ITAFOS

(formerly MBAC Fertilizer Corp.)

Management Discussion and Analysis of Operations and Financial Condition for the years ended December 31, 2017 and 2016

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF OPERATIONS AND FINANCIAL CONDITION

(All figures are in thousands of United States Dollars ("$"), unless otherwise specified, and are in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") applicable to the preparation of financial statements. This Management's Discussion and Analysis of Operations and Financial Condition ("MD&A") is effective as of March 27, 2018 and should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2017 ("consolidated financial statements"). A copy of this MD&A and additional information relating to the Company are available online under the Company's profile on the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com.

Cautionary statements regarding forward-looking information, mineral reserves and mineral resources are included in this MD&A.

1. CORE BUSINESS

Itafos (TSXV: IFOS) (the "Company") is engaged in the exploration, mining and production of phosphate-based fertilizers. The Company continues to focus on growth through strategic acquisitions and becoming a sizeable player in the phosphate industry worldwide. The Company pursues growth by having assets with diverse characteristics (phosphate rock mines, integrated phosphate fertilizer plants, etc.) that are in varying stages of development and located across strategic geographical zones.

In 2018, the Company's key mine in Brazil (the Arraias Phosphate Operations) is expected to complete the transition from its current ramp-up phase to sustainable production. In January 2018, the Company acquired the Conda Project from Agrium Inc., a wholly-owned subsidiary of Nutrien Ltd. The acquisition of the Conda Project doubles the production capacity of the Company, diversifies its sales base and is transformative in nature.

The Company owns the following projects which are in various stages of production and development:

- Conda Project
  540,000 metric tons per year mono-ammonium phosphate (MAP), super phosphoric acid (SPA), merchant grade phosphoric acid (MGA) and specialty products production facility located in Conda, Idaho, United States of America. The integrated facility is comprised of phosphate mines, a mill, a beneficiation plant, a sulfuric acid plant, a phosphoric acid plant, and reaction, filtration, clarification and evaporation facilities with related infrastructure.
- Arraias Project
  500,000 metric tons per year Single Super Phosphate ("SSP") integrated fertilizer production facility located in central Brazil. The integrated facility is comprised of a phosphate mine, a mill, a beneficiation plant, a sulfuric acid plant, an SSP plant and a granulation plant with related infrastructure.
- Santana Project
  High-grade phosphate deposit located near Brazil's largest fertilizer market in the state of Mato Grosso State and close to the animal feed market of Pará State.
- Araxa Project
  High-grade rare earth elements, niobium and phosphate deposit located near two operating mines and benefiting from existing local infrastructure in Minas Gerais state in Brazil.
- Paris Hills Project
  As of July 2017, the Company owns 100% of Stonegate Agricom Ltd. ("STG"). STG 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. The Paris Hills Project is located approximately 35 miles from the Conda Project.

- Farim Project
  As of February 27, 2018, the Company owns 100% of GB Minerals Ltd. ("GBL"). GBL owns the Farim Project, a high-grade phosphate deposit located in Guinea Bissau.

The Company's registered office is located at Ugland House, Grand Cayman, Cayman Islands KY1-1104.

2. HIGHLIGHTS

For the year ended December 31, 2016 (unless otherwise noted)

- The Company continued to satisfy its working capital needs with funds provided under a bridge loan arrangement that was granted by CL Fertilizers Holding LLC (formerly known as Zaff LLC, "CLF") to the Company in July 2015.
- The Company received court approval and initiated the issuance of debentures and warrants, a restructuring transaction under an Extrajudicial Restructuring Proceeding in Brazil (the "Brazilian Restructuring").
- The Company initiated and implemented a recapitalization and restructuring process in accordance with the provisions of the Companies' Creditors Arrangement Act (Canada) and the Canada Business Corporations Act (collectively, the "Canadian Restructuring" and together with the Brazilian Restructuring, the "Company Restructuring").
- The Company redomiciled from Canada to the Cayman Islands by way of continuation and ceased to be incorporated in Canada.
- CLF became the holder of approximately 96.25% of the issued and outstanding shares of, and a related party to, the Company upon implementation of the Canadian Restructuring on October 27, 2016. CLF's interest in the Company later increased to approximately 96.60% upon closing of a non-brokered private placement (the "CLF Private Placement") on December 8, 2016.
- The Company became the holder of approximately 31.3% of the issued and outstanding shares of GBL and approximately 36.5% of the issued and outstanding shares of STG upon implementation of the Canadian Restructuring on October 27, 2016, acquiring non-controlling interest that had previously been held by CLF.
- The Company's securities were delisted from the Toronto Stock Exchange (the "TSX") and listed on the TSX Venture Exchange ("TSXV") under the symbol "MBC". Trading in the Company's securities was suspended on April 5, 2016 and resumed on November 7, 2016.
- The Company completed the CLF Private Placement to CLF for aggregate proceeds of C$10,000 (Canadian Dollar ("C$") 13,400).
- The Company's Annual General Meeting of Shareholders approved on December 16, 2016, that the name of the Company be changed from "MBAC Fertilizer Corp." to "Itafos". Consistent with the name change, the Company applied to the TSXV to change its trading name from "MBAC Fertilizer Corp." to "Itafos" and its symbol from "MBC" to "IFOS".
- On December 31, 2016, Mhamed Ibnabdeljalil, Ph.D. joined the Board of the Company. 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.

- On January 1, 2017, the Company recommenced development activities of the Arraias Project.
- On January 5, 2017, the Company's interest in STG decreased to approximately 29.6% upon the closing of a non-brokered private placement by STG in which the Company did not participate.
- On January 6, 2017, the Company's shares commenced trading on the TSXV under the trading symbol "IFOS" following the change of the Company's name to "Itafos" in Q4 2016.
- On January 16, 2017, Marten Walters joined the Company as Vice President of Operations. Mr. Walters has more than 35 years of experience in the feasibility, design, project management, start-up and operation of fertilizer and chemical plants in Australia, Brazil, Peru, China, Morocco, Guinea-Bissau. Egypt, US and UK among other locations.
- On February 5, 2017, David Andrew Parsons resigned from the Board of Directors.
- On February 6, 2017, G. David Delaney joined the Board of Directors. Mr. Delaney was formerly the Executive Vice President 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. Prior to that, Mr. Delaney led the centralization of the global sales function, Mr. Delaney had oversight of all PotashCorp's sales, marketing, market research, transportation and distribution activities.
- On February 17, 2017, Cristiano Melcher stepped down as Chief Executive Officer. On that same date, the Company appointed Brian Zatarain as Chief Executive Officer and Rafael Rangel as Chief Financial Officer. Mr. Zatarain has over 20 years of hands-on and diverse corporate and business development, mergers and acquisitions, capital raising and investment management experience. Mr. Zatarain led the successful restructuring and recapitalization of the Company as its Chief Financial Officer. Mr. Rangel has over 35 years of finance, accounting and tax experience. Mr. Rangel had previously held the role of interim Chief Financial Officer of the Company from April 2016 to October 2016.
- On February 23, 2017, the Company entered into an unsecured promissory note with CLF pursuant to which it received funding in the amount of $3,000 (the "CLF Note").
- On March 9, 2017, the Company closed a brokered private placement of shares at a price of C$2.10 for gross proceeds of $34,054 (including transaction costs of $1,214 for net proceeds $32,840), which included the conversion and settlement of the CLF Note into 1,906,541 shares.
- In Q1 2017, the Company and certain other of its subsidiaries (including its Brazilian subsidiaries) changed their functional currency to USD, the currency of the primary economic environment in which the entities operate.
- On April 17, 2017, the Company's interest in STG increased to approximately 35.4%, upon the closing of a non-brokered private placement by STG in which the Company subscribed to all the shares for cash consideration of C$950.
- On May 18, 2017, the Company entered into an arrangement agreement with STG to acquire all the issued and outstanding common shares of STG not already owned directly or indirectly by the Company (the "STG Arrangement").
- On July 11, 2017, Mr. Evgenij Iorich joined the Board of Directors. Mr. Iorich serves as a Managing Partner at Pala Investments AG ("Pala") and is responsible for oversight of Pala's private equity and liquid investment portfolios. Mr. Iorich joined Pala in September 2006 and has since worked on a wide range of strategic initiatives, M&A opportunities, operational and financial planning and structuring in emerging markets. Mr. Iorich's commodities experience extends across a broad range of bulk commodities, precious and base metals. He is currently a Director of Nevada Copper Corp. (TSX:NCU), Serinus Energy Inc (TSX:SEN) and Peninsula Energy Limited (ASX:PEN). Prior to joining Pala, Mr. Iorich was a financial manager at Mechel, a Russian metals and mining company. Mr. Iorich graduated from the University of Zurich with a Master of Arts degree in 2004.
- On July 18, 2017, the Company closed the STG Arrangement by way of a court-approved plan of arrangement under the Business Corporations Act (Ontario).
- On August 1, 2017, STG ceased to be a reporting issuer.

- On August 11, 2017, the Company received funding from CLF and Pala in the aggregate amount of $10,000 and documented such transactions by means of a $5,000 unsecured promissory note to CLF and a $5,000 unsecured promissory note to Pala. On the same day, the Company indirectly provided a loan to GBL in the amount of $2,500 and GBL documented such transaction by means of a promissory note.
- As per its August 23, 2017 press release, the Company finalized the recommissioning of the Arraias Project at the beginning of July 2017. The Company is actively working to ramp-up production at the Arraias Project with a target to reach 75% by Q2 2018. Approximately 13,500 metric tons of beneficiated phosphate rock was produced during 2017 (with most of the rock being in inventory at year-end). In addition to the beneficiated phosphate rock production, the Arraias Project produced approximately 21,000 metric tons of granulated SSP.
- On September 9, 2017, the Company received funding from CLF in the amount of $4,500 and documented such transaction by means of an unsecured promissory note to CLF.
- On September 13, 2017, Jose Manuel Ramos-Horta resigned from the Board of Directors.
- On September 29, 2017, the Company elected to participate in the Brazilian Special Program for Tax Regularization (PERT) which offered significant discounts for settlement of outstanding tax liabilities. (See Note 6 of the 2017 consolidated financial statements for additional details.)
- On October 11, 2017, the Company received funding from Pala in the amount of $2,000 and documented such transaction by means of an unsecured promissory note to Pala.
- On October 25, 2017, the following events took place:
    - CLF assigned all its promissory notes totaling $10,000 to four (4) funds managed by Ice Canyon, a global investment management firm.
    - Pala assigned a promissory note in the principal amount of $5,000 to one (1) of the funds managed by Ice Canyon.
    - the Company received funding from CLF in the amount of $9,500 and documented such transaction by means of a promissory note to CLF.
    - the Company received funding from Pala in the amount of $4,750 and documented such transaction by means of a promissory note to Pala.
- On November 7, 2017, the Company announced that it had signed a definitive purchase agreement with Agrium Inc. to acquire the Conda Project for total cash consideration of approximately $100,000 (including inventory) on a cash and debt free basis.
- On December 19, 2017, the Company completed a non-brokered private placement of shares (the "December Offering") at a price per share of C$2.10 and received net proceeds of $74,887, after deducting transaction costs. This amount includes the conversion of $7,519 through the issuance of 4,585,042 shares to settle the outstanding unsecured promissory note issued by the Company to Pala.
- On December 28, 2017, the Company entered into an arrangement agreement with GBL to acquire all the issued and outstanding common shares of GBL not already owned, directly or indirectly, by the Company (the "GBL Arrangement").
- On December 29, 2017, the Company provided a loan to GBL in the amount of $2,500 and GBL documented such transaction by means of a promissory note.

Subsequent to Year end

- On January 12, 2018, the Company:
    - completed the acquisition of the Conda Project with payment of cash consideration at closing of $66,500. The purchase price is subject to adjustment based on existing inventory at the time of closing. As of this date, the purchase price adjustment process as outlined in the Conda purchase agreement is ongoing. The transaction included long-term strategic supply and off-take agreements. Under the terms of the supply and off-take agreements, Agrium Inc. will supply 100% of the ammonia requirements of Conda Project and purchase 100% of MAP product produced, with pricing formulas for both tied to benchmark phosphate fertilizer prices; and

- appointed Ron Wilkinson to the Board of Directors. Mr. Wilkinson retired from Agrium in February 2016 after a career spanning 40 years in the fertilizer industry, including as Senior Vice President and President of Agrium's Wholesale Business Unit from 2004 through September 2015, when Mr. Wilkinson was responsible for manufacturing operations for 12 production sites, along with the associated supply chain, sales, marketing and distribution.

- The Company accounted for the acquisition of the Conda Project as a business combination. At the date the financial statements were issued, the Company had not yet completed the accounting for the acquisition of the Conda Project. The fair value of the net assets acquired has not yet been determined as the independent valuations have not been finalized. The Company estimates that independent valuations will be completed during the second quarter of 2018.
- On February 27, 2018, the Company completed the GBL arrangement under the Business Corporations Act (British Columbia). Pursuant to the terms of that plan of arrangement, the Company acquired all the issued and outstanding common shares of GBL that were not already owned directly or indirectly by the Company. As a result of the transaction, GBL became a wholly-owned subsidiary of the Company. The Company accounted for this transaction as an asset acquisition. On closing of the arrangement, an aggregate of 11,301,732 ordinary shares of the Company were issued to GBL shareholders at an exchange ratio of (i) 0.035714 of a Company's share for each outstanding GBL share, for those GBL shareholders who elected to receive solely shares consideration, or (ii) 0.011905 of a Company's share for each outstanding GBL share, for those GBL shareholders who elected to receive cash and shares consideration. As a result of the arrangement, all outstanding options of GBL were paid and/or cancelled.
- The following table sets out the allocation of the purchase price to assets acquired and liabilities assumed (based on management's estimates of fair value):

747,948,785 common shares of GBL or 68.7% interest	$	49,047
Total consideration for net assets (100%)	**$**	**71,393**
Fair value of assets acquired, and liabilities assumed:		
Mineral properties	$	82,497
Cash and cash equivalents		3,245
Prepaid expenses		308
Equipment		213
Other receivables		28
Notes payable		(12,515)
Accounts payable and accrued liabilities		(2,269)
Other liabilities		(114)
Net assets acquired	**$**	**71,393**

- On February 1, 2018, the Company provided a loan to GBL in the amount of $4,500 and GBL documented such transaction by means of a promissory note.

- In Q1 2018, the Company received funding from various lenders (including CLF) in the aggregate amount of $61,421 and documented these transactions by means of unsecured promissory notes from the Company to each lender.

ITAFOS PROPERTIES

The following table summarizes the Company's properties with resources and reserves:

Table 1

Category	Arraias Project	Santana Project	Araxa Project	Conda Project	Paris Hills Project	Mantaro Project	Farim Project
Reserves Average % of P_2O_5	64.8Mt Avg. 5.1%	45.5Mt Avg. 12.9%	TBD	TBD	16.7Mt Avg. 29.5%	None	44.0Mt Avg. 30.0%
Measured and Indicated Resources Average % of P_2O_5	79.0Mt Avg. 4.9%	60.4Mt Avg. 12.0%	6.4Mt Avg. 8.4%	TBD	90.1Mt Avg. 25.1%	39.5Mt Avg. 10.0%	105.6Mt Avg. 28.4%
Estimated Annual Production	500kt SSP	TBD	TBD	540kt MAP SPA/APP/ MG	TBD	TBD	TBD
Estimated Life of Mine in Years	19+	20+	TBD	TBD	TBD	TBD	TBD

ITAFOS CONDA PROJECT (Idaho, USA)
The Itafos Conda Project is located in Conda, Idaho. The Itafos Conda Project is a North American vertically integrated phosphate fertilizer business. Itafos Conda Project produces MAP, SPA, MGA and specialty products to be sold to wholesale and retail customers. The United States (U.S.) SPA market demand is approximately 870kt with 90%-95% coming from agriculture, of which 2/3 is used in production of liquid ammonium phosphate (16 states represent 81% of SPA demand). The U.S. demand for SPA is primarily linked to corn dynamics and also to high value crops like grapes and vegetables. Itafos Conda Project is one of three key U.S. producers of SPA.

ARRAIAS PROJECT (Brazil)
The Arraias Project is located in the municipality of Arraias, Tocantins state, Brazil. The Arraias Project produces SSP, a type of sulphur-based phosphate fertilizer that is widely used in Brazil. SSP is an excellent source of three plant nutrients – phosphorous, sulphur and calcium. The presence of these nutrients in SSP is very beneficial to the development of crops in regions where those nutrients are deficient including, and namely, Brazil's Cerrado region, where new agriculture areas are being developed at a rapid pace. The target market for the Arraias Project encompasses seven states (West Bahia, North Goias, Tocantins, North East Matto Grosso, South Piaui, South Maranhao and South-East Para) within the Cerrado region. According to SIACESP/ANDA (the Association of Fertilizer and Agriculture in the state of Sao Paulo, Brazil), the total SSP market size in Brazil is estimated to be approximately 5 million tons per year. Out of that 5 million tons, approximately 1.2 million tons are estimated to be consumed in the Cerrado region.

In early 2015, upon the initiation of the restructuring of the Company in Canada and Brazil, the Company placed the Arraias Project in "care and maintenance" mode. In Q4 2016, the Company completed the restructuring in Canada and Brazil. Beginning January 1, 2017, the Company commenced recommissioning activities at the Arraias Project.

As noted in the Highlights, the Arraias Project completed the recommissioning phase at the beginning of July 2017. The Project is in the ramp-up phase now working to reach commercial production by achieving 30 consecutive days of sustainable production at 75% capacity utilization. Once fully operational, the Arraias Project will be the largest fully integrated SSP operation in the Cerrado region of Brazil as well as all of Brazil.

In preparation for the completion of the ramp-up of production, the Company continues to advance the development of its go-to-market sales and marketing strategy. This strategy includes assessment of the competitive landscape, national SSP consumption trends, international sulphur and phosphate fertilizer markets, and identification of the optimal product mix and route to market.

The Company's technical report for the Arraias Project is titled "Updated Technical Report Itafos Arraias SSP Project" and is dated and effective as of March 27, 2013 (the "Arraias Technical Report"). The Arraias Technical Report was prepared by Carlos Guzmán, FAusIMM, RM (Chilean Mining Commission), of NCL Brazil Ltda. ("NCL"); Beau Nicholls (BSc (Geol) MAIG), an associate consulting geologist with Andes Mining Ltd. ("AMSL"); Bradley Ackroyd (BSc (Geol) MAIG), the principal consulting geologist for AMSL; and Homero Delboni Jr. (registered member CIM & SME), owner of HDA Serviços S/S Ltda. Each preparer is a "qualified person" per the guidelines set forth in National Instrument 43-101. The Arraias Technical Report was prepared in accordance with National Instrument 43-101 Standards of Disclosure for Mineral Projects ("NI 43-101"). The Arraias Technical Report is filed under the Company's profile on SEDAR at www.sedar.com.

Proven and probable mineral reserves based on the production schedule used for the Arraias Technical Report are as follows. Information below is based on assumptions, qualifications and procedures which are not fully described herein, and reference should be made to the full text of the Arraias Technical Report:

Category	Tonnage (million tons)	P_2O_5 %
Proven reserves	15.9	5.09
Probable reserves	48.9	5.07
	64.8	**5.07**

STRATEGIC DEVELOPMENTS, CONSTRUCTION AND DEVELOPMENT

SANTANA PROJECT (Brazil)

The Company is the beneficial holder of exploration properties totaling 87,855 hectares. One of those properties is a mining permit under application and one is an exploration permit under application. These properties form the Santana Project. The Company's technical report for the Santana Project is titled "Feasibility Study – Santana Phosphate Project Pará State, Brazil," and is dated and effective as of October 28, 2013 (the "Santana Feasibility Study"). The Santana Feasibility Study, was prepared by Bradley Ackroyd of AMSL, Carlos Guzmán of NCL and Robert Alexander of Pegasus TSI. Each is a "qualified person" per the guidelines set forth in National Instrument 43-101 Standards of Disclosure for Mineral Projects ("NI 43-101"). The Santana Feasibility Study was prepared in accordance with NI 43-101. The Santana Feasibility Study is filed under the Company's profile on SEDAR at www.sedar.com.

Given the early stage of the Santana Project, fluctuations in commodity prices and lapse in time since the Santana Feasibility Study was prepared, the realizable value of the project may differ significantly from the conclusions of the Santana Feasibility Study.

ARAXA PROJECT (Brazil)

The Company, through one of its subsidiaries, is the beneficial holder of four (4) exploration properties totaling 214 hectares. These properties form the Araxa Project. The Company announced the results of an initial preliminary economic assessment, based on the technical report titled "A Preliminary Economic Assessment in the form of an

Independent Technical Report on MBAC Fertilizer Corp. – Araxa Project", effective October 1, 2012 as amended and restated January 25, 2013 (the "Amended Araxa PEA"). The Amended Araxa PEA was prepared by Bradley Ackroyd and Andrew N. Clay of Venmyn Rand (Pty) Limited, each of whom is a "qualified person" per the guidelines set forth in NI 43-101 Standards of Disclosure for Mineral Projects ("NI 43-101") and was prepared in accordance with NI 43-101. Given the early stage of the Araxa Project, fluctuations in commodity prices and lapse in time since the Amended Araxa PEA was prepared, the realizable value of the project may differ significantly from the conclusions of the Amended Araxa PEA.

PARIS HILLS PROJECT (USA)

The Paris Hills Project is in Bear Lake County, Idaho, just west of the towns of Paris and Bloomington and includes the former Bloomington Canyon, Consolidated (Little Canyon) and Paris Canyon (McIlwee) mine sites. The Paris Hills Project is strategically located approximately 35 miles from the Conda Project. The Paris Hills Project encompasses an area of approximately 1,010 hectares. Property holdings consist of three (3) patented lode mining claims and 21 contiguous fee parcels (some with federal mineral reservations). The Paris Hills Project is located near the center of the western phosphate field. That phosphate field comprises the most extensive phosphorite beds in the United States and has one of the highest-grade phosphate deposits in the world. That phosphate field contains Measured and Indicated Resources of 29.8 million dry tons at a grade of 30% P2O5 and additional Inferred Resources of 4.6 million dry tons at 29.9% P2O5. The most current NI 43-101 Report is entitled "NI 43-101 Technical Paris Hills Project" and dated effective January 18, 2013.

Given the early stage of the Paris Hills Project, fluctuations in commodity prices and lapse in time since the Paris Hills Technical Report was prepared, the realizable value of the project may differ significantly from the conclusions of the Paris Hills Technical Report.

MANTARO PROJECT (Peru)

The Mantaro Project is located approximately 250 km east of Lima, Peru in the Andean altiplano near the city of Huancayo, Junin District. The Mantaro Project encompasses 27,700 hectares trending in a northwesterly direction. The property's major asset is a mineralized zone of phosphatic rock currently defined by surface outcrops, trenches and drilling extending over a strike length of more than 30 km and a width of more than 5 km on the west side of the Mantaro River. The project contains Measured and Indicated Resources of 39.5 million dry tons at a grade of 10% P2O5 and additional Inferred Resources of 376.3 million dry tons at 9.0% P2O5.The most current NI 43-101 Report is entitled "NI 43-101 Technical Report on Mantaro Phosphate Deposit" and dated effective February 21, 2010.

Given the early stage of the Mantaro Project, fluctuations in commodity prices and lapse in time since the Mantaro Technical Report was prepared, the realizable value of the project may differ significantly from the conclusions of the Mantaro Technical Report.

FARIM PROJECT (Guinea Bissau)

The Farim Project is 100% owned by GBL (a 100% owned subsidiary of the Company) and located in Farim, Guinea Bissau. In 2017, the company had a minority interest in GBL. The project is a world class, high quality, development phosphate project containing Measured and Indicated Resources of 105.6 million dry tons at a grade of 28.4% P2O5 and additional Inferred Resources of 37.6 million dry tons at 27.7% P2O5. The Measured and Indicated Resources include 44.0 million dry tons of reserves based on a 25-year mine plan at 1.75 million tons per annum ("Mtpa") of mine production at the following Run of Mine ("ROM") grades of 30.0% P2O5. The most current NI 43-101 Report is entitled "NI 43-101 Technical Report on the Farim Phosphate Project" and dated effective September

14, 2015. The Technical Report on the Farim Phosphate Project is filed under the GB Minerals Company's profile on SEDAR at www.sedar.com. The project is currently in the exploration phase.

3. OUTLOOK AND STRATEGY

The Company is focused on becoming a global phosphate platform with high performing assets which are integrated (from mining activities up to fertilizer production). The Company continuously evaluates opportunities to grow through strategic partnerships, mergers and acquisitions, and evaluates investments in its existing development assets. The execution of ongoing strategic growth initiatives is focused on increasing its global presence and shareholders' value. Currently, the Company's primary focus continues to be the ramp-up of the Arraias Project plant to achieve commercial production and the integration of the Conda Project operations into its portfolio. The Conda Project will generate operating cash flow immediately and the Arraias Project will generate positive cash flow once it is fully operational.

The Company's action plan continues to be as follows:

- Improving the balance sheet and achieving operational goals by implementing efficient working capital strategies;
- Optimizing the Company's growing operations by developing and continuing to invest in human capital;
- Achieving operational excellence by establishing and enforcing clear requirements and guidelines intended to capture value throughout the whole organization in a structured and focused manner;
- Positioning the Company as a "Supplier of Choice" for fertilizer inputs in its target regions by leveraging competitive advantages with logistics, client proximity and product quality;
- Practicing a disciplined growth strategy of pursuing attractive greenfield and brownfield project pipelines. These pipelines include the projects that the Company currently owns or in which it holds significant interests. In addition, the Company is continually evaluating other avenues for growth such as the acquisition of assets that may meet its strategic objective.

4. OVERVIEW OF RESULTS

The following selected financial data is derived from the unaudited condensed consolidated interim consolidated financial statements of the Company for the periods presented:

SUMMARY OF QUARTERLY RESULTS

For the three months ended (in thousands of $)	December 31, 2017	September 30, 2017	June 30, 2017	March 31, 2017
Net loss	$ (7,936)	$ (8,963)	$ (6,943)	$ (6,569)
Basic and diluted loss per share [1]	$ (0.09)	$ (0.11)	$ (0.09)	$ (0.10)
Total assets	$ 421,291	$ 341,702	$ 328,305	$ 337,880

For the three months ended (in thousands of $)	December 31, 2016	September 30, 2016	June 30, 2016	March 31, 2016
Net loss	$ (40,413)	$ (46,743)	$ (9,398)	$ (4,114)
Basic and diluted loss per share [1]	$ (0.69)	$ (25.74)	$ (5.17)	$ (2.27)
Total assets	$ 304,758	$ 345,613	$ 371,121	$ 339,964

(1) During 2016, the Company had a 1/100 share consolidation whereby, pursuant to the Canadian

Restructuring, the number of shares outstanding were reduced from 181,607,492 to 1,816,066.

Net losses for the periods ending in September 30, 2016 and December 31, 2016 were primarily attributable to the Company's restructuring process during that same period. The significant increases in total assets during 2017 are primarily attributed to the increase in cash from the issuance of shares and short-term debt financing, as well as the increase in assets under construction.

STATEMENTS OF OPERATIONS

(in thousands of United States Dollars except for shares and per share amounts, unaudited)	**Year ended December 31, 2017**	Year ended December 31, 2016	Year ended December 31, 2015
Expenses			
Selling, general and administrative expenses	**$ 19,447**	$ 10,176	$ 5,612
Operations care and maintenance expenses	**-**	20,602	21,878
Disposal of property, plant and equipment and mineral properties	**-**	11,159	-
Impairment and write-off of property, plant and equipment and mineral properties	**-**	59,781	-
Operating loss	**(19,447)**	(101,718)	(27,490)
Unrealized foreign exchange gain/(loss)	**(1,165)**	23,343	(43,696)
Realized foreign exchange gain/(loss)	**-**	-	(120)
Other income (expense)	**2,740**	(3,568)	(7,828)
Gain on restructuring	**-**	25,380	-
Finance expense	**(1,263)**	(42,766)	(37,226)
Loss from investment in associates	**(2,400)**	(201)	-
Other expenses Brazilian warrants	**(6,962)**	-	-
Loss before income taxes	**(28,497)**	(99,530)	(116,360)
Current and deferred income tax expense	**1,914**	1,138	1,257
Net loss	**$ (30,411)**	$ (100,668)	$ (117,617)
Other comprehensive income	**$ 1,284**	$ 5,817	$ (28,851)
Comprehensive loss	**$ (29,127)**	$ (94,851)	$ (146,468)
Basic and diluted net loss per share	**$ (0.39)**	$ (8.87)	$ (64.73)

For the year ended December 31, 2017

Selling, general and administrative ("SG&A") expenses

SG&A expenses during the years ended December 31, 2017 and 2016 were $19,447 and $10,176, respectively. The increase in expenses were primarily related to professional services and other non-recurring administrative expenses of the Company. The increase was attributable to the increased commercial activities of the Company as it emerged from the 2016 restructuring phase.

Operations care and maintenance expenses

Operations care and maintenance expenses during the years ended December 31, 2017 and 2016 were $0 and $20,602, respectively. Effective January 1, 2017, the Arraias Project was determined to be in development stage. As a result, pre-commercial production costs began to be capitalized and property, plant and equipment are not subject to depreciation. The operations care and maintenance expenses of $20,602 for 2016 were primarily comprised of depreciation expense and salaries and wages.

Impairment, write-off and disposal of property, plant and equipment and mineral properties

Impairment and write-off of property, plant and equipment and mineral properties during the years ended December 31, 2017 and 2016 were $0 and $70,940, respectively. $53,900 of 2016 expenses were related to the Arraias Project property, plant and equipment and mineral properties assets which had a carrying value greater than their fair value less costs of disposal. Additionally, $5,000 of the 2016 expenses were relating to the impairment of Santana Project fixed assets and capitalized development costs which had a carrying value greater than their fair value less costs to sell. The write-off in respect of the Araxa Project in 2016 related to capitalized development costs of $11,200. Those development costs did not have a near-term future economic benefit to the Company.

Unrealized foreign exchange gain (loss)

Unrealized foreign exchange loss during the years ended December 31, 2017 was $1,165, compared to a gain of $23,343 for the year ended December 31, 2016. The amounts were primarily related to foreign exchange conversion on Brazilian Real ("R$") denominated monetary balances. On January 1, 2017, the functional currency was changed to USD. Consequently, the foreign exchange gain (loss) was reduced.

Other income (expense)

Other income during the years ended December 31, 2017 and 2016 was $2,740, compared to an expense of $3,568 for the year ended December 31, 2016. The income in 2017 is primarily attributable to adjustments for taxes paid on purchases of material and equipment at the Company's Brazilian subsidiaries that were recaptured under the auspices of a tax amnesty program.

Finance expense

Finance expense during the years ended December 31, 2017 and 2016 was $1,263 and $42,766, respectively. Interest has been capitalized in 2017 and is included in Property, plant and equipment, whereas it was expensed during 2016. This is because effective January 1, 2017, the Arraias Project were determined to be in the development stage. As of December 31st, 2017. The amount of interest capitalized was $1,605.

Loss from investment in associates

Loss from investments in associates during the years ended December 31, 2017 and 2016 was $2,400 and $201, respectively. The amounts were related to equity pick-up loss from STG and GBL. The increase is due to the timing of acquisition of the associates.

Other expenses Brazilian warrants

Other expenses Brazilian warrants during the years ended December 31, 2017 and 2016 was $6,962 and $0, respectively. The amounts were related to change in fair value of the outstanding Brazilian warrants.

Current and deferred income tax expenses

Deferred income tax expenses during the years ended December 31, 2017 and 2016 were $1,914 and $1,138, respectively. The amounts were primarily related to withholding tax expense.

5. FINANCIAL CONDITION

LIQUIDITY

The Company continues to focus on improved efficiencies in operations to maximize margins as well as fund development activities and further growth. In addition to the equity financing raised in its private placements, management is pursuing further equity and/or debt financing to support the funding of strategic, general corporate and working capital requirements. Based on the Company's strong capital base combined with continued interest in its platform from a diverse set of potential investors, management does not anticipate any significant challenges in raising capital.

The following is a summary of liquidity and capital resources balances:

(in thousands of United States Dollars)	**December 31, 2017**	December 31, 2016
Cash	$ 63,677	$ 2,875
Accounts receivable	116	169
Inventories	8,277	481
Other current assets	9,005	3,212
Accounts Payable and accrued liabilities	(16,937)	(19,345)
Provisions	(542)	(975)
Current debentures	(960)	(340)
Other current liabilities	(184)	(2,387)
Current Debt	(25,530)	-
Working Capital	36,922	(16,310)

Cash as at December 31, 2017 and 2016 was $63,677 and $2,875, respectively. In 2017, the Company continued to generate net financing proceeds from the issuance of shares and debt financing. As of December 31, 2017, the Company received proceeds of $33,750 from debt financing (including $9,750 conversion of debt financing) and $97,027 from the issuance of shares. These financings are another key step forward in the Company's plan to bridge its short-term financing needs until long-term financing is obtained. The Company has further received commitment from CLF, its principal shareholder, to continue to provide financial support as required to meet its liabilities as and when they became due to ensure business continuity and ongoing operations over the next 12 months. The Company is in the process of securing a long-term debt financing structure and is in advanced discussions with interested potential investors. Further with the strategic acquisition of Itafos Conda Project (a free cash flow generating facility) in January 2018, the Company has further consolidated its operating as well as financial position. Based on the current operating plan and potential growth initiatives, the Company expects to raise additional equity funding. Management considered all the relevant information, as noted above, and concluded that there are no material uncertainties that would cast significant doubt upon the going concern assumption. In Q1 2018, the Company received additional proceeds of approximately $61,421 from debt financing.

The following chart outlines significant changes in the consolidated balance sheet:

(in thousands of United States Dollars)	**December 31, 2017**	December 31, 2016	December 31, 2015
Summary Balance Sheet			
Current assets	$ 81,075	$ 6,737	$ 3,236
Non-current assets	340,216	298,021	305,193
Total Assets	**421,291**	**304,758**	**308,429**
Current liabilities	44,153	23,047	265,392
Non-current liabilities	15,539	12,101	5,561
Total Liabilities	**59,692**	**35,148**	**270,953**
Shareholders' equity	352,537	269,610	37,476
Non-controlling interest	9,062	-	-
Total Liabilities and Equity	**421,291**	**304,758**	**308,429**

At December 31, 2017, total assets were $421,291, $116,533 higher than December 31, 2016. The increase is primarily attributed to increase in cash from the issuance of shares and short-term debt financing, as well as the increase in assets under construction. Total Liabilities at December 31, 2017 totaled $59,692, $24,544 higher than December 31, 2016. The variance primarily reflected the increase of current debt of $25,530.

As of December 31, 2017, the Company did not have any off-balance sheet arrangements.

CAPITAL RESOURCES

On March 9, 2017, the Company completed a private placement of shares (the "Offering") at a price of C$2.10 and received net proceeds of $32,840, after deducting transaction costs. This amount includes the conversion of $3,000 through the issuance of 1,906,541 shares to settle the CLF Note. The net proceeds of the Offering were used to fund the recommissioning and the ramp-up of the Arraias Project, working capital needs and general corporate/strategic purposes.

Pala subscribed to 6,348,000 shares under the Offering. Per the terms of the Offering, the Company and Pala have entered into an investor rights agreement pursuant to which the Company has granted Pala the right to designate one nominee to the Company's board of directors. That right is conditioned to Pala holding 5.0% or more of the Company's outstanding shares (on an undiluted basis). Pala is an experienced investor in the mining sector with a strong track record of successful investments and value creation. Pala's team has extensive experience in project development, financing, construction and expansion projects. Pala seeks to assist companies in which it has long-term shareholdings by providing strategic support in those areas.

CLF, a related party of the Company, subscribed to 8,388,781 shares under the Offering and received 1,906,541 shares at a price of C$2.10. Those shares settled an outstanding cash advance of $3,000 made to the Company on February 23, 2017

A director of the Company subscribed to 25,000 shares and an executive officer of the Company subscribed to 32,000 shares under the Offering. These subscriptions constitute related party transactions under Multilateral Instrument 61-101 - Protection of Minority Security Holders in Special Investments ("MI 61-101") and TSXV Policy 5.9. The Company has relied on the formal valuation exemption in section 5.5(a) of MI 61-101 and the minority approval exemption in section 5.7(a) of MI 61-101 as neither the fair market value of the shares distributed to the director or the executive officer nor the consideration to be received for the shares exceeded 25.0% of the Company's market capitalization at the time of the director's or the executive officer's subscription.

The TSXV had granted conditional approval of the listing of the shares issued under the Offering and final approval of the shares for debt transaction. Final TSXV approval of the Offering is subject to compliance with the customary requirements of the TSXV. The shares issued by the Company will be subject to all applicable statutory requirements.

On August 14, 2017, the Company received advances totaling $10,000 in the amounts of $5,000 from Pala and $5,000 from CLF.

On September 9, 2017, the Company received advances totaling $4,500 from CLF.

On October 11, 2017, the Company received advances from Pala in the amount of $2,000 and documented such transaction by means of an unsecured promissory note to Pala.

On October 25, 2017 the following events took place:

- CLF assigned all its promissory notes totaling $10,000 to four (4) funds managed by Ice Canyon, a global investment management firm.
- Pala assigned a promissory note in the principal amount of $5,000 to one (1) of the funds managed by Ice Canyon.
- The Company received advances totaling $14,250 in the amounts of $4,750 from Pala and $9,500 from CLF.

The above advances were documented by means of unsecured promissory notes from the Company to CLF and Pala. These unsecured promissory notes are open for prepayment, in whole or in part, at any time, bear interest at a rate of 15% per year and mature on March 30, 2018. Proceeds of the advances, together with available cash, were used primarily for the ramp-up of the Arraias Project, the continued implementation of business development initiatives and general corporate purposes.

On December 19, 2017, the Company completed the December Offering at a price per share of C$2.10 and received net proceeds of $74,887, after deducting transaction costs. This amount includes the conversion of $7,519 through the issuance of 4,585,042 shares to settle the outstanding unsecured promissory note issued by the Company to Pala. The net proceeds of the Offering are being used to fund the continued implementation of the Company's strategic and business development initiatives and for working capital and general corporate purposes.

CLF subscribed to 31,431,391 shares under the December Offering. CLF beneficially owns, or exercises control or direction, over 81,452,992 shares of the issued and outstanding shares.

Share capital as at December 31, 2017 and 2016 was $486,562 and $374,508, respectively. Share capital as at March 27, 2018 is $510,070. The following shares, debentures and restricted share units of the Company were outstanding as at December 31, 2017:

	Expiry Date	Exercise Price	Securities Outstanding	Shares on Exercise
Shares	-	-	128,018,569	128,018,569
Canadian convertible debentures [2]	October 27, 2026	C$25.00	147,648	147,648
Restricted share units	-	-	1,631,880	1,631,880

[2] In October 2016, CLF and Banco Modal S.A. (“Modal”) received, in the form of debentures (“Canadian Convertible Debentures”), a combination of shares and restructured debt of the Company. The Canadian Convertible Debentures mature in 10 years and, with respect to the principal amount thereof only, are convertible into shares of the Company at a price per share equal to the greater of: (i) C$25.00; and (ii) if applicable, the closing market price of shares on the TSXV for the most recent trading day preceding the eleventh business day following the date on which shares commence trading on the TSXV, subject to TSXV approval.

On July 28, 2017, CLF assigned to Modal C$1,753 of the C$2,584 convertible debenture issued by the Company to CLF on October 27, 2016 (the “CLF Debenture”). Following the assignment, the parties agreed to amend, restate and break into two separate instruments the CLF Debenture to reflect (i) Modal as the holder of C$1,753, and (ii) CLF as the holder of C$831. In addition, the Company and Modal agreed to further amend and restate the C$1,107 convertible debenture issued by the Company to Modal on October 27, 2016 and the C$1,753 convertible debenture assigned by CLF to Modal to reduce the term from 10 years to 4 years and to reduce the interest rate from 10% to 7.5% with expiration date in 2021.

FOREIGN EXCHANGE

On January 1, 2017, the Brazilian subsidiaries changed their functional currency from R$ to USD based on the Arraias Project recommencing development activities and based on the financing of the entity. The parent entity and other subsidiaries have changed from C$ to USD based on the location of the principal administrative office and financing of the entity. The C$ to USD exchange rate no longer has a significant impact on the Company, and as such, this metric will not be presented in the table below.

The following is a summary of the changes in foreign exchange rates during the respective periods and the related impact on the financial statements:

	December 31, 2017	December 31, 2016
R$ strengthening (weakening) against $	**(1.8) %**	17.8%
Unrealized foreign exchange gain (loss)	**$ (1,165)**	$ 23,343
Cumulative translation gain	**$ 1,284**	$ 5,817

The total foreign exchange loss of $1,165 for the year ended December 31, 2017, and a gain of $23,343 for the year ended December 31, 2016, was primarily comprised of unrealized foreign exchange loss resulting from translating monetary items denominated in R$.

CASH FLOW INFORMATION

(in thousands of United States Dollars)	**December 31, 2017**	December 31, 2016
Cash flows used in operating activities	**$ (25,742)**	$ (13,814)
Cash flows used in investing activities	**(44,351)**	(1,033)
Cash flows from financing activities	**130,777**	17,750
Foreign currency effect on cash	**118**	(53)
Increase in cash	**$ 60,802**	$ 2,850

For the year ended December 31, 2017 (in thousands of United States Dollars)

Operating activities

Cash flows used in operating activities amounted to $25,742 and $13,814 for the year ended December 31, 2017 and 2016, respectively, were primarily due to higher SG&A expense, fees, and payroll for SG&A staff as the Company's activity increased after coming out of restructuring in late 2016.

Investing activities

Cash flows used in investing activities amounted to $44,351 and $1,033 for the year ended December 31, 2017 and 2016, respectively, were primarily due to recommissioning and ramp-up of the Arraias Project.

Financing activities

During the year ended December 31, 2017 and 2016, the Company generated $130,577 and $17,750, respectively, from financing activities due to net proceeds from the issuance of shares and promissory notes financing.

CONTRACTUAL OBLIGATIONS

The table below provides a breakdown of the Company's contractual obligations as at December 31, 2017:

(in thousands of United States Dollars)	**Within 1 year**	**Years 2 and 3**	**Years 4 and 5**	**After 5 years**	**Total**
Accounts payable and accrued liabilities	$ 16,937	$ -	$ -	$ -	$ 16,937
Provisions	542	-	-	2,952	3,494
Canadian debentures	960	560	1,120	560	3,200
Brazilian debentures	184	161	322	1,131	1,798
Current debt	25,530	-	-	-	25,530
Other non-current liabilities	-	85	-	-	85
	$ 44,153	$ 806	$ 1,442	$ 4,643	$ 51,044

The Company's provisions are representative of the asset retirement obligations as well as legal obligations that exist as of December 31, 2017. Liabilities for costs are recorded when it is probable that obligations have been incurred and the amounts can be reasonably estimated.

6. INCOME TAXES

On October 27, 2016, the Company re-domiciled to the Cayman Islands, which resulted in a 0% Cayman statutory tax rate. Prior to October 27, 2016, the Company's combined Canadian federal and provincial statutory tax rate was 26.5%. Several factors affect the Company's effective tax rate. Those factors include the rate differential and proportion of income earned in each jurisdiction, tax benefits that were not recognized, foreign currency gains and losses and changes in tax rates. Thus, the Company's effective tax rate may fluctuate from period to period.

Brazilian Tax Assessments

In Q3 2017, the Company elected to participate in the Brazilian Special Program for Tax Regularization (PERT) to settle various significant outstanding income tax assessments associated with its subsidiaries in Brazil. This commercial resolution creates immediate financial certainty during a time of political volatility and economic reform in country. In coming to the decision to participate, the Company analyzed the costs and risks involved in continued litigation versus the potential financial burden that would be incurred by not participating in the program and then being unsuccessful in reducing the income assessment via other means. Also contributing to the Company's decision is that access to governance by judicial courts has limitations, including the financial burden imposed on those who take their disputes through the courts, which requires a bond or other collateral to be posted. The judicial process in Brazil may require years to resolve, during which legal fees escalate and interest accrues. The Company believes these financial resources, along with management's time and effort, are better allocated to value-creating opportunities.

On October 25, 2017, the Brazilian Special Program for Tax Regularization (PERT) was formally enacted into law, substantially in the form passed by the legislature. The final program is a mix of the original provisional measure suggested by the executive branch and the proposed amendments by certain members of the legislative branch. The final program creates an option to either pay one lump sum in early 2018 or monthly installment payments over 12 years. The Company has elected to proceed with the installment payments option.

The interpretation of tax regulations and legislation and their application to the Company's business is complex and subject to change. Accordingly, the Company's ability to realize future income tax assets could significantly affect net income or cash flow in future periods.

Brazilian SUDAM Program

The location of the Company's Arraias Project makes it eligible to participate in a regional development program administered by the Superintendência do Desenvolvimento da Amazônia ("SUDAM"). Created in 1966 to promote development of the Amazon region in Brazil, SUDAM offers tax incentives that allow eligible companies to reduce the 34% corporate tax rate to 15.25%. The Company has commenced preparations to complete the application process with a target to complete the process in 2018.

7. ECONOMIC TRENDS IN THE PHOSPHATE FERTILIZER MARKETS

Supply and demand balance in benchmark phosphate fertilizer products, such as DAP/MAP, is a key trend that the Company follows as these products are the basis for domestic pricing of phosphate-based fertilizers in Brazil. In addition, the input pricing of Sulfur is also important because it not only impacts the cost of production but also determines the value of Sulfur contained in SSP products. Sulfur prices spiked in late 2017 due to supply side shocks in the Gulf resulting from lower output due to Hurricane Harvey. Prices for DAP/MAP stayed low for most of 2017 due to relative week demand overall. Key demand markets for 2017 were Brazil and Pakistan, which saw record imports. There have also been more shipments moving into certain African markets, where OCP is leading the way.

The increased demand has been a positive reprieve and helped to lift prices at the end of 2017. However, price increases have been moderate due to an increase in supply coming on as well from OCP and Maaden. The closure in the US of Mosaic's Plant City granulation capacity helped compensate for some of the new supply coming online. On the supply side, the impact of regulatory changes in China that have taken volume off the export flow will be important to monitor. On demand side, an increase in demand from India back to historical levels could provide tailwinds to lift prices in early 2018. India's phosphate demand is 2 million tons lower today than it was a few years ago.

SSP prices are driven off import SSP cost parity and nutrient parity. SSP prices also follow prices for TSP or MAP in Brazil, although there is a premium embedded in the SSP prices related to the calcium and gypsum content. Typically, the farmers will calculate the equivalent cost of delivering nutrients to their farms across a mix of products. In the Cerrado region of Brazil, where soil conditions put a premium on products that contain Sulfur, SSP has been in steady demand. The market participants (farmers, producers, and industrial customers) are closely following the recent spike in Sulfur prices, which will increase production cost for phosphate-based fertilizers. The Company anticipates that if Sulfur prices remain high in 2018, there could be an increase in domestic SSP prices in Brazil. The other domestic producers do import most of their sulfur needs as well. The integration of Vale's assets into Mosaic in 2018 will also be a key factor in the domestic market supply with an impact on pricing of SSP and other phosphate fertilizer products.

One key driver of fertilizer consumption in Brazil is the growth of the agriculture sector. In Brazil, the highly favorable climate conditions contributed to a record grain output. According to Conab (National Company for food Supply) Brazil's grain production for harvest 2017 estimated output of 238.8 million tons, a 28% increase compared with the previous harvest (184.7 million tons). Still, according to Conab, the surplus is due to increased average productivity for crops, which are now recovering from the negative influence of the climate conditions for the last harvest. Total planted area is increased by 4.4% compared with the previous harvest, reaching around 60.9 million hectares in total. For soybeans, production is forecasted to grow by 8.7% to 103.8 million tons. Matto Grosso state led the largest national producer of grains, with a share of 25.6%, followed by Paraná (17.9%) and Rio Grande do Sul (15.3%), which together accounted for 58.8% of the national total. The combination of these factors led to an increase in fertilizer demand. Deliveries of fertilizers in Brazil in 2017 was estimated at 35 million tons, versus 34 million tons in 2016, an increase of 2.4%. Imports continue to play a key role in fertilizer market. The Company plans to gain market share primarily from imports as the Arraias plant ramps up in first half of 2018.

The outlook for 2018 is favorable on expectations of good growing climate and increased credit availability to farmers. The ability of farmers to access financing at affordable levels is another key driver for fertilizer demand. Crop financing, known as "Plano Agricola e Pecuario", will amount to R$200,000,000 for the period 2017/2018, increasing by more than 10% as compared to the previous year. The Plano Agricola e Pecuario initiative allows credit lines to be available for Brazilian farmers to invest in food production and supplies. Credit can be used to purchase fertilizers, equipment and to improve infrastructure in rural properties. Current interest rates for such loans are set at 7.5% annually for medium-sized producers and infrastructure development and at 8.5% annually for large producers. Increased access to financing, coupled with lower cost of financing, should help bolster support for farmers who require credit to meet their input purchasing needs.

Brazil macro-economic conditions are starting to improve. After two years of consecutive negative GDP growth in 2015 and 2016, there was a slightly positive GDP growth of 1% in 2017. The agricultural sector showed a strong double-digit growth of close to 13% on record crop. The outlook for 2018 is positive, with forecasted GDP growth of 2.8%. Pickup in internal consumption, low interest rates, recovering business sentiment and stronger dynamics in the labor market are supporting the recovery of Brazil's economy. Inflation rate has decreased from 10.7% in 2015 to 2.8% in 2017. Expected inflation rate for 2018 is 4.0%. Interest rate (SELIC) also declined from 14.25% in December 2015 to 6.90% in December 2017 (the lowest interest rate in 30 years). Uncertainty related to some key economic reforms. The pension bill, which is crucial for positive development of Brazil's economy, has been left for 2018. The window for economic reforms in the country is quickly closing ahead of the October 2018 elections. In Q4 2017, a mix of political developments, rising commodity prices and changing expectations over the United States' tightening monetary cycle combined to push the R$ to appreciate, closing the year at R$3.25 per USD.

8. BUSINESS RISKS AND UNCERTAINTIES

Exploration, development and mining of minerals involve numerous inherent risks. As such, an investment in the securities of the Company is subject to various risks. Although the Company assesses and minimizes these risks by applying high operating standards, careful management and planning of its facilities, hiring qualified personnel, maintaining and developing their skills through training and development programs, these risks cannot be eliminated. Such risks include changes in local laws governing the mining industry, a decline in fertilizer prices and the activity in the mining sector, uncertainties inherent in estimating mineral reserves and mineral resources and fluctuations in local currency against the United States Dollar.

In addition to the other information contained in this MD&A and the Company's other publicly filed disclosure documents, investors should give careful consider to the following factors, which are qualified in their entirety by reference to, and must be read in conjunction with, the detailed information appearing elsewhere in this MD&A. Any of the matters highlighted in these risk factors could have a material adverse effect on the Company's business prospects or financial condition.

UNCERTAINTY IN THE ESTIMATION OF MINERAL RESERVES AND MINERAL RESOURCES

The calculations of reserves, 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. The quantity of resources and grades must be considered to be estimates only until those resources are mined and processed. Any material changes in the quantity of reserves, resources, grade or stripping ratio may affect the economic viability of the Company's properties. In addition, there can be no assurance that metal recoveries in small-scale laboratory tests will be duplicated in larger scale tests.

Estimates of resources, reserves and production costs can also be affected by such factors as environmental permit regulations and requirements, weather, environmental factors, unforeseen technical difficulties, unusual or unexpected geological formations and work interruptions.

MINE DEVELOPMENT AND COMPLETION

Feasibility studies are used to determine the economic viability of a mineral deposit. Many factors are involved in the determination of the economic viability of a deposit, including the achievement of satisfactory mineral reserve estimates, the level of estimated metallurgical recoveries, capital and operating estimates, and the estimate of future commodity and fertilizer prices. Capital and operating cost estimates are based on many factors, including anticipated tonnage and grades of ore to be mined, the configuration of the ore body, ground and mining conditions, expected recovery rates of the ore and anticipated environmental and regulatory compliance costs. Each of these factors involves uncertainties and, thus, the Company cannot give any assurance that the estimates in the definitive feasibility study will be correct or that the project will produce profitable operating mine(s). Actual operating results may differ from operating results that were anticipated in the definitive feasibility study. There are no assurances that delays will not occur.

OPERATING AND LEGISLATIVE RISKS

The Company holds mining properties or operates in various jurisdictions and is subject to the laws, government policies and regulations of those jurisdictions. Future changes in the laws, fiscal policies, their interpretations and administrations could adversely affect the Company's operations and prices.

POLITICAL RISK

The Farim Project is located in Guinea-Bissau, West Africa, which has been subject to political instability. The Farim Project's mining activities may be adversely affected in varying degrees by changes and uncertainties in the laws and government regulations relating to the mining industry or by shifts in political conditions that increase the Company's costs to maintain its mineral rights and activities. In addition, Guinea-Bissau regulators have authority to shut down and/or levy fines against facilities that do not comply with regulations or standards.

The Farim Project's activities are subject to the laws and regulations of Guinea-Bissau governing the mining sector, worker health and safety, employment standards, waste disposal, protection of historic and archaeological sites, mine development, protection of endangered and protected species and other matters, and operations may also be affected in varying degrees by laws and regulations with respect to restrictions on production, price controls, export controls, income taxes, expropriation of property, environmental legislation and mine safety.

A number of approvals, licenses and permits are required for various aspects of mine development in Guinea-Bissau. While the Company makes sustained efforts to ensure title to the mineral rights to the Farim Project and access to the concession area continue into the future, these titles or rights may be disputed, which could result in costly litigation or disruption of operations. In addition, the Company cannot be certain that all necessary permits will be obtained in a timely manner or if they will be maintained on acceptable terms. Further, future changes in applicable laws and regulations or changes in their enforcement or regulatory interpretation could negatively impact current or planned development activities for the Farim Project. Any failure to comply with applicable laws and regulations or failure to obtain or maintain permits, even if inadvertent, could result in the interruption of development operations or material fines, penalties or other liabilities.

INCOME TAXES

The interpretation of tax regulations and legislation and their application to the Company's business is complex and subject to change. Accordingly, the Company's ability to realize future income tax assets and participate in favorable tax programs (such as SUDAM), could significantly affect net income or cash flow in future periods.

CURRENCY FLUCTUATIONS

While the Company raises its equity primarily in United States Dollars, it conducts business and operation activities in Canadian Dollars, United States Dollars, Brazilian Reals, Euros and Central African Francs. The Company is therefore subject to currency fluctuations which may materially and adversely affect the Company's earnings and financial condition.

CREDIT RISKS

Credit risk is the risk that a third party might fail to fulfill its performance obligations under the terms of a financial instrument. The carrying amount on the balance sheet of cash and accounts receivable represents its credit risk. The Company limits credit risk by entering into business arrangements with high credit-quality counterparties, limiting the amount of exposure to each counterparty and monitoring the financial condition of counterparties.

EQUIPMENT AND SUPPLIES

The Company is dependent on various supplies and equipment to carry out its operations and exploration and development activities. The shortage of supplies, equipment and parts could have a material adverse effect on its ability to carry out its operations and therefore limit or increase the cost of operations, exploration and development and related activities. An increase in demand for services and equipment could cause operational, exploration, development or construction costs to increase materially. Inadequate or untimely availability could result in delays if services or equipment and could increase potential scheduling difficulties and costs due to the need to coordinate the availability of services or equipment. Any such material increase in costs would adversely affect the Company's results of operations and financial condition.

COMMODITY PRICES

The profitability of the Company's operations will be dependent upon the market price of mineral commodities. Numerous factors beyond the Company's control affect mineral prices and those mineral prices may fluctuate widely. The level of interest rates, the rate of inflation, the world supply of mineral 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. Future price declines could cause commercial production to be impracticable which would have a material adverse effect on the Company's business, financial condition and results of operations. Furthermore, reserve and/or 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 with increased amortization, reclamation and closure charges. In addition to adversely affecting the Company's resource estimates and its financial condition, declining commodity prices can impact operations by requiring a reassessment of the feasibility of projects. Such a reassessment may be the result of a management decision or requirements of financing arrangement related to a project. Even if the project is determined to be economically viable, the need to conduct such a reassessment may cause substantial delays or may interrupt operations.

ENVIRONMENTAL RISKS AND HAZARDS

All phases of the Company's operations are subject to environmental regulations. 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 in which the Company holds interests that are unknown to the Company at present. Those environmental hazards may 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 for aspects of the Company's operations. Failure to obtain required approvals may curtail or prohibit planned exploration or development of mineral properties from proceeding. 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. Violations of applicable laws or regulations may require parties engaged in mining operations, including the Company, to compensate those suffering loss or damage because of the mining activities and may have civil or criminal fines or penalties imposed on those parties. 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 the

Company and cause increases in exploration expenses and capital expenditures or abandonment or delays in development of new mining properties.

DEPENDENCE UPON KEY QUALIFIED PERSONNEL AND EXECUTIVES

Growing and sustaining Company's operations is dependent upon recruitment and development of key qualified personnel. The Company faces intense competition for qualified personnel and there can be no assurance that the Company will be able to attract and retain such personnel. The Company has entered into employment agreements with certain of its key executives requiring sufficient notice of departure allowing for an adequate transition period.

FINANCING RISKS

The Company's ability to obtain any financing, whether through the issuance of new debt securities or otherwise, and the terms of any such financing are dependent on, among other things, its financial condition, financial market conditions within the industry and numerous other factors. Consequently, in case the Company needs to access the credit markets, including refinancing its debt, there can be no assurance that it will be able to obtain financing on acceptable terms or within an acceptable timeframe, if at all. The Company may be unable to obtain financing with acceptable terms when needed, which could materially adversely affect its business and results of operations.

NO ASSURANCE TO TITLE – FARIM PROJECT

Although the Company believes that it has, through GB Minerals AG, valid title to the Farim Project, it remains possible that the property may be subject to prior unregistered agreements or transfers and title may be affected by undetected defects; and although steps have been taken to verify title to the Farim Project's mineral property in accordance with industry standards for the current stage of development of such property, these procedures do not guarantee the Company's title.

TECHNOLOGICAL ADVANCEMENTS

Future technological advancements such as development of high quality seeds that require less nutrients or technological advancements in efficacy of application of nutrients could adversely affect demand for the Company's products and impact results of operations.

CYBERSECURITY RISKS

With the increased dependence on information technology for the Company's operations, the risks associated with cybersecurity also increase. Various areas of the Company, such as supply chain, turnarounds and maintenance, logistics, treasury, etc. use information technology. Cyber-attacks could affect plant downtimes, network disruptions etc. and materially impact the Company's operations. Cybersecurity risks include hacking, loss of information due to viruses, breaches due to employee error, unintended disclosure of information. The Company is in the process of implementing controls and security procedures to safeguard its systems from being vulnerable to cyber-attacks and have not experienced any events of material impact. However, it is difficult to anticipate increasingly sophisticated cyber-attacks and the Company may not be able to prevent these attacks.

TRANSPORTATION

The cost of delivery is a significant factor in the total cost to customers. As a result, changes in transportation costs or changes in customer expectations about transportation costs can affect our sales volumes and prices.

9. CONTINGENCIES

Due to the size, complexity and nature of the Company's operations, various legal, environmental, and tax matters arise in the ordinary course of business. The Company accrues for such items when a liability is both probable and the reasonable estimates of the liability are available. Legal and environmental matters are inherently complex requiring significant judgement in probable outcomes. Therefore, future adjustments to liabilities as well as costs and estimates may occur. Based on the Company's knowledge and assessment of events, the Company does not believe that the outcome of any of the matters not recorded in the financial statements, individually or in aggregate, would have a material adverse effect on the financial condition of the Company. The Company continues to monitor its legal contingencies for proper and accurate reporting.

10. CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of financial statements in conformity with IFRS requires the Company's management to make estimates and assumptions that affect the reported amounts of the assets, liabilities, revenue and expenses reported each period. Each of these estimates varies with respect to the level of judgment involved and the potential impact on the Company's reported financial results. Evaluations of estimates and judgments occur continuously. Estimates and judgements are based on historical experience and other factors (including expectations of future events that are considered reasonable under the circumstances). If the Company's financial condition, change in financial condition or results of operations would be materially impacted by a different estimate or a change in estimate from period to period, estimates are deemed critical. By their nature, these estimates are subject to measurement uncertainty, and changes in these estimates may affect the consolidated financial statements of future periods. Please refer to Notes 2 and 3 of the 2017 consolidated financial statements for additional details.

11. DISCLOSURE CONTROLS AND PROCEDURES

Disclosure controls and procedures are designed to provide reasonable assurance that Information required to be disclosed by the Company in its filings under Canadian securities legislation is recorded, processed, summarized and reported in a timely manner. The system of disclosure controls and procedures includes, among other things, the Company's Code of Business Conduct and Ethics policies, the review and approval procedures of the Disclosure Committee and continuous review and monitoring procedures by senior management. Both the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO") have evaluated the design of the Company's disclosure controls and procedures as at December 31, 2017, pursuant to the requirements of National Instrument 52-109, and have concluded that as of such date, the Company's disclosure controls and procedures are effective at that reasonable assurance level. However, the CEO and CFO do not expect that the disclosure controls and procedures will prevent all errors or fraud. A control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system will be met. There has been no change in the Company's disclosure controls and procedures during the period from January 1, 2017 to December 31, 2017 that has materially affected, or is reasonably likely to materially affect, the Company's internal controls over financial reporting.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management of the Company is responsible for establishing and maintaining effective internal control over financial reporting as defined in the rules of the Canadian Securities Administrators. The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of the Company's financial reporting for external purposes in accordance with accounting principles generally accepted in Canada for external purposes. The Company's internal control over financial reporting includes:

- maintaining records that, in reasonable detail, accurately and fairly reflect the Company's transactions and dispositions of the assets of the Company;
- providing reasonable assurance that transactions are recorded as necessary for preparation of the Company's financial statements in accordance with generally accepted accounting principles;
- providing reasonable assurance that receipts and expenditures are made in accordance with authorizations of management and the directors of the Company; and
- providing reasonable assurance that unauthorized acquisition, use or disposition of company assets that could have a material effect on the Company's financial statements would be prevented or detected on a timely basis.

The Company has limited administrative staffing, and in many instances, the implementation of internal controls relying on segregation of duties is not always possible. During 2016, the restructuring measures undertaken by management as well as the continuation of the strategic review process resulted in higher than normal staff reductions and turnover. The Company continues to rely on senior management review and approval to ensure that the controls are effective.

The Company's internal control over financial reporting may not prevent or detect all misstatements because of inherent limitations. Additionally, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate due to changes in conditions or deterioration in the degree of compliance with the Company's policies and procedures.

The CEO and CFO have reviewed and evaluated the effectiveness of the Company's internal control over financial reporting and concluded that the Company's internal controls over financial reporting were effective as of the end of the period covered by this MD&A and have concluded that they are effective at a reasonable assurance level.

LIMITATIONS OF CONTROLS AND PROCEDURES

The Company's management, including the President and CEO and the CFO, believe that any disclosure controls and procedures or internal controls over financial reporting, no matter how well conceived and operated, can provide only reasonable, and not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. These inherent limitations include the realities that judgments in decision making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of the control.

The design of any systems of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

QUALIFIED PERSON

Unless otherwise indicated, the responsible qualified person, within the guidelines set forth in NI 43-101, who has reviewed and approved the scientific and technical information contained in this MD&A is Carlos Guzmán, FAusIMM (229036), Mining Engineer, RM (Chilean Mining Commission).

12. OTHER DISCLOSURES

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

This MD&A contains ‘‘forward-looking information” within the meaning of applicable Canadian securities legislation. Except for statements of historical fact relating to the Company, information contained herein may constitute forward-looking information, including any information as to the Company's strategy, vision, plans or future financial or operating performance. Generally, forward-looking information can be identified by the use of forward-looking terminology such as “plans”, “expects”, “is expected”, “estimates”, “intends”, or variations of such words and phrases or statements that certain actions, events or results “may”, “could”, “would”, “might” or “will be taken”, “occur” or “be achieved”.

Forward-looking information contained in this MD&A may include, without limitation, statements with respect to:

- the Company's vision and goal to become an integrated producer of phosphate-based fertilizers and related products;
- the Company's current estimate of mine life of its various projects and its potential increase;
- the Company's expectations related to resources and reserves, including those stipulated in technical reports;
- the Company's ability and evaluation efforts towards increasing the mine life at the Arraias Project, the Conda Project, the Farim Project and respective expansion strategy;
- the Company's ability to carry out any action plan;
- the Company's ability to get into production from development phase;
- the Company's expectations around the growth of Brazilian, US and global fertilizer markets in the foreseeable future and changes in fertilizer and phosphate prices;
- the Company's expectations that the Santana Project, together with the Arraias Project, have the potential to make the Company one of the largest SSP producers in Northern Brazil and the second largest SSP producer in Brazil;
- the Company's expectation that consumption of SSP in the Company's target area for the Arraias Project will be sufficient to absorb competitively the entirety of the Arraias Project's output and the Company's expectations of higher average selling price;
- the Company's financial results may be significantly impacted by the final valuation accounting for acquisitions, including by the acquisitions of the Conda Project and the Farim Project; and
- the Company's expectation about the review of the strategic initiatives regarding other projects.

The forward-looking information contained in this MD&A is based on the opinions, assumptions and estimates of management set out herein, which are reasonable as at the date the statements are made. Those opinions, assumptions and estimates are inherently subject to a variety of risks and uncertainties and other known and unknown factors that could cause actual events or results to differ materially from those projected in the forward-looking information. These factors include:

- future agricultural imports and exports and fertilizer market in Brazil;
- general economic and industry growth rates;
- exploration, development and operating risks;
- environmental risks and hazards;

- risks regarding current global financial conditions;
- uncertainty with respect to the estimation of mineral reserves and mineral resources;
- uncertainty with respect to inferred mineral resources;
- changes in the agriculture, fertilizer, commodity, raw material, energy, transportation and financial market conditions and prices;
- infrastructure risks;
- the Company's ability to obtain all necessary permits and licenses;
- insurance and uninsured risks;
- risks relating to potential disputes to the Company's title to its properties;
- the possibility that the Company's concessions may be terminated in certain circumstances;
- competition with other companies possessing greater financial and technical resources than the Company;
- risks relating to additional capital requirements;
- fluctuations in currency exchange rates;
- potential write-downs and impairments;
- timing and outcome of current and pending government and third party claims or lawsuits and other litigation risks;
- risks relating to a potential sale or disposition or dilution of ownership of certain assets by the Company;
- risks relating to changes in governmental policy and in environmental and other governmental regulation;
- risks relating to the Company's foreign operations;
- risks relating to labor, employment and other workforce matters;
- risks relating to the transfer of cash and assets to and from the Company's foreign subsidiaries;
- the Company's dependence upon key management personnel and executives;
- possible conflicts of interests of the Company's directors and executive officers;
- risks relating to potential malicious acts of destruction to the Company's property;
- risks relating to weather and climate change;
- volatility with respect to the Company's stock price and the ability to maintain a listing on a stock exchange;
- uncertainty with respect to current or pending litigation;
- uncertainty with respect to the commercial viability of phosphate ore deposits;
- uncertainty with respect to mine development and completion;
- uncertainty with respect to the accuracy of estimates and findings for the Company's projects; and
- operating risks, political risks and credit risks.

Although the Company has attempted to identify crucial factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results not to be anticipated, estimated or intended. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. The reader is cautioned not to place undue reliance on forward-looking information. The forward-looking information contained herein is presented for the purpose of assisting investors in understanding the Company's expected financial and operational performance and the Company's plans and objectives and may not be appropriate for other purposes.

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