

Risk Factors

The Company's operations are speculative due to the high-risk nature of its business. These risk factors could materially affect the Company's financial condition and/or future operating results and could cause actual events to differ materially from those described in FLI relating to the Company.

Financing Risks and Ability to Continue as a Going Concern

The Company was ramping up production of granulated SSP at the Itafos Arraias SSP Operations in 2014 meeting industry specifications and making deliveries to customers. Production ramp-up at the time was delayed due to severe financial constraints resulting in additional funding being required to finance the working capital and debt service needs. In consultation with its senior lenders, Company engaged Deutsche Bank AG to act as its financial advisor in the Company's strategic review process to help find a definitive solution to the Company's working capital constraints and liquidity requirements. Options under consideration in the strategic review process included, but were not limited to, securing a strategic partner, the sale of the Company or its assets as well as other potential value-maximizing transactions. In support of its strategic review process and its objective to preserve working capital, in Q1 2015, the Company placed its Itafos Arraias SSP Operations under care and maintenance. See "Recapitalization Transaction" section below regarding details of financing obtained and restructuring of the Company.

While the Company has been able to raise capital in the past, there can be no assurance that it will be able to do so in the future. The price of phosphate and future expectations for such price may have a material impact on the market sentiment for investment in mining and mining exploration companies.

There can be no assurance that future borrowings or equity financing will be available to the Company or available on acceptable terms, in an amount sufficient to fund the Company's needs. This could, in turn, have a material adverse effect on the business, financial condition and results of operations of the Company.

Additional Capital

The operations, in addition to the exploration and development of the Company's properties, including continuing exploration and development projects, and the construction of mining facilities and commencement and sustaining of mining operations until the operations are generating sufficient cash flow, will require additional financing. Failure to obtain sufficient financing will result in a delay or indefinite postponement of exploration, development or production on any or all of the Company's properties or even a loss of a property interest. Additional financing may not be available when needed or if available, the terms of such financing might not be favorable to the Company and might involve substantial dilution to existing members. Failure to raise capital when needed would have a material adverse effect on the Company's business, financial condition and results of operations.

Risk in Retaining Senior Management, Directors and Key Employees

The Company's management and board of directors play a significant role in its success. The conduct of the Company's business and its ultimate growth strategy, rely heavily on management and the board of directors of the Company (the "**Board**") and the Company's future performance and development depend to a significant extent on the abilities, experience and efforts of its management team, directors and key employees. The Company's ability to retain its management team, directors and key employees, to or attract suitable replacements should key members leave, is dependent on the competitive nature of the employment market. The loss of services from members of the management team, directors or key employees could adversely impact the Company's financial condition and prospects.

Labor, Employment and Workforce Matters

While the Company has had good relations with its employees, progress at its mining properties is dependent upon the efforts of the Company's employees. The Company has gone through a significant internal restructuring of its workforce, which creates a potential risk with disgruntled employees. In addition, relations between the Company and its employees may be affected by changes in the scheme of labor relations that may be introduced by the relevant governmental authorities in Brazil. Changes in legislation or in the relationship between the Company and its employees may have a material adverse effect on the Company's business, results of operations and financial condition.

The Company's plans, would be highly dependent on the Company's ability to retain, attract and train highly qualified and motivated employees who would be essential to the success of the Company's ongoing operations and expansions plans. If the Company were to be unsuccessful in retaining, attracting and/or training such employees, the Company's ongoing operations and expansion plans could be materially and adversely affected.

Exploration, Development and Operating Risks

Mining operations generally involve a high degree of risk. The Company's operations are subject to all the hazards and risks normally encountered in the exploration, development and production of phosphate and potash fertilizer, including unusual and unexpected geologic formations, seismic activity, rock bursts, cave-ins, flooding, pit wall failure and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability. Although adequate precautions to minimize risk have been and will continue to be taken, the Company's operations are subject to hazards such as fire, equipment failure or other contingencies that may result in environmental pollution and consequent liability. The exploration for and development of mineral deposits involves significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate.

It is impossible to ensure that the exploration or development programs planned by Company will result in a profitable commercial mining operation. Whether a mineral deposit will be commercially viable depends on many factors, including: the attributes of the deposit, such as size, grade and proximity to infrastructure; highly cyclical mineral prices; and government regulations, including in respect of prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in Company not receiving an adequate return on invested capital. There is no certainty that the expenditures made by Company towards the search and evaluation of mineral deposits will result in discoveries or development of commercial quantities of phosphate.

Environmental Risks and Hazards

All phases of the Company's operations are subject to environmental regulation in Brazil. These regulations mandate, among other things, water quality standards and land reclamation and regulate the generation, transportation, storage and disposal of hazardous waste. Environmental legislation is evolving in a manner that will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that existing or future environmental regulation will not materially adversely affect the Company's business, financial condition and results of operations.

Environmental hazards may also exist on the properties on which Company holds interests that are unknown to the Company at present and that have been caused by previous or existing owners or operators of the properties. Government environmental approvals and permits are currently, or may in the future be, required in connection with the Company's operations. To the extent that such approvals are required and not obtained, Company may be curtailed or prohibited from proceeding with planned exploration or development of mineral properties. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations, including Company may be required to compensate those suffering loss or damage due to the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations. Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on Company and cause increases in exploration expenses and capital expenditures or abandonment or delays in development of new mining properties.

Global Financial Conditions

Global financial conditions have been characterized by increased volatility since the financial crisis of 2008. Access to credit and financing has been negatively impacted as well as international capital markets. These factors may impact the ability of Company to obtain financing in the future on terms favorable to the Company. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses.

Uncertainty in the Estimation of Mineral Reserves and Mineral Resources

The calculation of mineral reserves, mineral resources and corresponding grades being mined or dedicated to future production are imprecise and depend on geological interpretation and statistical inferences or assumptions drawn from drilling and sampling analysis, which might prove to be unpredictable. Mineral resources that are not mineral reserves do not have demonstrated economic viability. Until mineral resources are mined and processed, the quantity of mineral resources and grades must be considered estimates only. In addition, due to the uncertainty which may attach to inferred mineral resources, there is no assurance that inferred mineral resources will be upgraded to indicated or measured mineral resources as a result of continued exploration. Any material change in the quantity of mineral reserves, mineral resources, grade or stripping ratio may affect the economic viability of the Company's properties. In addition, there can be no assurance that all ore will be suitable for the projected recoveries.

Commodity Prices

The profitability of the Company's operations will be dependent upon the market price of raw material, fertilizer and grains commodities. These prices fluctuate widely and are affected by numerous factors beyond the control of Company. The level of interest rates, the rate of inflation, the world supply of fertilizer commodities and the stability of exchange rates can all cause significant fluctuations in prices. Such external economic factors are in turn influenced by changes in international investment patterns, monetary systems and political developments. The price of mineral commodities has fluctuated widely in recent years, and future price declines could cause commercial production to be impracticable, thereby having a material adverse effect on the Company's business, financial condition and results of operations. Furthermore, mineral reserve and/or mineral resource calculations and life-of-mine plans using significantly lower mineral prices could result in material write-downs of the Company's investment in mining properties and increased amortization, reclamation and closure charges. In addition to adversely affecting the Company's mineral resource and mineral reserve estimates and its financial condition, declining commodity prices can impact operations by requiring a reassessment of the feasibility of a particular project. Such a reassessment may be the result of a management decision or may be required under financing arrangements related to a particular project. Even if the project is ultimately determined to be economically viable, the need to conduct such a reassessment may cause substantial delays or may interrupt operations until the reassessment can be completed.

Write-downs and Impairments

Mining and mineral interests together with assets in the pre-commercial development stage are the most significant assets of Company and represent capitalized expenditures related to the development of mining properties and the value assigned to exploration potential on acquisition, and related plant and equipment. The costs associated with mining properties are separately allocated to exploration potential, mineral reserves and mineral resources and include acquired interests in production, development and exploration-stage properties representing the fair value at the time they were acquired. The values of such mineral properties are primarily driven by the nature and amount of material interests believed to be contained or potentially contained, in properties to which they relate. The Company and evaluates its mining interests for impairment when events or changes in circumstances indicate that the related carrying amounts may not be recoverable, which becomes more of a risk in the global economic conditions that exist currently. Impairment is considered to exist if the total estimated future undiscounted cash flows are less than the carrying amount of the assets. An impairment loss is measured and recorded based on discounted estimated future cash flows. Future cash flows are estimated based on expected future production, commodity prices, operating costs and capital costs. There are numerous uncertainties inherent in estimating mineral reserves and mineral resources. Differences between management's assumptions and market conditions could have a material effect in the future on the Company's financial position and results of operation. In addition, with a global economy recovery at a fragile pace since 2012, there is a greater risk surrounding inventory levels.

Litigation Risks

All industries, including the mining industry, are subject to legal claims, with and without merit. The Company is involved in current and threatened litigation and may become involved in legal disputes in the future. Defense and settlement costs can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, the resolution of any particular legal proceeding may have a material adverse effect on the Company's financial position or results of operations. See also "Legal Proceedings and Regulatory Actions".

Infrastructure

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants, which affect capital and operating costs. Unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect the Company's operations, financial condition and results of operations.

Currency Fluctuations

Currency fluctuations may affect the Company's capital costs and the costs that Company incurs in its operations. The appreciation of the Brazilian Real against the United States dollar would increase the costs of phosphate production at such mining operations, which could materially and adversely affect the Company's earnings and financial condition. The Company does not currently take any steps to hedge against currency fluctuations although it may elect to hedge against the risk of currency fluctuations in the future.

Permitting and Licensing

The Company's operations are subject to receiving and maintaining permits and/or licenses from appropriate governmental authorities. There is no assurance that delays will not occur in connection with obtaining all necessary renewals of permits and licenses for the existing operations, additional permits or licenses for any possible future changes to operations or associated with new legislation. Prior to any development on any of its properties, Company must receive permits or licenses from appropriate governmental authorities. There can be no assurance that Company will continue to hold all permits and licenses necessary to develop or continue operating at any particular property.

Insurance and Uninsured Risks

The Company's business is subject to various risks and hazards generally, including adverse environmental conditions, industrial accidents, labor disputes, unusual or unexpected geological conditions, ground or slope failures, cave-ins, catastrophic equipment failures, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods and earthquakes. Such occurrences could result in damage to mineral properties or production facilities, personal injury or death, environmental damage to the Company's properties or the properties of others, delays in mining, monetary losses and possible legal liability. Although Company maintains insurance to protect against certain risks in such amounts as it considers being reasonable, its insurance will not cover all the potential risks associated with a mining company's operations. Company may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards result from exploration and production is not generally available to the Company or to other companies in the mining industry on acceptable terms. Company might also become subject to liability for pollution or other hazards that may not be insured against or that Company may elect not to insure against because of premium costs or other reasons. Losses from these events may cause Company to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

Land Title and Access Rights

The acquisition of title to mineral properties is a very detailed and time-consuming process. Title to, and access to the area of, mineral concessions may be disputed. Company believes it has taken reasonable measures to ensure proper title and access to its properties, as applicable. However, there is no guarantee that title to any of its properties or access rights will not be challenged or impaired. Third parties may have valid claims underlying portions of the Company's interests, including prior unregistered liens, agreements, transfers or claims, including native land claims, and title or access rights may be affected by, among other things, undetected defects. In addition, Company may be unable to operate its properties as permitted or to enforce its rights with respect to its properties.

The Company's Mining Concessions or Exploration Permits May be Terminated in Certain Circumstances

The Company's mining concessions or exploration permits may be terminated in certain circumstances. Under the laws of Brazil, mineral resources belong to the state and governmental concessions or permits, as applicable, are required to explore for, and exploit, mineral reserves. Company holds mining, exploration and other related concessions in the areas in which it operates and possesses development projects and prospects. The concessions or permits held by Company in respect of its operations, development projects and prospects may be terminated under certain circumstances. Termination of any one or more of the Company's mining, exploration or other permits or concessions could have a material adverse effect on the Company's financial condition or results of operations.

Competition

The mining industry is intensely competitive in all of its phases and Company competes with many companies possessing greater financial and technical resources than it. Competition in the fertilizer mining industry is primarily for: mineral rich properties that can be developed and produced economically; the technical expertise to find, develop, and operate such properties; the labor to operate such properties; and the capital to fund the development of such properties. Such competition may result in Company being unable to acquire desired properties, to recruit or retain qualified employees or to acquire the capital necessary to fund its operations and develop its properties. Existing or future competition in the mining industry could materially adversely affect the Company's prospects for mineral exploration in the future.

Acquisitions and Integration

From time to time, Company examines opportunities to acquire additional mining assets and businesses. Any acquisition that Company may choose to complete may be of a significant size, may change the scale of the Company's business and operations, and may expose Company to new geographic, political, operating, financial and geological risks. The Company's success in its acquisition activities depends on its ability to identify suitable acquisition candidates, negotiate acceptable terms for any such acquisition, and integrate the acquired operations successfully with those of Company. Any acquisitions would be accompanied by risks. For example, there may be a significant change in commodity prices after Company has committed to complete a transaction and established a purchase price or an exchange ratio; the Company may have difficulty integrating and assimilating the operations and personnel of any acquired companies, realizing anticipated synergies and maximizing the financial and strategic position of the combined enterprise, and maintaining uniform standards, policies and controls across the organization; the integration of the acquired business or assets may disrupt the Company's ongoing business and its relationships with employees, customers, suppliers and contractors; and an acquired business or assets may have unknown liabilities which may be significant. If the Company chooses to raise debt capital to finance any such acquisition, the Company's leverage would increase. If the Company chooses to use equity as consideration for such acquisition, existing members may suffer dilution. Alternatively, Company may choose to finance any such acquisition with its existing resources. There can be no assurance that Company would be successful in overcoming these risks or any other problems encountered regarding such acquisitions.

Governmental Regulation of the Mining Industry

The mineral exploration activities of Company are subject to various laws governing prospecting, development, production, taxes, labor standards and occupational health, mine safety, toxic substances and other matters. Mining and exploration activities are also subject to various laws and regulations relating to the protection of the environment. Although Company believes that its exploration activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner that could limit or curtail production or development of the Company's properties. Amendments to current laws and regulations governing the operations and activities of Company or more stringent implementation thereof could have a material adverse effect on the Company's business, financial condition and results of operations. Further, there can be no assurance that all approvals required for future exploration, construction of mining facilities, associated ancillary facilities and to operate these facilities will be obtainable on reasonable terms or on a timely basis, or that such laws and regulations would not have an adverse effect on any project which the Company may undertake.

Foreign Operations

Company holds mineral interests in Brazil that may be affected in varying degrees by political instability, government regulations relating to the mining industry and foreign investment therein, and the policies of other nations in respect of Brazil. Any changes in regulations or shifts in political conditions are beyond the control of Company and may adversely affect its business. The Company's operations may be affected in varying degrees by government regulations, including those with respect to restrictions on production, price controls, export controls, income taxes, expropriation of property, employment, land use, water use, environmental legislation and mine safety. The regulatory environment is in a state of continuing change, and new laws, regulations and requirements may be retroactive in their effect and implementation. The Company's operations may also be affected in varying degrees by political and economic instability, economic or other sanctions imposed by other nations, terrorism, military repression, crime, extreme fluctuations in currency exchange rates and high inflation.

Restrictions on Surface Right Acquisitions

Pursuant to the Brazilian Constitution and the Civil Law Code, foreign and domestic persons are equally able to own property in Brazil, provided that a foreign person must hold such property indirectly via a Brazilian subsidiary. As a result, ownership of property will be impacted equally whether held directly by domestic persons or indirectly by foreign persons as a result of any changes to the political climate, laws, regulations, taxes, or other factors affecting land ownership in Brazil. The Brazilian Government, through the Attorney General of the Federal Union, has recently imposed restrictions on the acquisition of rural lands by local entities controlled by foreigners (for clarity, these are in respect of surface rights and not mineral rights). However, these restrictions are still under discussion by the House of Representatives. Although the acquisition of surface land is not mandatory for mining companies to carry out mining activities, such restrictions limit the ability of Company to proceed with the actual purchase of rural lands that may cover its mineral rights, if it so deems it commercially convenient. Therefore, for any properties that have been or are to be acquired after August 2010, Company has had to or needs to secure its surface rights through other legal instruments available under Brazil law, such as access agreements with surface owners or assignments of surface rights.

Foreign Subsidiaries

Company is a holding company that conducts operations through its foreign subsidiaries and substantially all of its assets are held in such subsidiaries. Accordingly, any limitation on the transfer of cash or other assets between the parent corporation and the subsidiaries could restrict the Company's ability to fund its operations efficiently. Any such limitations, or the perception that such limitations may exist now or in the future, could have an adverse impact on the Company's valuation and stock price.

Possible Conflicts of Interest of Directors and Officers

Certain of the directors and officers of Company also serve as directors and/or officers of other companies involved in natural resource exploration and development and, consequently, there exists the possibility for such directors and officers to be in a position of conflict. Company expects that any decision made by any of such directors and officers involving Company will be made in accordance with their duties and obligations to deal fairly and in good faith with a view to the best interests of Company and its members, but there can be no assurance in this regard. In addition, each of the directors is required to declare any matter in which such directors may have a conflict of interest or which are governed by the procedures set forth in applicable law.

Damage to Reputation

Damage to the Company's reputation can be the consequence of various events. Reputation loss extends throughout all risk categories and may result in loss of investor confidence, loss of customer confidence, poor community relations and a decline in employee productivity. Reputation loss could interfere with the Company's ability to execute its strategies. Reputation loss is a negative consequence resulting from these or other risks and can have a detrimental effect on the Company's performance.

Malicious Acts

Intentional and malicious acts of destruction to the Company's property could hinder the Company's development, production and future sales, and may also interrupt the Company's supply chain. The Company's facilities could be damaged, leading to a reduction in operational production capacity and efficiency. Employees, contractors and the public could also suffer substantial physical injury. The consequences of any such actions could damage the Company's reputation, negatively affecting the Company's performance.

Weather

Anomalies in regional weather patterns can have a significant and unpredictable impact on the demand for the products and services engaged by the Company's business, and may also have an impact on prices. The Company's target customers will have limited windows of opportunity to complete required tasks at each stage of crop cultivation. Should adverse weather conditions prevail during these seasonal windows, the Company could face the possibility of reduced revenue in a particular season without the opportunity to recover until the following season. The Company also faces the significant risk of inventory carrying costs should its customers' activities be curtailed during their normal seasons. In addition, inflow of water into phosphate mines from heavy rainfall or groundwater could result in increased costs and production down-time and may require the Company to abandon a mine, either of which could adversely affect the Company's operating results.

Climate Change

The potential physical impacts of climate change on the Company's business and operations are uncertain and may vary by geographic location. The impacts of climate change may include changes in rainfall patterns, water shortages, changing sea levels, changing storm patterns and intensities, and changing temperature levels that could adversely impact the Company's costs and operating activities. On the flip side, the Company's future operations and activities may emit amounts of greenhouse gases which may subject it to legislation regulating emission of greenhouse gases. The costs of complying with legislation may adversely affect the business of the Company.

Stock Price Volatility

Securities markets worldwide experience significant price and volume fluctuations in response to general economic and market conditions and their effect on various industries. This market volatility could cause the price of the Shares to decline significantly and without regard to the Company's operating performance. These fluctuations could be based on numerous factors in addition to those otherwise described in this AIF, including:

- operating performance and the performance of competitors;
- the public's reaction to the Company's press releases, other public announcements and filings with the Canadian securities regulators;
- changes in earnings estimates or recommendations by research analysts who follow the Company or other companies in the same industry;
- variations in general economic, market and political conditions;
- actions of current members, including sales of Shares by directors and executive officers of the Company;
- the arrival or departure of key personnel; and
- other developments affecting the Company, the fertilizer industry or the Company's competitors.

In addition, in recent years stock markets across the globe have experienced significant price and volume fluctuations. These fluctuations may be unrelated to the operating performance of particular companies. These broad market fluctuations may cause declines in the market price of the Shares. The price of the Shares could fluctuate based upon factors that have little or nothing to do with the performance of the Company, and those fluctuations could materially reduce the price of the Shares.

Limited Operating History

The Company has a very limited history of operations and has projects that are in the early stage of development. As such, the Company is subject to many risks common to such enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources and the lack of revenue. There is no assurance that the Company will be successful in achieving a return on members' investment and the likelihood of success must be considered in light of its early stage of operations.

No History of Earnings

The Company has limited financial resources, has earned nominal revenue, has no source of operating cash flow and there is no assurance that additional funding will be available to it for exploration and development. Furthermore, additional financing will be required to continue the development of the Company's properties even if the Company's exploration program is successful. There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favorable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of the Company's properties with the possible loss of such properties.

Dividend Policy

The Company has not paid dividends in the past. The future dividend policy of the Company will be determined by the Board.

Controlling Shareholder

According to publicly disclosed information as at the date hereof, Zaff LLC has control and direction, directly or indirectly, over an aggregate of 49,882,498 Shares, representing approximately 62.89% of the current issued and outstanding Shares (on an undiluted basis).

Technical Information

The estimated mineral resources for the Itafos Arraias SSP Operations set forth herein have been calculated in accordance with the Canadian Institute of Mining, Metallurgy and Petroleum ("**CIM**") Council – Definition Standards – For Mineral Resources and Mineral Reserves adopted by CIM Council (the "**CIM Standards**") which were adopted by the Canadian Securities Administrators' NI 43-101. The following definitions are reproduced from the CIM Standards:

The term "***Mineral Resource***" means a concentration or occurrence of solid material of economic interest in or on the Earth's crust in such form, grade or quality and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade or quality, continuity and other geological characteristics of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge, including sampling. Material of economic interest refers to diamonds, natural solid inorganic material, or natural solid fossilized organic material including base and precious metals, coal, and industrial minerals. Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories.

The term "***Inferred Mineral Resource***" means that parts of a Mineral Resource for which quantity, grade or quality are estimated on the basis of limited geological evidence and sampling. Geological evidence is sufficient to imply but not verify geological and grade or quality continuity. An Inferred Mineral Resource is based on limited information and sampling gathered through appropriate sampling techniques from locations such as outcrops, trenches, pits, workings and drill holes.

The term "***Indicated Mineral Resource***" means that part of a Mineral Resource for which quantity, grade or quality, densities, shape and physical characteristics are estimated with sufficient confidence to allow the application of Modifying Factors (as defined below) in sufficient detail to support mine planning and evaluation of the economic viability of the deposit. Geological evidence is derived from adequately detailed and reliable exploration, sampling and testing and is sufficient to assume geological and grade or quality continuity between points of observation.

The term "***Measured Mineral Resource***" means that part of a Mineral Resource for which quantity, grade or quality, densities, shape, and physical characteristics are estimated with confidence sufficient to allow the application of Modifying Factors to support detailed mine planning and final evaluation of the economic viability of the deposit. Geological evidence is derived from detailed and reliable exploration, sampling and testing and is sufficient to confirm geological and grade or quality continuity between points of observation.

The term "***Mineral Reserve***" means the economically mineable part of a Measured and/or Indicated Mineral Resource. It includes diluting materials and allowances for losses, which may occur when the material is mined or extracted and is defined by studies at pre-feasibility or feasibility level as appropriate that include application of Modifying Factors. Such studies demonstrate that, at the time of reporting, extraction could reasonably be justified. Mineral Reserves are sub-divided in order of increasing confidence into Probable Mineral Reserves (as hereinafter defined) and Proven Mineral Reserves (as hereinafter defined). Mineral Reserves are inclusive of diluting material that will be mined in conjunction with the Mineral Reserves and delivered to the treatment plant or equivalent facility.

The term "***Probable Mineral Reserve***" means the economically mineable part of an Indicated, and in some circumstances, a Measured Mineral Resource. The confidence in the Modifying Factors applying to a Probable Mineral Reserve is lower than that applying to a Proven Mineral Reserve. Probable Mineral Reserve estimates must be demonstrated to be economic, at the time of reporting, by at least a pre-feasibility study.

The term "***Proven Mineral Reserve***" means the economically mineable part of a Measured Mineral Resource. A Proven Mineral Reserve implies a high degree of confidence in the Modifying Factors. Proven Mineral Reserve estimates must be demonstrated to be economic, at the time of reporting, by at least a pre-feasibility study.

The term "***Modifying Factors***" means considerations used to convert Mineral Resources to Mineral

Reserves. These include, but are not restricted to, mining, processing, metallurgical, infrastructure, economic, marketing, legal, environmental, social and governmental factors.

Material Mineral Properties

The Company's material mineral property is the Itafos Arraias SSP Operations. The Itafos Arraias Technical Report includes the 43-101 resource and reserve estimates, production estimates, pricing assumptions, sales volume estimates, operating cost estimates and capital expenditure estimates.

Itafos Arraias SSP Operations

Unless otherwise stated, the information set forth in the sections below regarding the Itafos Arraias SSP Operations is derived from and, in some instances, is extracted from, the Itafos Arraias Technical Report. See "*Interest of Experts*". The technical information set forth below has been reviewed and approved by Carlos Guzmán, FAusIMM, RM (Chilean Mining Commission), of NCL, Beau Nicholls, BSc(Geo), MAIG, and Bradley Ackroyd, BSc (Geo), MAIG of Andes Mining Services Ltd. ("Andes") (formerly Amazon Geoservices Ltda ("Amazon Geoservices")), and Homero Delboni Jr (registered member CIM & SME), owner of HDA Serviços S/S Ltda., each of whom is a "qualified person" as that term is defined in NI 43-101. Portions of the following information are based on assumptions, qualifications and procedures which are not fully described herein. Reference should be made to the full text of the Itafos Arraias Technical Report which has been filed with the applicable Canadian securities regulatory authorities pursuant to NI 43-101 and is available for review under the Company's SEDAR profile at www.sedar.com. See also "General Development of the Business Three Year History - Itafos Arraias SSP Operations".

Property Description and Location

The Itafos Arraias SSP Operations are located in Brazil and straddles the state limit between Tocantins to the north and Goiás to the south. The exploration field office, sample preparation laboratory and other facilities was located approximately 7 kilometers northeast from Campos Belos, Goiás, the nearest settlement of any size.

The roads connecting the Itafos Arraias SSP Operations to the main cities and commercial center in the region are paved and in good condition. The field office and most exploration areas are easily accessible from Campos Belos all year round through a good network of gravel roads.

Today, the Itafos Arraias SSP Operations property consist of 7 exploration permits, 3 mining applications, and 3 mining permits for a total of 14.481,36 ha. By 2012, the Company owned 36 exploration permits, but gave up some of the areas because of low potential to phosphate deposits. Besides that, the company other permits due to non-payment of annual maintenance fees.

The exploration permits are valid for three years and are renewable for up to an equal period. The Company is required to pay R$3.08 per hectare per year to the DNPM for permit annual maintenance fee (original permit term) and R$4.63 for renewed permits. This fee was paid and the Company is currently in good standing.

The Company has been advised that Brazilian mining law guarantees a mineral rights owner access to the surface area around its mineralized area and guarantees that the surface owner receives a royalty for granting such rights. The Company has entered agreements for surface access rights with the surface owners in the areas where the Company plans to mine over the next four to five years, and it is in the process of negotiating the royalty amount in connection with the granting of such surface access rights.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

The Itafos Arraias SSP Operations are located in an area known as Central Brazilian Highlands at an average elevation of 750 meters above sea level. The local topography is usually flat to gentle slopes underlain by siltstones and limestones with a few higher elevations of granitic and quarzitic basement. Dolomite bodies form remnant hills with typical karstic dissection.

The climate is tropical with a well-defined dry winter (May to August) followed by a wet summer season (September to April). Yearly average temperatures are 20 to 22 degrees Celsius (ºC) with rainfall typically 1,000 to 1,500 millimeters during the summer period. Vegetation across this region of Brazil is typical of savannah regions of the world, much of which has now been substituted by cattle or crop pasture.

The project site can be easily accessed within a four or five-hour drive from Brasília, some 450 kilometers distance via paved highways to the town of Campos Belos, and from there for a few kilometers on unpaved roads and small farm roads to Arraias, that are generally in good condition except for a few days during the peak of the rainy season. Campos Belos and Arraias can also be reached by small aircraft landing at a 1,400m long and a 1,800m long paved airstrip, respectively.

Campos Belos is a municipality of the Goiás State of Brazil with approximately 19,000 inhabitants, most of whom live in the town. The town has one college and hotels and therefore has a reasonable infrastructure base to support the Company's workforce and day to day operations.

Arraias is a municipality of the Tocantins State of Brazil with approximately 11,500 inhabitants, most of whom live in the town.

The location of the mining areas and the processing facility were determined in 2014. The, and subsequently the purchase of surface rights over areas selected for the processing plant and other considerations were completed in 2011. Acquisition of surface rights for the open pit is being carried on, and the Company already has access to several areas where the mineral resources are located.

History

The phosphate occurrences around the Campos Belos and Arraias region were first explored in the 1960s by METAGO, the Goiás State Mining Company.

In 2004, the Company acquired the mineral properties and started mining operations, producing two low-cost pulverized rock products (24% and 12% P_2O_5), both for direct application to the soil; production of phosphate rock products from the Company in 2008 was 70,000 tonnes.

As described above, MBAC FinCo indirectly acquired the Company (the original local owner of the high-grade quarry) in late 2008 and immediately started a grassroots mapping and drilling campaign aimed at defining large volume but lower grade P_2O_5 resources. This first campaign focused on the priority zones at Coité, Juscelino and São Bento, targets that were initially explored using 50 meter and 100 meter spaced drilling (auger and core).

In March 2009, MBAC FinCo started a second mapping and drilling campaign (this time mainly in Mateus and Gaucho targets using a 100 meter and 200 meter spaced grid drilling) while expanding its regional holdings north and south along the 150 kilometers long contact between granitic basement to the west and the favorable siltstone lithology to the east. Exploration drilling focused on the Near Mine Blocks where initial production of an expanded process plant will be based while exploration of the outlying Regional Blocks continued to expand the extent of the siltstone host rock. In addition to drilling, field work has included trench and pit sampling, geochemistry, and geophysics including several tests of ground penetrating radar, resistivity and gamma-ray spectrometry without significant success in terms of providing a useful exploration tool to guide the drilling programs.

A third drilling program using four reverse circulation ("**RC**") drills began in late 2009. Around this time, ALS established a clean and modern sample preparation laboratory at the project site for handling core and RC drill samples. By early 2010, six RC drills and three diamond drills were operating at the project.

In November 2009, MCB Serviços e Mineração Ltda. ("**MCB**") of Belo Horizonte, Brazil prepared a resource estimate for the Itafos Arraias SSP Operations, based on a 3.5% P_2O_5 cut-off grade.

This report prepared by MCB comprises information that was originally compiled for Sandwell on behalf of the Company as part of the due diligence requirement for the RTO. This report was submitted to and accepted by the regulatory authorities in British Columbia in November 2009.

In April and May 2010, additional drilling was completed by the Company in the Canabrava and Domingos zones.

Drilling was intensified in late 2009 and early to mid-2010, to the extent that in early 2010 some six RC drills and three diamond drills were operating at the project. The Updated Wardrop Report incorporates all additional drilling completed by the Company in the Brejo, Cabeçudas, Avião, Canabrava and Domingos zones by May 2010.
On the basis of new systematic drilling results, Wardrop prepared two estimates of mineral resources for the Itafos Arraias SSP Operations – one issued in April 2010, which is contained in a May, 2010 technical report, and an updated estimate issued in July 2010, contained in the Updated Wardrop Report – providing estimates of measured and indicated mineral resources using a conventional block model approach and estimates of inferred mineral resources for five outlying areas using a 2D polygonal method.

Geological Setting

The western limits of the Bambuí basin along the Proterozoic crystalline basement are marked by a north-south trending erosional discontinuity with the phosphate mineralization being hosted in laminated and sub-horizontal locally brecciated siltstone, phosphorites and silexites (silica-rich units); the sequence also includes lenses of dolomite, limestone and immature chemical sediments.

At this region, the Bambuí group was affected by asymmetrical folding, with eastward convergence, formed under compressive ductile-brittle conditions developed as part of a thin skinned crust and fold belt overlying the western margin of the São Francisco Craton. The metamorphic grade in the craton basement varies from green schist to mid-grade metamorphism.

On a regional scale, the development of the higher-grade P_2O_5 mineralization in the Bambuí sediments is associated with slumping and early diagenetic features.

Phosphate mineralization at the Itafos Arraias SSP Operations occurs in lower siltstone sections of the Sete Lagoas Formation belonging to the Bambuí Group, a Neoproterozoic carbonate sequence that developed in an intracratonic basin on the margins of granitic craton basement (São Francisco craton). The favorable siltstone sequence has been identified for several tens of kilometers to the north and south of the original showings and host several other phosphate occurrences in addition to those around Arraias.

In the project area, silica-rich boulders are common and have been mapped as silexite. These areas were initially considered as sterile for phosphate mineralization, but some samples collected over those areas returned high-grade P_2O_5 results.

Despite the staged mineralization events contributing to the remobilization of silica and phosphate, the overall geometry of the mineralization is stratform with local zones of less continuous breccia material.

Other occurrences of sedimentary phosphate close to the Arraias-Campos Belos area northeast of Goiás (also considered as part of the Sete Lagoas Formation) were found in Monte Alegre de Goiás and Nova Roma (East, North and Central blocks). Other less important occurrences of phosphate-rich rocks are known to occur within the Serra da Saudade Formation (Bambuí Group), nearby the cities of Formosa and Cabeceiras, both in Goiás and Coromandel in the Minas Gerais state, Brazil.

Mineralization
Phosphate mineralization on the Itafos Arraias SSP Operations area occurs in lower siltstone sections of the Sete Lagoas Formation belonging to the Bambuí Group, a Neoproterozoic carbonate sequence that developed in an intra-cratonic basin on the margins of granitic craton basement (São Francisco craton). The favorable siltstone sequence has been identified for several tens of kilometers to the North and South of the original Company's showings, and host several other phosphate occurrences in addition to those around Itafos Arraias SSP Operations area.

The mineralization at the Itafos Arraias SSP Operations area is found exclusively within a basal siltstone unit of the Sete Lagoas Formation of Neoproterozoic age lying directly on granitic basement. On section, this basal contact appears as an undulating or locally rolling surface (possibly related to local embayment or paleo-channels developed over basement structures). However, the overall pattern of mineralization can be described as stratform.

Exploration

In 2008, the Company commenced regional exploration and claims staking along the favorable siltstone basement for approximately 50 kilometers to the north and 150 kilometers to the south of the Near Mine blocks. Two new zones were discovered at Covanca and Lucia.

The phosphate mineralization at the Itafos Arraias SSP Operations area has been explored using an appropriate mix of basic geology, geochemistry and geophysics followed by drilling using techniques suitable for the style of mineralization and local climatic conditions. These activities have generated an extensive database of quantitative and qualitative information; sufficient to understand local geology and ore controls and forms a good base for resource estimation.

Prior to putting the operations on care and maintenance, the Company was focused on the commissioning of the plant and no ramping up operations to be able to declare commercial production. No additional exploration has been undertaken.

Drilling

Drilling has been completed on a square grid basis as follows:

- Coité & Juscelino: 25 m x 25 m in the core areas of breccia mineralization, 50 m and 100 m towards the deposit fringes.
- Mateus North & Central: Some 25 m grid for higher grade areas, balance at 50 m and 100m.
- Mateus South: 100 m grid.
- Gaucho: 50 m, 100 m and 200 m on fringes.
- Canabrava and Domingos: 100 m grid, 400 m grid on fringes.
- Avião, Brejo, Cabeçuda: 400 m grid.

The Company completed a Reverse Air Blast ("**RAB**") drill program in 2006 to early 2007, to test for mineralization at depth below the surface showings. This scout drilling campaign did not follow a regular grid and usually reached no more than 20 m deep, often stopping due to high moisture content. The results of this drilling campaign were not properly documented and RAB results showed downhole contamination/smearing. Therefore, these results were not included in the resource estimate of the Updated Wardrop Report.

RC Drilling

Drilling was contracted to Servitec Sondagens. RC Drill rigs used on the project included an Explorak R50 RC rig and a 5.5 inch face sampling hammer. Holes were drilled vertical and have not been surveyed downhole.

Around 20% of RC samples were observed as being wet. The exact amount is not known as the sample humidity has not been clearly identified in the database (This is now in progress as it has been recorded for new RC drilling). This is a material issue as wet RC samples in the saprolite material can ultimately create a sample bias. For example, phosphate being washed out of the sample (such as Apatite mineralization along fractures) which ultimately can result in underestimation of the phosphate grade.

A total of 8 twin holes (RC and DC holes within 5m) have been undertaken to allow a comparative analysis of the results to determine the precision of the RC versus the DC. The results of the twin holes do not indicate any material bias between the DC and RC.

DC Drilling

DC drilling was initially conducted by Geosonda Sondagens who utilized a Chinese rotary drill called Drill XY-4. Productivity was poor after less than 900m drilled, so the Company changed contractors to Servitec Sondagens. Servitec utilized a Boart Longyear DB-525 and a Maquesonda FS-320. Both Geosonda and Servitec drilling is dominantly HQ sized core with minor NQ sized core utilized on holes greater than 100m in depth and HW utilized to collar some holes.

Holes were drilled vertical and have not been surveyed downhole. Core has not been oriented as all holes are vertical.
The Company's DC procedures are too high quality with >85% recovery returned in both scapolite and fresh material. The DC drilling procedures are of an acceptable industry standard.

Sample Representation

Core recovery is normally above 80%, averaging 77%; RC recovery averages 84%. Some contact zones between different lithology require particular drilling care and occasionally recovery can be poorer. In a few cases where recovery in three drill runs was less than 60%, re-drilling of the hole was carried out.

All logging and sample preparation have been carried out with a reasonable set of procedures to ensure that representative samples are used for resource estimation. The quality assurance and quality control ("**QA/QC**") procedures used in the drilling campaigns are described in the relevant sections of the resource reports issued thus far and demonstrate that reasonable care has been taken to ensure representative samples are collected for subsequent assaying and resource estimation.

Sampling Method and Approach
The sampling programs for the Itafos Arraias SSP Operations have followed acceptable industry good practices as briefly summarized in the following paragraphs.

Diamond Core

Core samples were taken normally on 1m intervals with some taken between 0.75 m and 1.25 m intervals based on the geological logging. Core is split in half using a blade in the weathered material and via a diamond saw in the fresh material. The ½ core is bagged and sent for preparation while the remaining ½ core is returned to the core box and a ply wood lid is nailed on and the box is stored for future reference.

Reverse Circulation

The Company utilizes a single tier riffle splitter and pass the dry sample approximately 3 times to get a 3 kg sample.

For wet RC samples the Company dries the full sample in an oven (on a flat galvanized tin surface) and then using a quartering technique to determine a 3kg sample.

Sample Security

All half cores (HQ size) are kept in three row wooden boxes with an average capacity 3m of core per box. Complete holes are stored according to hole/box number and by drill sector in core rack modules. All drill holes are individually catalogued and their exact locations noted.

Core storage warehouses at site have the capacity for 40,000m of HQ core. Reject samples are placed in bags and stored at the site. Pulp samples are kept at the assaying facility of ALS in Belo Horizonte. Assaying is carried out at either ALS or SGS Geosol laboratories; both recognized assay laboratories at an international level that operate within all the necessary standards and certifications for the mineral exploration industry.

Sample Preparation and Analysis

The drill samples from the 2008 and most from 2009 were securely sealed, bagged and trucked by the Company and ALS staff to the ALS laboratory located in Belo Horizonte. Here all sample preparation from rock to final pulp was completed. Final pulps were then sent to the ALS laboratory in Peru for assaying.

In late 2009, ALS was contracted to set up a sample preparation facility at the project site under contract to the Company; the preparation laboratory has a capacity of approximately 200-300 samples per day.

In brief, the preparation procedure involves:

- Two stages of coarse and fine crushing, pulverizing and riffling to produce a 10 gram sub-sample for shipment.
- The samples are prepared in a clean, covered facility in the the Company office compound facility near Campos Belos.
- Cleaning of all equipment by compressed air is carried out after processing each sample and additionally on a periodic basis using crushed quartz.
- Composite rejects of each sample are bagged and stored at the sample preparation facility.

In early 2010, the drill programs were increased substantially with the introduction of up to six RC drills during January, February and March. At this stage, sample preparation requirements increased beyond the capacity of the facilities at site, so samples were sent out to an additional four laboratories for preparation and subsequent as saying. These laboratories were: SGS Geosol, Belo Horizonte; SGS Carajás; ALS, Belo Horizonte and ALS, Goiás.

Quality Control

The Company has set in place a QA/QC programmer that included the submission of blanks, field duplicates and standards. the Company undertakes quality control at approximately 10% of the total samples prepared. This includes three blanks, three duplicates and three certified standards for every 90 rock samples. The first sample in each lot should be a blank to check that the system was clean.

Several quality control procedures have been in place to varying degrees of consistency throughout the exploration programs that began in early 2009. The earlier parts of the program in 2009 relied mainly on insertion of field blanks and internal laboratory procedures to monitor QA/QC. Beginning in late 2009, Wardrop provided input to this QA/QC procedure to ensure that as much as possible of the on-going drill sampling procedures adhered to best practices in compliance with NI 43-101.

The quality control measures applied at the Company have been as follows:

Certified Standards

In late 2009, an internal standard was prepared from siltstone mineralization collected from São Bento pit outcrop and prepared as a pulp standard material at the laboratories of the state laboratory facility in Brasília, METAGO. In January 2010, homogenized sub-samples were shipped to six round-labs laboratories (ALS and SGS) of which only two laboratories have returned results. Until all the round-robin analyses are received from the external laboratories, the METAGO internal assays of the six sub-samples shipped have been used as the average standard values. Standards were inserted every 25 samples at the sample preparation stage.

Blanks

Blank sample inserted every 40 samples at the sample preparation stage. The blank sample consists of silica quartz homogenized material collected from outcrop in the project area. A total of 562 blanks were submitted in the sample stream between late March 2009.

Assay Laboratories

The individual assay laboratories (ALS and SGS) submit duplicates and blanks in every sample batch received by them from the project, with duplicate samples being inserted every 40 samples.

Mineral Resource and Mineral Reserve Estimates

The mineral resource estimates for the Itafos Arraias SSP Operations have been classified, effective as of 20 December 2011, by Bradley Ackroyd, BSc (Geo), MAIG, who is a qualified person in accordance with the NI 43-101. (See "Interests of Experts"). The measured and indicated mineral resource estimate comprises 79.0 Mt grading 4.94% P_2O_5 (using a 1.5% cut-off for the Domingos target and a 2.8% cut-off for all other targets).

The Company is not aware of any factors, including but not limited to environmental, permitting, legal, title, taxation, socio-economic, marketing, political, or other relevant factors, that have materially affected the mineral resource estimate.

Measured, Indicated and Inferred Mineral Resource Grade Tonnage Report - 20 December 2011 Ordinary Kriging (OK) Block Model – 12.5mE X 12.5mN X 3mRL		
Target	**Tonnage (Mt)**	**P_2O_5 %**
Near Mine (Waldrop July 9, 2010)	**2.8% cut off grade applied**	
Measured	15.2	4.38
Indicated	9.4	4.12
M&I	24.6	4.28
Inferred	3.8	3.99
Canabrava (ITAFOS - Nov 2011)	**2.8% cut off grade applied**	
Measured		
Indicated	20.4	5.53
M&I	20.4	5.53
Inferred	3.7	4.94
Domingos (ITAFOS Nov 2011)	**1.5% cut off grade applied**	
Measured	5.6	6.04
Indicated	28.4	4.87
M&I	34.0	5.06
Inferred	5.2	2.99
TOTAL M&I	**79.0**	**4.94**
TOTAL Inferred	**12.7**	**3.85**

Notes:
The effective date of the mineral resource is December 20, 2011.
The mineral resource estimate for the Itafos Arraias SSP Operations deposit was constrained within lithological and grade based solids within the top 80m from surface.
Mineral resources for the Itafos Arraias SSP Operations deposit has been classified according to the CIM Standards by Bradley Ackroyd, BSc (Geo), MAIG, a "qualified person" as defined by NI 43-101.

The table below summarizes the mineral reserves estimated by the Itafos Arraias Technical Report, based on the production scheduled used for the Itafos Arraias SSP Operations:

Ore Source	**Ktonnes**	**P_2O_5 (%)**	
Proven Reserve	15,954	5.09	
Probable Reserve	48,857	5.07	
Total Reserve	**64,811**	**5.07**	
Total Material	**253,017**	**Strip ratio**	**2.90**

Notes:
The mineral reserves as set out in the table above have been estimated by Carlos Guzmán, FAusIMM, RM (Chilean Mining Commission), of NCL, a "qualified person" as defined by NI 43-101 and member of the AusIMM.
Numbers may not add up due to rounding.
All reported proven reserves are included in the total measured mineral resources and all reported probable reserves are included in the total indicated mineral resources.

The reserve estimate has been based upon economic parameters, geotechnical design criteria and metallurgical recovery assumptions detailed in the Itafos Arraias Technical Report. Changes in these assumptions will impact the reserve estimate. In general, increases in operating costs, reductions in revenue assumptions or reductions in metallurgical recovery may result in increased cut-off grades, reductions in reserves and increasing strip ratios. The converse is also true. Reductions in operating costs, increases in revenue assumptions or increases in metallurgical recovery may result in reduced cut-off grades and increases in reserves.

Mining Operations

The final pit design was based on the economic shell generated at a revenue factor equal to 1.0 and a minimum cut-off grade of 1.8% P_2O_5 at Domingos, 2.8% P_2O_5 at Cana Brava and Near Mine, with constant 49.0° inter ramp angle.

The current mine plan is designed with three meter benches stacked to six meters (i.e. two stacked benches).

For the required mining rate the appropriate loading equipment is medium size front end loaders or hydraulic excavators, ranging between 3.5 to 4.3 cubic yards capacities. The minimum operating widths to achieve the required productivities with this equipment is about 25 meters.

The Itafos Arraias Technical Report describes the final pit design, which is a result of different pits for the seven sectors (five in Near Mine, Domingos and Cana Brava), designed according to the obtained pit shell of the optimization process. The pit exits were orientated to the selected position of the processing plant.

A mine production schedule was developed to show the ore tonnes, grades, total material and waste material by year throughout of the life of the mine. The distribution of ore and waste contained in each of the mining sectors was used to develop the schedule, assuring that criteria such as continuous ore exposure, mining accessibility, and consistent material movements were met.

NCL used an in-house developed system to evaluate several potential production mine schedules.

Required annual ore tonnes and user specified annual total material movements are provided to the algorithm, which then calculates the mine schedule. Several runs at various proposed total material movement schedules were done to determine a good production schedule strategy. It is important to note that this program is not a simulation package, but a tool for calculation of the mine schedule and haulage profiles for a given set of phases and constraints that must be set by the user.

The mine plan developed by NCL does not include any special provisions for dilution because the resource block model is considered as already diluted.

Environmental Conditions

An environmental study (the "**Environmental Study**") with a detailed operations plan is required by the environmental agency of Tocantins ("**Naturatins**") before any construction and mine operations can begin. The operations plan consists of the basic mine plan, infrastructure, and operational aspects of the Itafos Arraias SSP Operations. The Environmental Study consists of reviewing the plan of operations for historical concerns, environmental and cultural issues.

The Environmental Study was prepared and submitted to Naturatins in July 2010 to substantiate the environmental licensing process of the phosphate project at the city of Arraias, Tocantins state. The objective is to present a diagnosis of the area impacted by the project, as well as identifying future scenarios considering phosphate plant set up or not, seeking a discussion on the environmental based on evaluation of the environmental impacts on the region.

According to the applicable concept of "environmental impact" the project is likely to have a series of adverse impacts on the region, given its interference with the fauna and flora, and to the surface water of the Bezerra River, a tributary to the Paraná River, member of the Tocantins River Basin.
However, the Environmental Study estimates that 71% of the identifiable impacts are reversible, meaning that a significant portion of the impacts defined for the Itafos Arraias SSP Operations will not be to the detriment of the future generations. This would only occur in the event of any compromise on the current environmental resources.

A public hearing with the community was performed in September 2010, as part of the licensing process. Over 300 people from the community were present, and the presentation on the project and its impacts and benefits was made.

The preliminary license was issued in December 2010 and the installation license issued in March 2011. The Company has received operating permits for the water dam, the tailings dam and the beneficiation plant. The remaining licenses were issued after construction was completed in 2013. Certain licenses are currently under renewal.

Metallurgy and Mineral Processing

Beneficiation plant and drying

The mineral processing plant was designed based on the metallurgical test work completed at the time of the study and considered the following main design parameters:

- An ore with a feed grade of 5.32 % P_2O_5;
- Production of 330,000 t/year of concentrate assaying 28% P_2O_5 with a metallurgical recovery of 54% from the column flotation of the conventional and produced slimes fractions;
- Production of 94,000 t/year of concentrate assaying 15% P_2O_5 with a metallurgical recovery of 8.4% from the column flotation of the natural slimes; and
- Total process plant availability of 89%.

The samples tested at the pilot plant had feed grades varying between 4.4 and 6.3% P_2O_5 and the average mass and P_2O_5 partition obtained in the steps of the process was used to calculate the material balance.

- The process route adopted consists of the following steps:
- Primary crushing of the Run of Mine (ROM) material;
- Grinding of the coarse fractions in a ball mill; and
- Classification of the ore into three different size streams with different size fractions to produce the materials denominated as natural slimes, produced slimes and conventional.

Each one of these streams is floated separately in column flotation cells to produce the three separate concentrates. The Natural slimes concentrate with a grade of 15% P_2O_5 will be dewatered in a thickener and a press filter. The cake will be dried in a rotary drier and sent for shipment. Produced slimes concentrate will be thickened in a pond and the settled underflow will be pumped to the acidulation plant.

Conventional concentrate will be reground to 95% passing 44 microns to improve reactivity, submitted to magnetic separation to reduce iron content and then dewatered in a thickener and press filter. The cake will be stock piled and reclaimed to the acidulation plant where it will be combined with the slimes concentrate produced.

All of the plant tailings are combined and pumped to the tailings dam.. Only one crushing stage, followed by a ball mill circuit, is used to avoid clogging conveyor belts and screens due to the sticky characteristics of the Arraias Tocantins ore.

Pilot plant test results showed that column flotation cells gave better performance than conventional mechanical flotation cells from the perspective of grade. For this reason, column cells were selected as the flotation equipment. The major equipment items including the primary crusher, ball mill, thickeners and filters were sized based upon physical characterization determined from bench scale laboratory test results conducted on samples of the ore and concentrates.

Sulphuric Acid Plant

The sulphuric acid plant will have capacity to produce 700 tonnes per day. The technology adopted for the study is the DA/DC process from MECS which recovers SO2 as concentrated sulphuric acid.. The individual process phases are as follows:

- Sulphur melting and filtration;
- Sulphur burning with air/oxygen;
- SO_2 conversion into SO_3 using vanadium pentoxide (V_2O_5) catalyst;
- SO_3 gas scrubbing and absorption;
- Cooling and storage of acid product.

The Sulphuric Acid plant is capable of producing 6 megawatts which is used to supplement used at the site.

Acidulation

The phosphate rock from the stockpile is reclaimed by front end loaders to a belt conveyor to feed pug mill where sulphuric acid (H_2SO_4) is be introduced. The reaction slurry product from the pug mill is directed to the curing belt (DEN). After 10 to 15 minutes residence time, the reaction slurry solidies and passes through a lump breaker before being transferred to the curing building by belt conveyors.

Granulation

The SSP from the curing building is transferred to the granulator drum where ammonia, water, and slurry from the gas treatment system will be introduced. The gases produced in the granulator pass to the gas treatment system while the product is sent to the rotary dryer. After drying operation the granulated SSP will report to hot screening.

The oversize from the hot screening goes to the cold screening after passing through the rotary cooler. The cold screens will be fitted with two decks. The oversize from the upper decks will feed a chain mill and the product will be delivered to the recycle bin. The undersize from the upper decks will combine with the oversize from the lower decks and will be stockpiled in the granular product pile. The undersize from the lower decks will combine with the hot screening undersize and chain mill product in the recycle bin. The material from the bin will be the circulating load to feed the granulator.

Project Life

The expected project life is approximately 25 years (increased from 19 years in the Itafos Arraias Technical Report, after a management evaluation of the mineral resources).

Taxes

The Brazilian corporate income tax rate is 34%, but because of fiscal incentives the Company expects that tax will be reduced to 15.25% for 10 years after the application is approved by the Brazilian government. The DCF model already incorporates these fiscal incentives.

Santana Project

The Santana Project is located in the southeast of Pará State near the state border of Mato Grosso and Pará. Santana is located approximately 200 km from the cities Santana do Araguaia, (Pará State) and Vila Rica (Mato Grosso State). The topographical coordinates of the Santana Project are 417882 East and 8967784 North. Palmas city in Tocantins is the most convenient major city with commercial flights and light aircraft from Palmas takes approximately one hour to reach Santana.

The Company, through the Brazilian Subsidiary and its wholly owned subsidiary Itafos Santana Mineração e Fertilizantes S.A., is the sole registered and beneficial holder of 3 exploration properties with one additional exploration permit under application, for a total of 38,424.62 ha. In 2013, the Company owned 21 exploration permits. Some of these permits were discarded because of low phosphate potential. Besides that, some of the areas were cancelled due to insufficient exploration according to DNPM's requirements.

The exploration permits are valid for three years and are renewable for an equal period. The Company is required to pay R$3.08 per hectare per year to the DNPM for permit annual maintenance fee (original permit term) and R$4.63 per hectare per year for renewed permits. This fee was paid and the Company is currently in good standing.

Araxá Project

The Araxá Project is located 5 km south of the town of Araxá, Minas Gerais State, approximately 375 km from the capital of this State, Belo Horizonte, 549 km from Sao Paulo and 848 km from Rio de Janeiro. The Araxá Project is found at a latitude of 19°40'S and longitude of 46°57'W. The Araxá Project is also located within 1 km of the Vale phosphate mine and SSP fertilizer plant and the world's largest operating niobium mine, belonging to CBMM.

The Company holds 100% of the Araxá Project through four exploration permits and one mining permit, covering a total area of 226 ha. The mineral tenure and associated status is summarized below. The Company does not own the surface rights over the Araxá Project but has been granted full access by CBMM, the holder of the surface rights.

The following material agreements apply to the Araxá Project:

- an exercised option agreement between Itafos Arraias and Extramil, dated June 15, 2011, which allows for the Company to obtain the rights to Extramil's exploration permits via its subsidiary, Itafos Arraias; and an agreement between Itafos Arraias and CBMM, allowing the Company full access to the Araxá Project.

Under the terms of the option agreement, Extramil is entitled to a net smelter return royalty on revenue generated from the production of phosphate, niobium and REO from the Araxá Project.

The royalties for the government in Brazil are 2% of the revenue on the sale of mineral products. However, because the Company would be selling oxides that have already been transformed through a chemical process, the Company's royalties on the Araxá Project would be calculated based on the cost of the mineral products. This refers to the production cost up to the crushing and drying (beneficiation) of the ore.

The Company is unaware of any environmental liabilities to which the Araxá Project is subject. However, the current measured and indicated mineral resource is located at the base of a tailings dam wall.

No additional permits are required at the current stage of exploration. Prior to mining, the Company would be required to obtain a mining permit over the required ground. This would entail submitting the required studies for it to be awarded.

DIVIDENDS

The Company has not paid any cash dividends or made other distributions on its securities in the three most recently completed financial years. There are no restrictions on the Company's ability to pay dividends except as set out under the Companies Law (2016 Revisions) of the Cayman Islands, the Company's Memorandum and Articles of Association and under Brazil law. Any future dividend payments or distributions will be made at the discretion of the Board and will depend on the Company's financial needs to fund its exploration and operations development program and its future growth, and any other factors that the Board deems necessary to consider in the circumstances.

DESCRIPTION OF CAPITAL STRUCTURE

The Company's authorized share capital consists of up to 5,000,000,000 shares of $0.001 par value each. As of June 13, 2017, the Company had 79,318,507 ordinary shares issued and outstanding. Holders of Shares are entitled to dividends if, as and when declared by the Board. Holders of Shares are entitled to one vote per share at meetings of shareholders except at meetings at which only holders of a specified class of shares are entitled to vote. Upon liquidation, dissolution or winding-up of Itafos, holders of Company Shares are to share rateably in the remaining assets of Itafos as are distributable to holders of Company Shares. Company Shares are not subject to call or assessment rights, redemption rights, rights regarding purchase for cancellation or surrender, or any pre-emptive or conversion rights.

MARKET FOR SECURITIES

Price Range and Trading Volume

The Company's shares traded on the TSX under the symbol "MBC" until April 5, 2016 on which date trading was suspended in connection with the Company's announcement of the Canadian Proceedings. The Company's shares were delisted from the TSX effective at the close of market on July 11, 2016 and listed on the TSXV at the opening of markets on July 12, 2016. Trading commenced on the TSXV on November 7, 2016. On December 16, 2016, shareholders approved the change of name from "MBAC Fertilizer Corp." to "Itafos". Consistent with the name change, Itafos applied to the TSXV to change its trading name from "MBAC Fertilizer Corp." to "Itafos" and its symbol from "MBC" to "IFOS". The Company commenced trading under its new name "Itafos" and new symbol "IFOS" on January 6, 2017. The following table shows the high and low trading prices and monthly trading volume of the shares of the Company on the TSX for the periods listed below:

2016	High (C$)	Low (C$)	Volume
January	0.045	0.035	6,030,622
February	0.04	0.035	5,372,576
March	0.04	0.03	14,720,707
April	0.03	0.03	111,939
May	0.03	0.03	0
June	0.03	0.03	0
July	0.03	0.03	0
August	0.03	0.03	0
September	0.03	0.03	0
October	0.03	0.03	0
November	3.45	0.03	239,482
December	2.94	2.11	84,932

PRIOR SALES

From the period of January 1, 2016 through June 13, 2017, Itafos has issued shares, or securities convertible into shares of the Company, as follows:

Date of Issue/Grant	Price per Security	Number of Securities
Itafos Shares		
October 27, 2016	-	50,337,972(1)
December 8, 2016..	C$2.50	5,374,800(2)
March 9, 2017	C$2.10	21,789,669(3)
Restricted Share Units		
December 31, 2016..		1,565,730(4)
Convertible Debentures		
October 27, 2016	-	Two (2) debentures convertible into an aggregate of 147,648 shares of Itafos at a price of C$25 per Share(1)

Notes:
(1) Issued to certain creditors under the CCAA Plan.
(2) Issued pursuant to a non-brokered private placement to Zaff LLC.
(3) Issued pursuant to a brokered private placement and pursuant to a shares-for-debt transaction.
(4) Awarded under the restricted share unit plan comprising part of the share incentive plan of the Company.

DIRECTORS AND OFFICERS

The following table sets forth the name, province or state and country of residence, position(s) held with the Company and period(s) during which each director of the Company has served as a director, and the principal occupation of each director and executive officer of the Company. All directors of the Company hold office until the next annual meeting of members of the Company or until their successors are elected or appointed. As of June 13, 2017, the directors and executive officers of the Company, as a group, beneficially owned, directly or indirectly, or exercised control or direction over approximately 7,791,866 shares, representing approximately 9.8% of the total number of shares outstanding.

Name, province/state and country of residence	Position(s) with the Company and Period(s) Served as Director	Principal Occupation
Brent de Jong Texas, United States	Director since October 27, 2016	Partner, Castlelake LP Managing Partner, De Jong Capital LLC
Mohamed Ibnabdeljalil New York, United States	Director since December 31, 2016	Founder and Managing Partner, Spika Ventures LLC
G. David Delaney Illinois, United States	Director since February 6, 2017	Chief Executive Officer, Plaman Corp.
José Manuel Ramos-Horta Dili, East Timor	Director since December 16, 2017	Chair, High Level Independent Panel on United Nations Peace Operations
Anthony Cina Ontario, Canada	Director since April 21, 2015	Senior Executive, Yamana Gold Inc.

The principal occupations, businesses or employments of each of the Company's directors and executive officers within the past five years are disclosed in the brief biographies set out below.

Anthony Cina – Director

Mr. Cina previously held the title of Vice President, Finance and Chief Financial Officer of the Company from June 2009 through June 2012, and has over 25 years' experience in accounting, finance and tax-related matters. Mr. Cina is a senior executive at Yamana Gold Inc. and has deep experience in doing business in South America, particularly in Brazil, aligning in-country efforts and resources with corporate strategy and optimizing organizational structures and behaviours to support and complement operational efforts. Mr. Cina has also recently been involved in several mergers and acquisitions, operations optimization and asset and debt restructuring transactions, namely in Brazil. Mr. Cina is Chartered Accountant and Chartered Professional Accountant and was recently awarded the ICD.D designation from the Institute of Corporate Directors. Mr. Cina holds a Bachelor of Commerce degree from the University of Toronto.

Brent de Jong – Chairman

Mr. de Jong is a Partner at Castlelake, responsible for the firm's investments in emerging markets. Mr. de Jong joined Castlelake in 2016 with over 18 years of investment experience, having worked on more than 200 investments across 43 countries. Over the course of his career, Mr. de Jong has developed a broad range of expertise in emerging markets in a variety of sectors, including: energy, telecom, financial, natural resources, real estate, and transportation. Prior to joining Castlelake, Mr. de Jong was the chief executive officer of Zaff LLC Capital LP, a private equity and real estate investment firm specializing in distressed investments and emerging markets. During his time at Zaff LLC, Mr. de Jong also served as an executive board member of RA Holdco, which emerged from the reorganization of Arcapita, a Bharaini investment bank, and was the first Sharia compliant bankruptcy in the US. Prior to joining Zaff LLC, Mr. de Jong was the lead investment professional with Ashmore Investment Management for special situations and infrastructure investments and served on the firm's investment committee. During his time at Ashmore, Mr. de Jong founded and was seconded to AEI, a $10 billion emerging market energy infrastructure company, and served as the chief executive officer and vice chairman of the board of directors and focused on strategy and development. Earlier in his career, Mr. de Jong worked at JPMorgan's financial institutions group in London and JPMorgan's structured finance group in New York. Mr. de Jong received a Bachelor of Arts from Georgetown University in economics. Mr. de Jong currently serves as an executive director at Agria Corporation, a NYSE listed company with assets primarily in New Zealand, and a board member of several other organizations in the investment, mining and non-profit sectors. Mr. de Jong is a current director of GB Minerals Ltd., a TSXV- listed issuer, and has previously acted as a director of Connacher Oil and Gas Limited (TSX) and Largo Resources Ltd. (TSX).

G. David Delaney – Director

Mr. Delaney serves as Chief Executive Officer of Plaman Corp. Prior to joining Plaman Corp. in May 2017, Mr. Delaney served as a Strategic Advisor for Paine & Partners, a private equity firm that focuses on the large and growing food and agribusiness sectors. He most recently was the EVP and Chief Operating Officer of Potash Corporation of Saskatchewan, Inc. ("**PotashCorp**") (NYSE: POT, TSX: POT.TO) where he oversaw operations across the company's business segments, spanning 16 different sites. As President of Sales at Potash, Mr. Delaney led the centralization of the global sales function and had oversight of all PotashCorp's Sales, Marketing, Market Research, Transportation and Distribution activities. Prior to PotashCorp, he held various sales and product positions at Arcadian Corporation Ltd until it was acquired by Potash Corp in 1997. Mr. Delaney has served on numerous boards, including Arab Potash Company where he also served as a member of the Developmental Committee and as a Director at Canopex Limited. He has also served as Chairman for Fluid Fertilization Association and Phosphate Chemicals Expert Association (PhosChem) and was a Director for the International Plant Nutrition Institute. Mr. Delaney serves on the Foundation Board for Southern Illinois University, where he earned his Bachelor of Science in Agriculture.

Mohamed Ibnabdeljalil – Director

Dr. Ibnabdeljalil, is the Founder and Managing Partner at Spika Ventures LLC, a strategic advisory and corporate development firm based in New York City focused on natural resources, basic materials including fertilizers and industrials sectors. Dr. Ibnabdeljalil has broad sector expertise in a wide range of basic materials, chemicals, and industrials. He served as the EVP and Chief Commercial Officer of OCP Group S.A., a global leader in the phosphate industry, and led the corporate and strategic restructuring of OCP and reshaped its role in the phosphate fertilizer sector. Dr. Ibnabdeljalil has a track record in leading multi-billion dollar sales, marketing, raw material procurement, logistics and business development efforts across geographies in emerging and developed markets. Dr. Ibnabdeljalil served on the board of directors of several international companies and associations, including Prayon, Paradeep Phosphate Ltd., Bunge Maroc Phosphore (JV with Bunge Fertilizantes), Black Sea GÜBRE TİCARET A.Ş as Chairman (JV with Toros Tarim A.Ş.), IMACID (JV with Tata and Chambal Chemical), and EMAPHOS (JV with Prayon and Budenheim) and the International Plant Nutrition Institute as Vice Chairman. Dr. Ibnabdeljalil also served on the boards of OCP's subsidiaries Marphocean S.A. and Société de Transports et d'Affrètement Réunis S.A. and OCP International Coöperatieve U.A. as chairman, Maroc Phosphore S.A, Phosboucraa S.A, OCP de Argentina SA, OCP do Brazil and OCP Foundation. Dr. Ibnabdeljalil holds a Bachelor's and Master's degree in Aeronautical Engineering from the London University and a Ph.D. in Theoretical and Applied Mathematics from Cornell University.

José Manuel Ramos-Horta – Director

Mr. Ramos-Horta is the United Nations' special Representative and Head of the United Nations Integrated Peacebuilding Office in Guinea-Bissau (UNIOGBIS). Previously, he was special envoy to fellow Lusophone country, Guinea-Bissau, and was the President of East Timor from May 2007 to May 2012, the second since independence from Indonesia. He is a co-recipient of the 1996 Nobel Peace Prize and a former prime minister, having served from 2006 until his inauguration as president after winning the 2007 East Timorese presidential election. As a founder and former member of the Revolutionary Front for an Independent East Timor, Mr. Ramos-Horta served as the exiled spokesman for the East Timorese resistance during the years of the Indonesian occupation of East Timor (1975 to 1999). After East Timor achieved independence in 2002, Mr. Ramos-Horta was appointed as the country's first foreign minister. He served in this position until his resignation in June 2006. In 2006, Mr. Ramos-Horta became the second prime minister of East Timor.

CORPORATE CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES OR SANCTIONS

No director or executive officer of the Company is, as at the date hereof, or has been, within the 10 years before the date hereof, a director, chief executive officer or chief financial officer of any company (including the Company) that was subject to a cease trade or similar order, or an order that denied the company access to any exemption under securities legislation, that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer, or was subject to a cease trade or similar order, or an order that denied the company access to any exemption under securities legislation, that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as a director, chief executive officer or chief financial officer, that was in effect for a period of more than 30 consecutive days.

Other than Mr. Cina, who was a director of the Company during the Restruturing, no director or executive officer of the Company, or a shareholder holding a sufficient number of securities of the Company to materially affect control of the Company, is as of the date hereof, or has been within the 10 years before the date hereof, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to the bankruptcy or insolvency, or became subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

No director or executive officer of the Company, or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, has been subject to:

(a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
(b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

During the year of 2016 two bankruptcy cases were filed against Itafos Arraias: (i) Bankruptcy Case No. 0000193-53.2016.827.2709, filed in March 2016 by PH Transportes e Construções Ltda. against Itafos Arraias before the Trial Court of Arraias in the State of Tocantins; and (ii) Bankruptcy Case No. 0000330-35.2016.827.2709, filed on March 2016 by Brasil Verde Agroindustrias Ltda. against Itafos Arraias before the Trial Court of Arraias in the State of Tocantins. These proceedings have now been cancelled given the the approval and implementation of the Brazilian Reorganization Proceeding.

Conflicts of Interest

To the best of the Company's knowledge, and other than as disclosed herein, there are no known existing or potential material conflicts of interest between the Company and any directors or officers of the Company, except that certain of the directors and officers serve as directors, officers, promoters and members of management of other public or private companies and therefore it is possible that a conflict may arise between their duties as a director or officer of the Company and their duties as a director, officer, promoter or member of management of such other companies.

The directors and officers of the Company are aware of the existence of laws governing accountability of directors and officers for corporate opportunity and requiring disclosures by directors of conflicts of interest and the Company will rely upon such laws in respect of any directors' and officers' conflicts of interest or in respect of any breaches of duty by any of its directors or officers. All such conflicts will be disclosed by such directors or officers in accordance with the CBCA and they will govern themselves in respect thereof to the best of their ability in accordance with the obligations imposed upon them by law.

PROMOTER

No person or company has within the two most recently completed financial years, or during the current financial year, been a promoter of the Company or any of the Subsidiaries.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Other than the Recapitalization and legal proceedings affected thereby, the Company was not during fiscal 2016, and is not currently, a party to, nor was/is any of its property the subject of, any legal proceedings, or, any known to be contemplated, which involve a material claim for damages within the meaning of applicable securities legislation.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as described herein, none of the directors, executive officers or persons or companies who beneficially own, or control or direct, directly or indirectly, more than 10% of any class of outstanding voting securities of the Company, nor any associate or affiliate of the foregoing persons, has or has had any material interest, direct or indirect, in any transaction within the past three financial years or during the current financial year, that has materially affected or is reasonably expected to have a material effect on the Company.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Shares is TSX Trust Company at its principal offices in Toronto, Ontario, Canada.

MATERIAL CONTRACTS

There are no material contracts, other than contracts entered into in the ordinary course of business, that are material to the Company and that were entered into by the Company within the most recently completed financial year or were entered into prior thereto that are still in effect other than:

1. The Support Agreement. See “General Development of the Business – Three Year History”.

AUDIT COMMITTEE

The Audit Committee is responsible for monitoring the Company’s systems and procedures for financial reporting and internal control, reviewing certain public disclosure documents and monitoring the performance and independence of the Company’s external auditors. The committee is also responsible for reviewing the Company’s annual audited financial statements, unaudited quarterly financial statements and management’s discussion and analysis of financial results of operations for both annual and interim financial statements and review of related operations prior to their approval by the full Board.

The Audit Committee’s charter sets out its responsibilities and duties, qualifications for membership, procedures for committee member removal and appointment and reporting to the Board. A copy of the charter is attached hereto as Schedule “A”.

Anthony Cina, Brent de Jong and David Delaney are members of the Audit Committee. Anthony Cina is the Chairman of the Audit Committee.

Relevant Educational Experience

Set out below is a description of the education and experience of each of the Company’s current Audit Committee members, which is relevant to the performance of his responsibilities as an audit committee member. Each of the members of the Audit Committee is “financially literate” and each member, other than Mr. de Jong, is also “independent” as such terms are defined in National Instrument 52-110 – Audit Committees. (“**NI 52-110**”).

Anthony Cina – Director

Mr. Cina previously held the title of Vice President, Finance and Chief Financial Officer of the Company from June 2009 through June 2012, and has over 25 years’ experience in accounting, finance and tax-related matters. Mr. Cina is Chartered Accountant and Chartered Professional Accountant and was recently awarded the ICD.D designation from the Institute of Corporate Directors. Mr. Cina holds a Bachelor of Commerce degree from the University of Toronto.

Brent de Jong – Chairman

Mr. de Jong is a Partner at Castlelake, responsible for the firm’s investments in emerging markets. Mr. de Jong joined Castlelake in 2016 with over 18 years of investment experience, having worked on more than 200 investments across 43 countries. Prior to joining Castlelake, Mr. de Jong was the chief executive officer of Zaff LLC Capital LP, a private equity and real estate investment firm specializing in distressed investments and emerging markets. Prior to joining Zaff LLC, Mr. de Jong was the lead investment professional with Ashmore Investment Management for special situations and infrastructure investments and served on the firm’s investment committee. Earlier in his career, Mr. de Jong worked at JPMorgan’s financial institutions group in London and JPMorgan’s structured finance group in New York. Mr. de Jong received a Bachelor of Arts from Georgetown University in economics.

G. David Delaney – Director

Mr. Delaney serves as Chief Executive Officer of Plaman Corp. Prior to joining Plaman Corp. in May 2017, Mr. Delaney served as a Strategic Advisor for Paine & Partners, a private equity firm that focuses on the large and growing food and agribusiness sectors. He most recently was the EVP and Chief Operating Officer of PotashCorp (NYSE: POT, TSX: POT.TO) where he oversaw operations across PotashCorp's business segments, spanning 16 different sites. As President of Sales at Potash, Mr. Delaney led the centralization of the global sales function and had oversight of all PotashCorp's Sales, Marketing, Market Research, Transportation and Distribution activities.

Pre-Approval Policies and Procedures

The Audit Committee's charter sets out responsibilities regarding the provision of non-audit services by the Company's external auditors. This policy encourages consideration of whether the provision of services other than audit services is compatible with maintaining the auditor's independence and requires Audit Committee pre-approval of permitted audit and audit-related services.

External Auditor Service Fees

Audit Fees

The aggregate audit fees billed by the Company's external auditors for the fiscal year ended December 31, 2016 were $342,462 (December 31, 2015 – $168,316). The audit fees relate to the audit of the annual consolidated financial statements of the Company.

Tax Fees

The aggregate tax services fees billed by the Company's external auditors for the fiscal year ended December 31, 2016 were $48,335 (December 31, 2015 – $Nil). The tax fees relate to tax compliance, tax advice and tax planning.

All Other Fees

The aggregate other services fees billed by the Company's external auditors for the fiscal year ended December 31, 2016 were $Nil (December 31, 2015 – $Nil), such services refer to special projects and corporate secretarial services.

INTERESTS OF EXPERTS

The following are the names of each person or company who is named as having prepared or certified a report, valuation, statement or opinion described, included or referred to in a filing made under National Instrument 51-102 – Continuous Disclosure Obligations by the Company during or relating to the fiscal year ended December 31, 2016, whose profession or business gives authority to such report, valuation, statement or opinion: Carlos Guzmán, FAusIMM, RM (Chilean Mining Commission), of NCL Brasil Ltda. ("**NCL**"), Beau Nicholls, Consulting Geologist at Andes, Bradley Ackroyd, BSc(Geo), Member (MAIG), of Andes and Homero Delboni Jr (registered member CIM & SME), owner of HDA Serviços S/S Ltda. (regarding the Itafos Arraias Technical Report).

The Itafos Arraias Technical Report is available under the Company's SEDAR profile at www.sedar.com, and a summary of such report is contained in this AIF under "Description of the Business – Material Mineral Properties".

The aforementioned firms and persons held either less than one percent or no securities of the Company or of any associate or affiliate of the Company at or following the time when they prepared the Itafos Arraias Technical Report and either did not receive any or received less than a one percent direct or indirect interest in any securities of the Company or of any associate or affiliate of the Company in connection with the preparation of the Itafos Arraias Technical Report.

None of the aforementioned persons, nor any directors, officers or employees of such the aforementioned firms is currently expected to be elected, appointed or employed as a director, officer or employee of the Company or of any associate or affiliate of the Company.

Regarding the Company's financial statements for the fiscal year ended December 31, 2016 and auditor's report thereon, PricewaterhouseCoopers LLP has advised the Company that it is independent within the meaning of the Rules of Professional Conduct of the Institute of Chartered Professional Accountants of Ontario.

ADDITIONAL INFORMATION

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities and securities authorized for issuance under equity compensation plans, as applicable, is contained in the Company's management information circular filed in connection with the Company's annual meeting of members for the fiscal year ended December 31, 2016. Additional financial information is provided in the Company's financial statements and managements' discussion and analysis for the fiscal year ended December 31, 2016. Additional financial information relating to the Company may also be found under the Company's SEDAR profile at www.sedar.com.

SCHEDULE "A" - CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

I. PURPOSE

The Audit Committee (the "Committee") is a committee of the Board of Directors of Itafos (the "Company"). The primary function of the Committee is to assist the Board of Directors in fulfilling its financial reporting and controls responsibilities to the shareholders of the Company and to the investment community. The external auditors will report directly to the Committee. The Committee's primary duties and responsibilities are:

1. overseeing the integrity of the Company's financial statements and reviewing the financial reports and other financial information provided by the Company to any governmental body or the public and other relevant documents;

2. recommending the appointment and reviewing and appraising the audit work of the Company's independent auditor, overseeing the independent auditor's qualifications and independence and providing an open avenue of communication among the independent auditor, financial and senior management and the Board of Directors;

3. serving as an independent and objective party to oversee and monitor the Company's financial reporting process and internal controls, the Company's processes to manage financial risk, and its compliance with legal, ethical and regulatory requirements;

4. encouraging continuous improvement of, and fostering adherence to, the Company's policies, procedures and practices at all levels.

II. COMPOSITION AND MEETINGS

The Committee shall be comprised of at least three directors. Each Committee member shall be "independent" as such term is defined in Schedule A.

In addition, unless otherwise authorized by the Board of Directors, no director shall be qualified to be a member of the Committee if such director (i) is an "affiliated person", as defined in Schedule A, or (ii) receives (or his/her immediate family member or the entity for which such director is a director, member, partner or principal and which provides consulting, legal, investment banking, financial or other similar services to the Company), directly or indirectly, any consulting, advisory, or other compensation from the Company other than compensation for serving in his or her capacity as member of the Board and as a member of Board committees.

All members shall, to the satisfaction of the Board of Directors, be "financially literate" as defined in Schedule A.

The members of the Committee shall be appointed by the Board at the annual organizational meeting of the Board held following the annual meeting of shareholders and shall hold office until the following organizational meeting of the Board or until their successors shall be duly appointed and qualified. Unless a Chair is elected by the full Board, the members of the Committee may designate a Chair by majority vote of the full Committee membership.

The Committee shall meet at least four times annually, or more frequently as circumstances require. The Committee shall meet within 45 days following the end of each of the first three financial quarters to review and discuss the unaudited financial results for the preceding quarter and the related Management

Discussion & Analysis and shall meet within 120 days following the end of the fiscal year end to review and discuss the audited financial results for the year and related Management Discussion & Analysis prior to their publishing.

The Committee may ask members of management or others to attend meetings and provide pertinent information as necessary. For purposes of performing their responsibilities, members of the Committee shall have full access to all corporate information and shall be permitted to discuss such information and any other matters relating to the financial position of the Company with senior employees, officers and independent auditors of the Company.

As part of its job to foster open communication, the Committee should meet at least annually with management and the independent auditor in separate executive sessions to discuss any matters that the Committee or each of these groups believe should be discussed privately. In addition, the Committee or at least its Chair should meet with the independent auditor and management quarterly to review the Company's financial statements.

Quorum for the transaction of business at any meeting of the Committee shall be a majority of the number of members of the Committee or such greater number as the Committee shall by resolution determine.

Meetings of the Committee shall be held from time to time and at such place as the Committee or the Chairman of the Committee shall determine upon 48-hour notice to each of members. The notice period may be waived by a quorum of the Committee. Each of the Chairman of the Committee, a member of the Committee, Chairman of the Board, independent auditors, Chief Executive Officer, Chief Financial Officer or Secretary shall be entitled to request that the Chairman of the Committee call a meeting which shall be held within 48 hours of receipt of such request.

III. RESPONSIBILITIES AND DUTIES

To fulfill its responsibilities and duties the Committee shall:

1. Create an agenda for the ensuing year.

2. Review and update this Charter at least annually, as conditions dictate.

3. Describe briefly in the Company's annual report and more fully in the Company's Management Information Circular the Committee's composition and responsibilities and how they were discharged.

4. Report periodically to the Board of Directors.

Documents/Reports Review

5. Review with management and the independent auditors, the organization's annual and, to the extent that the independent auditors complete interim reviews, interim financial statements, management discussion and analysis and any reports or other financial information to be submitted to any governmental body, or the public, including any certification, report, opinion, or review rendered by the independent auditor for the purpose of recommending their approval to the Board of Directors prior to their filing, issue or publication.

6. Review policies and procedures with respect to directors' and officers' expense accounts and management perquisites and benefits, including their use of corporate assets and expenditures related to executive travel and entertainment, and review the results of the procedures performed in these areas, if any, by the independent auditor.

7. Review the Company's annual and, to the extent that the independent auditor complete interim reviews, interim financial statements and MD&A's with financial management and the independent auditor and review earnings releases, if any, and any filings which contain financial statement information, to be filed with regulatory bodies such as securities commissions prior to filing or prior to the release of earnings. The Chair of the Committee may represent the entire Committee for purposes of this review in circumstances where time does not allow the full Committee to be available.

Independent Auditor

8. Recommend the selection of the independent auditor to the Board of Directors, consider the independence and effectiveness of the independent auditor, and approve the fees and other compensation to be paid to the independent auditor.

9. Monitor the relationship between management and the independent auditor including reviewing any management letters or other reports of the independent auditor and discussing any material differences of opinion between management and the independent auditor.

10. Review and discuss, on an annual basis, with the independent auditor all significant relationships they have with the Company to determine their independence and report to the Board of Directors.

11. Review and approve requests for any management consulting engagement to be performed by the independent auditor and be advised of any other study undertaken at the request of management that is beyond the scope of the audit engagement letter and related fees.

12. Review the performance of the independent auditor and approve any proposed discharge and replacement of the independent auditor when circumstances warrant. Consider with management and the independent auditor the rationale for employing accounting/auditing firms other than the principal independent auditor.

13. Periodically consult with the independent auditor in the absence of management about significant risks or exposures, internal controls and other steps that management has taken to control such risks, and the fullness and accuracy of the organization's financial statements. Particular emphasis should be given to the adequacy of internal controls to expose any payments, transactions, or procedures that might be deemed illegal or otherwise improper.

14. Arrange for the independent auditor to be available to the Committee and the full Board of Directors as needed. Ensure that the auditor reports directly to the Committee and is made accountable to the Board and the Committee, as representatives of the shareholders to whom the auditor is ultimately responsible.

15. Oversee the work of the independent auditor engaged for preparing or issuing an audit report or performing other audit, review or attest services.

16. Ensure that the independent auditor is prohibited from providing the following non-audit services and determining which other non-audit services the independent auditors are prohibited from providing:

    a. bookkeeping or other services related to the accounting records or financial statements of the Company;

    b. financial information systems design and implementation;

c. appraisal or valuation services, fairness opinions, or contribution-in-kind reports;

d. actuarial services;

e. internal audit outsourcing services;

f. management functions or human resources;

g. broker or dealer, investment adviser or investment banking services;

h. legal services; and

i. any other services which the Public Company Accounting Oversight Board determines to be impermissible.

17. Ensure that it is informed of each non-audit service and pre-approve any permissible non-audit services of the independent auditors, in accordance with applicable legislation. In relation to the pre-approval of permissible non-audit services, adopt specific policies and procedures for the engagement of such services, which detail the non-audit services. Such procedures must not include delegation of the committee's responsibilities to management.

Financial Reporting Processes

18. In consultation with the independent auditor review the integrity of the organization's financial and accounting and reporting processes, both internal and external.

19. Consider the independent auditor's judgments about the quality and appropriateness, not just the acceptability, of the Company's accounting principles and financial disclosure practices, as applied in its financial reporting, particularly about the degree of aggressiveness or conservatism of its accounting principles and underlying estimates and whether those principles are common practices.

20. Consider and approve, if appropriate, major changes to the Company's accounting principles and practices as suggested by management with the concurrence of the independent auditor and ensure that the accountants' reasoning is described in determining the appropriateness of changes in accounting principles and disclosure.

Process Improvement

21. At least annually obtain and review a report prepared by the independent auditors describing (i) the auditors' internal quality-control procedures; and (ii) any material issues raised by the most recent internal quality-control review, or peer review, of the auditors, or by any inquiry of investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the auditor, and any steps taken to deal with any such issues.

22. Review and approve hiring of employees or former employees of the past and present independent auditors.

23. Establish regular and separate systems of reporting to the Committee by each of management and the independent auditor regarding any significant judgments made in management's preparation of the financial statements and the view of each as to appropriateness of such judgments.

24. Review the scope and plans of the independent auditor's audit and reviews prior to the audit and reviews being conducted. The Committee may authorize the independent auditor to perform supplemental reviews or audits as the Committee may deem desirable.

25. Following completion of the annual audit and quarterly reviews, if any, review separately with each of management and the independent auditor any significant changes to planned procedures, any difficulties encountered during the audit and reviews, including any restrictions on the scope of work or access to required information and the cooperation that the independent auditor received during the audit and reviews.

26. Review any significant disagreements between management and the independent auditor in connection with the preparation of the financial statements.

27. Where there are significant unsettled issues the Committee shall ensure that there is an agreed course of action for the resolution of such matters.

28. Review with the independent auditor and management significant findings during the year and the extent to which changes or improvements in financial or accounting practices, as approved by the Committee, have been implemented. This review should be conducted at an appropriate time after implementation of changes or improvements, as decided by the Committee.

29. Review activities, organizational structure, and qualifications of the chief financial officer and the staff in the financial area and ensure that matters related to succession planning within the Company are raised for consideration by the full Board of Directors.

Ethical and Legal Compliance

30. Review periodically the Code of Ethics and Business Practices and ensure that management has established a system to enforce this Code. Review through appropriate actions taken to ensure compliance with the Code of Ethics and Business Practices and to review the results of confirmations and violations of such Code.

31. Review management’s monitoring of the Company’s systems in place to ensure that the Company’s financial statements, reports and other financial information disseminated to governmental organizations, and the public satisfy legal requirements.

32. Review, with the organization’s counsel, legal and regulatory compliance matters, including corporate securities trading policies, and matters that could have a significant impact on the organization’s financial statements.

Risk Management

33. Make inquiries of management and the independent auditors to identify significant financial and control risks and related exposures and assess the steps management has taken to minimize such risk to the Company.

General

34. Conduct or authorize investigations into any matters within the Committee’s scope of responsibilities. The committee shall be empowered to retain independent counsel, accountants and other professionals to assist it in the conduct of any investigation.

35. Perform any other activities consistent with this Charter, the Company’s By-laws and governing

law, as the Committee or the Board of Directors deems necessary or appropriate.

36. Perform annual assessment of the effectiveness of the Committee.

IV. ROLE OF COMMITTEE CHAIRMAN

To fulfill his/her responsibilities and duties as Chairman, the Chairman of the Committee should:

- provide leadership to the Committee with respect to its functions as described in this Charter and as otherwise may be appropriate, including ensuring that the members of the Committee understand and discharge their duties, fostering ethical and responsible decision making by the Committee and its members and overseeing the operation of the Committee;
- chair meetings of the Committee, unless not present, including in camera sessions, and report to the Board following each meeting of the Committee on the activities and any recommendations of the Committee;
- set the agenda for each meeting of the Committee, with input from other Committee members, and any other appropriate persons and ensure that the Committee meets at least four times per year and otherwise as considered appropriate;
- develop an annual work plan to track fulfilment by the Committee of its duties under this Charter, monitor performance under the work plan and report to the Committee at each meeting on the status of the work plan;
- act as liaison and maintain communication with the Board to optimize and co-ordinate input from directors, and to optimize the effectiveness of the Committee. This includes ensuring that Committee materials are available to any director upon request and reporting to the Board on all decisions of the Committee at the first meeting of the Board after each Committee meeting and at such other times and in such manner as the Committee considers advisable;
- together with the Board, oversee the structure, composition and membership of, and activities delegated to, the Committee from time to time;
- provide to the Committee appropriate information from management to enable the Committee to function effectively and fulfil its mandate;
- ensure that resources and expertise are available to the Committee so that it may function effectively and efficiently (including the retention of any outside appropriately qualified and independent advisors);
- facilitate effective communication between members of the Committee and management, and encourage an open and frank relationship between the Committee and the independent auditor; and,
- perform such other duties as may be delegated from time to time to the Chairman by the Board.

SCHEDULE A

Independence Requirement of Multilateral Instrument 52-110

A member of the Audit Committee shall be considered "independent", in accordance with Multilateral Instrument 52-110 - Audit Committees ("MI 52-110") if that member has no direct or indirect relationship with the issuer, which could reasonably interfere with the exercise of the member's independent judgment. The following individuals are considered to have a material relationship with the issuer and, as such, cannot be a member of the Audit Committee:

1. an individual who is, or has been, an employee or executive of the issuer, unless the prescribed period has elapsed since the end of the service or employment;

2. an individual whose immediate family member is, or has been, an executive officer of the issuer, unless the prescribed period has elapsed since the end of the service or employment;

3. an individual who is, or has been, an affiliated entity of, a partner of, or employed by, a current or former internal or external auditor of the issuer, unless the prescribed period has elapsed since the person's relationship with the internal or external auditor, or the auditing relationship, has ended;

4. an individual whose immediate family member is, or has been, an affiliated entity of, a partner of, or employed in a professional capacity by, a current or former internal or external auditor of the issuer, unless the prescribed period has elapsed since the person's relationship with the internal or external auditor, or the auditing relationship, has ended;

5. an individual who is, or has been, or whose immediate family member is or has been, an executive officer of any entity if any of the issuer's current executive officers serve on the entity's compensation committee, unless the prescribed period has elapsed since the end of the service or employment;

6. an individual who:

   - has a relationship with the issuer pursuant to which the individual may accept, directly or indirectly, any consulting, advisory or other compensatory fee from the issuer or any subsidiary entity of the issuer, other than as remuneration for acting in his or her capacity as a member of the board of directors or any board committee, or as a part-time chair or vice-chair of the board or any board committee; or

   - receives, or whose immediate family member receives, more than $75,000 per year in direct compensation from the issuer, other than as remuneration for acting in his or her capacity as a member of the board of directors or any board committee, or as a part-time chair or vice-chair of the board or any board committee, unless the prescribed period has elapsed since he or she ceased to receive more than $75,000 per year in such compensation; and

7. an individual who is an affiliated entity of the issuer or any of it subsidiary entities.

Financial Literacy Under Proposed Multilateral Instrument 52-110

"Financially literate", in accordance with MI 52-110, means that the director has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

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