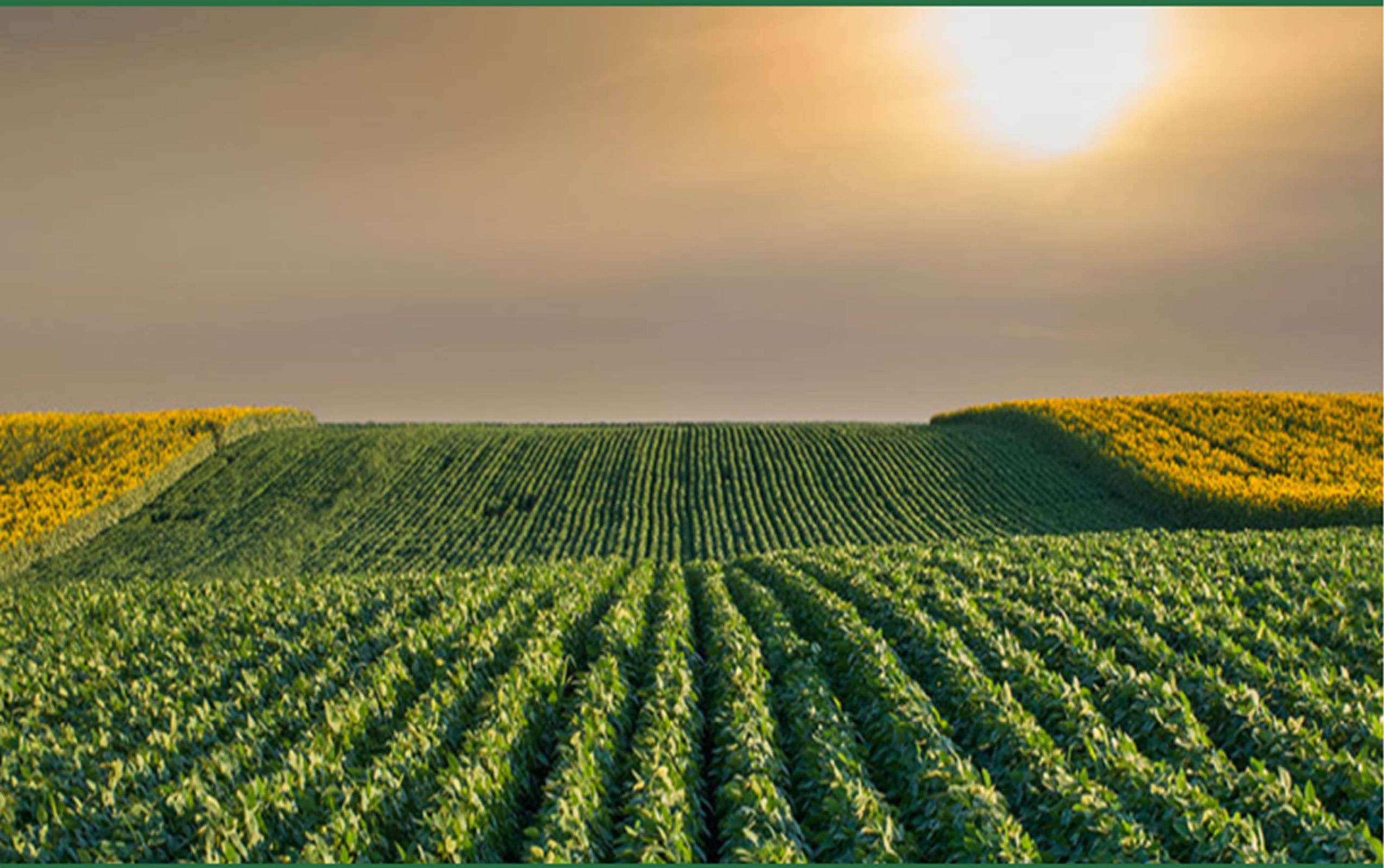

Management's Discussion and Analysis of Operations and Financial Condition
For the three and six months ended June 30, 2020 and 2019

ITAFOS

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF OPERATIONS AND FINANCIAL CONDITION

This management's discussion and analysis of operations and financial condition ("MD&A") is as of August 26, 2020 and should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements for the three and six months ended June 30, 2020 (the "Interim Financial Statements"), the Company's audited consolidated financial statements for the year ended December 31, 2019 (the "Audited Financial Statements") and accompanying management's discussion and analysis of operations and financial condition for the year ended December 31, 2019 (the "Annual MD&A"). Unless otherwise specified, all figures in this MD&A are presented in thousands of US Dollars ("$") and in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and Interpretations issued by the International Financial Reporting Interpretations Committee applicable to the preparation of condensed interim financial statements, including International Accounting Standards 34 Interim Financial Reporting.

This MD&A considers both IFRS and certain non-IFRS measures that management considers to evaluate the Company's operational and financial performance. Non-IFRS measures are a numerical measure of a company's performance, that either include or exclude amounts that are not normally included or excluded from the most directly comparable IFRS measures. Management believes that the non-IFRS measures provide useful supplemental information to investors, analysts, lenders and others. In evaluating non-IFRS measures, investors, analysts, lenders and others should consider that non-IFRS measures do not have any standardized meaning under IFRS and that the methodology applied by the Company in calculating such non-IFRS measures may differ among companies and analysts. Non-IFRS measures should not be considered as a substitute for, nor superior to, measures of financial performance prepared in accordance with IFRS. Definitions and reconciliations of non-IFRS measures to the most directly comparable IFRS measures are included in Section 6 of this MD&A.

This MD&A contains ''forward-looking information" within the meaning of applicable Canadian securities legislation. Management believes that forward-looking information provides useful supplemental information to investors, analysts, lenders and others. In evaluating forward-looking information, investors, lenders and others should consider that forward looking information may not be appropriate for other purposes and are cautioned not to put undue reliance on forward-looking information. Forward-looking information contained in this MD&A is based on the opinions, assumptions and estimates of management set out herein, which management believes are reasonable as at the date the statements are made. Such 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 forward-looking information. 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 as 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. Cautionary statements regarding forward-looking information and risks and uncertainties affecting forward-looking information are included in Section 8 of this MD&A.

A copy of this MD&A and additional information relating to the Company is available under the Company's profile on the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com *and on the Company's website at* www.itafos.com*.*

1. GENERAL COMPANY INFORMATION

OVERVIEW

Itafos (the "Company") is a pure play phosphate and specialty fertilizer platform with an attractive portfolio of strategic businesses and projects located in key fertilizer markets, including North America, South America and Africa.

The Company's businesses and projects are as follows:

- Itafos Conda – a vertically integrated phosphate mine and fertilizer business with production and sales capacity of approximately 550kt per year of monoammonium phosphate ("MAP"), MAP with micronutrients ("MAP+"), superphosphoric acid ("SPA"), merchant grade phosphoric acid ("MGA") and ammonium polyphosphate ("APP") located in Idaho, US;
- Itafos Arraias[1] – a vertically integrated phosphate mine and fertilizer business with production and sales capacity of approximately 500kt per year of single superphosphate ("SSP"), SSP with micronutrients ("SSP+") and approximately 40kt per year of excess sulfuric acid located in Tocantins, Brazil;
- Itafos Farim – a high-grade phosphate mine project located in Farim, Guinea-Bissau;
- Itafos Paris Hills – a high-grade phosphate mine project located in Idaho, US;
- Itafos Santana – a vertically integrated high-grade phosphate mine and fertilizer plant project located in Pará, Brazil;
- Itafos Mantaro – a phosphate mine project located in Junin, Peru; and
- Itafos Araxá – a vertically integrated rare earth elements and niobium mine and extraction plant project located in Minas Gerais, Brazil.

The Company's principal shareholder is CL Fertilizers Holding LLC ("CLF"). CLF is an affiliate of Castlelake, L.P., a global private investment firm (see Notes 1 and 21 in the Interim Financial Statements).

The Company's shares trade on the TSX Venture Exchange ("TSX-V") under the trading symbol "IFOS". The Company's registered office is at Ugland House, Grand Cayman, Cayman Islands KY1-1104.

[1] Itafos Arraias previously produced and sold PK compounds as part of the repurpose plan, which was enabled by purchasing higher grade phosphate rock from third parties.

BUSINESSES AND PROJECTS

Key highlights of the Company's businesses and projects are as follows:

Item	Itafos Conda	Itafos Arraias	Itafos Farim	Itafos Paris Hills	Itafos Santana	Itafos Mantaro	Itafos Araxá
Ownership[i]	100%	97.0%	100%	100%	99.4%	100%	100%
Location	Idaho, US	Tocantins, Brazil	Farim, Guinea-Bissau	Idaho, US	Pará, Brazil	Junin, Peru	Minas Gerais, Brazil
Status	Operating	Idled	Construction ready	Wind down in process	Development	Development	Development
Reserves[ii]	13.1Mt at avg. 26.6% P_2O_5	Under review	44.0Mt at avg. 30.0% P_2O_5	Under review	Under review	Under review	Under review
Measured and indicated resources (including reserves)	50.3Mt at avg. 25.5% P_2O_5	79.0Mt at avg. 4.9% P_2O_5	105.6Mt at avg. 28.4% P_2O_5	88.0Mt at avg. 24.9% P_2O_5	60.4Mt at avg. 12.0% P_2O_5	39.5Mt at avg. 10.0% P_2O_5	6.3Mt at avg. 5.0% TREO and at avg. 1.0% Nb_2O_5
Inferred resources	0.7Mt at avg. 25% P_2O_5	12.7Mt at avg. 3.9% P_2O_5	37.6Mt at avg. 27.7% P_2O_5	10.4Mt at avg. 24.8% P_2O_5	26.6Mt at avg. 5.6% P_2O_5	376.3Mt at avg. 9.0% P_2O_5	21.9Mt at avg. 4.0% TREO and 0.6% Nb_2O_5
Mine life	Through mid-2026	Under review	25 years	Under review	Under review	Under review	Under review
Products[iii]	MAP, MAP+, SPA, MGA and APP	SSP, SSP+ and excess sulfuric acid	Phosphate rock	Phosphate rock	SSP and excess sulfuric acid	Phosphate rock	Rare earth oxides and niobium oxide
Annual production and sales capacity[iii]	550kt	500kt SSP and SSP+ and 40kt excess sulfuric acid	1.3Mt	1.0Mt	500kt SSP and 30kt excess sulfuric acid	Under review	8.7kt rare earth oxides and 0.7kt niobium oxide

i. Non-controlling interests represented by preferred non-voting shares issued by the Company in 2018 upon exercise of warrants held by creditors under the 2016 Brazilian restructuring proceedings (see Note 2 in the Interim Financial Statements).
ii. Itafos Conda's reserves and mine life consider existing mines Rasmussen Valley and Lanes Creek only, whereas measured and indicated resources and inferred resources include both existing mines and Husky 1 and North Dry Ridge deposits.
iii. Itafos Arraias previously produced and sold PK compounds as part of the repurpose plan, which was enabled by purchasing higher grade phosphate rock from third parties.

The Company's businesses and projects are described in greater detail in the Annual MD&A. The Company's latest respective technical reports are available under the Company's profile on SEDAR at www.sedar.com and on the Company's website at [www.itafos.com.](http://www.itafos.com)

2. HIGHLIGHTS

OVERALL HIGHLIGHTS

For the three months ended June 30, 2020

For the three months ended June 30, 2020, the Company's financial highlights were as follows:

- generated adjusted EBITDA of $11,324 [Q2 2019: $(2,347)], representing a 582% increase year-over-year primarily due improved margins at Itafos Conda, cost savings following the idling of Itafos Arraias, and implementation of aggressive corporate wide cost savings and deferral of spending initiatives (see Section 6);
- recorded a write-off of mineral properties of $8,449 at Itafos Paris Hills following the Company's decision to wind down the concession following completion of the technical report titled "NI 43-101 Technical Report on the Itafos Conda and Itafos Paris Hills Mineral Projects, Idaho, USA" and dated as of July 1, 2019 (the "Itafos Conda Technical Report"), which defined Husky 1/North Dry Ridge ("H1/NDR") as the Company's path forward for mine life extension at Itafos Conda (see Note 6 in the Interim Financial Statements);
- incurred net loss of $(20,814) [Q2 2019: $(21,597)], representing a 4% decrease year-over-year primarily due to the same factors that resulted in improved adjusted EBITDA, which were offset by a write-off of mineral properties at Itafos Paris Hills (see above);
- drew an additional $5,300 under the Company's unsecured and subordinated promissory note (the "CLF Promissory Note") with an additional $10,700 remaining available to be drawn by the Company at its sole discretion through December 31, 2020 (the "Availability Period") (see Note 10 in the Interim Financial Statements); and
- continued to advance aggressive corporate wide cost savings and deferral of spending initiatives, including corporate streamlining initiatives resulting in dissolution of two unutilized legacy entities (see Note 2 in the Interim Financial Statements).

For the three months ended June 30, 2020, the Company's business highlights were as follows:

- continued corporate-wide risk mitigation measures to address potential impacts to employees, contractors and operations as a result of the novel strain of coronavirus ("COVID-19") resulting in no material impact to operations;
- demonstrated sustained environmental, health and safety excellence at Itafos Conda and Itafos Arraias, including no environmental releases and one recordable injury;
- produced total production volumes at Itafos Conda of 134,391t [Q2 2019: 150,934t], representing an 11% decrease year-over-year primarily due to a disruption in sulfuric acid from its primary supplier resulting in lower APP and MAP production;
- generated adjusted EBITDA at Itafos Conda of $14,458 [Q2 2019: $11,283], representing a 28% increase year-over-year primarily due to improved margins as a result of lower input costs (see Section 6);
- realized net income at Itafos Conda of $3,428 [Q2 2019: $560], representing a 512% increase year-over-year primarily due to the same factors that resulted in improved adjusted EBITDA (see above);
- advanced activities related to extending Itafos Conda's mine life through permitting and development of H1/NDR, including preparing and submitting an updated Mine and Reclamation Plan to the Bureau of Land Management (the "BLM") as part of the National Environmental Policy Act ("NEPA") permitting process (see Section 3);
- advanced activities related to optimizing Itafos Conda's EBITDA generation capability, including advancing development of MAP enhanced with zinc as an additional product in the new line of micronutrient enhanced products and evaluating proposals received for pilot testing and a front-end engineering and design ("FEED") study related to anhydrous hydrogen fluoride and precipitated silica ("AHF/PS") by-product recovery and a feasibility study related to on-site ammonia production (see Section 3);
- maintained the idling of Itafos Arraias following best practices and monetized remaining inventory and raw materials to partially offset costs;
- launched a stage-gate restart program for Itafos Arraias, including designing a detailed in-fill drilling program and engaging a third party to conduct the metallurgical test work that will form the basis of the revised beneficiation process; and

- advanced the development of Itafos Farim to construction ready state, including achieving substantial completion of construction of the contractor's camp and advanced project financing, related permitting and offtake initiatives (see Section 3).

For the three months ended June 30, 2020, the Company's other highlights included issuance of 11,347 shares (net of 3,653 shares withheld to pay applicable taxes) due to vesting under the Company's restricted share unit plan (the "RSU Plan") (see Note 12 in the Interim Financial Statements).

For the six months ended June 30, 2020

For the six months ended June 30, 2020, the Company's financial highlights were as follows:

- generated adjusted EBITDA of $10,536 [H1 2019: $(200)], representing a 5,367% increase year-over-year primarily due to cost savings following the idling of Itafos Arraias and implementation of aggressive corporate wide cost savings and deferral of spending initiatives (see Section 6);
- recorded a write-off of mineral properties of $8,449 at Itafos Paris Hills following the Company's decision to wind down the concession following completion of the Itafos Conda Technical Report, which defined H1/NDR as the Company's path forward for mine life extension at Itafos Conda (see Note 6 in the Interim Financial Statements);
- incurred net loss of $(39,103) [H1 2019: $(34,928)] representing a 12% increase year-over-year primarily due to the same factors that resulted in improved adjusted EBITDA, which were offset by a write-off of mineral properties at Itafos Paris Hills (see above);
- drew an additional $5,300 under the CLF Promissory Note with an additional $10,700 remaining available to be drawn by the Company at its sole discretion through the Availability Period (see Note 10 in the Interim Financial Statements);
- issued 5,000,000 shares to lenders of the Company's secured term credit facility (the "Facility") in exchange for, among other things, eliminating additional interest of 1% per annum payable in cash for each quarter that the Company's consolidated secured leverage ratio is equal to or greater than 4.00:1.00 at the end of such quarter (see Notes 12 and 21 in the Interim Financial Statements); and
- continued to advance aggressive corporate wide cost savings and deferral of spending initiatives, including corporate streamlining initiatives resulting in dissolution of two unutilized legacy entities (see Note 2 in the Interim Financial Statements).

For the six months ended June 30, 2020, the Company's business highlights were as follows:

- implemented and continued corporate-wide risk mitigation measures to address potential impacts to employees, contractors and operations as a result of COVID-19 resulting in no material impact to operations;
- demonstrated sustained environmental, health and safety excellence at Itafos Conda and Itafos Arraias, including no environmental releases and one recordable injury;
- produced total production volumes at Itafos Conda of 273,287t [H1 2019: 290,679t], representing an 6% decrease year-over-year primarily due to a shift to SPA production and a disruption in sulfuric acid from its primary supplier resulting in lower APP and MAP production;
- generated adjusted EBITDA at Itafos Conda of $22,753 [H1 2019: $22,739], representing largely consistent performance year-over-year (see Section 6);
- realized net income at Itafos Conda of $4,383 [H1 2019: $5,792], representing a 24% decrease year-over-year primarily due to higher depreciation and depletion;
- advanced activities related to extending Itafos Conda's mine life through permitting and development of H1/NDR, including securing support from the Idaho legislature via House Joint Memorial #11, which passed unanimously as well as numerous letters of support from local and state officials and preparing and submitting an updated Mine and Reclamation Plan to the BLM as part of the NEPA permitting process (see Section 3);
- advanced activities related to optimizing Itafos Conda's EBITDA generation capability, including completing the micronutrient addition to granulation project to support its new line of micronutrient enhanced products, advancing development of MAP enhanced with zinc as an additional product in the new line of micronutrient enhanced products and evaluating proposals received for pilot testing and a FEED study related to AHF/PS by-

product recovery and a feasibility study related to on-site ammonia production (see Section 3);

- safely completed and maintained the idling of Itafos Arraias following best practices, including completion of associated employee and contractor terminations and monetized remaining inventory and raw materials to partially offset costs;
- completed third party reviews of the restart requirements associated with Itafos Arraias' mine and beneficiation plant, launched a stage-gate restart program for Itafos Arraias, including designing a detailed in-fill drilling program and engaging a third party to conduct the metallurgical test work that will form the basis of the revised beneficiation process and secured important long-term tax incentives for Itafos Arraias; and
- advanced the development of Itafos Farim to construction ready state, including completing the in-pit geotechnical report, selecting preferred mining contractor, completing third party reviews of the mine dewatering design and flood study and achieving substantial completion of construction of the contractor's camp and advanced project financing, related permitting and offtake initiatives (see Section 3).

For the six months ended June 30, 2020, the Company's other highlights were as follows:

- announced the appointment of Dr. Mhamed Ibnabdeljalil as Chief Executive Officer ("CEO"), who had been serving as interim CEO since May 2019;
- announced the appointment of Anthony Cina as Chairman of the Company's Board of Directors, who had been serving as interim Chairman since November 2019;
- announced the appointment of Rory O'Neill and Ricardo De Armas to the Company's Board of Directors, as designated by CLF;
- issued 1,911,759 shares (net of 403,835 shares withheld to pay applicable taxes) due to vesting under the Company's RSU Plan (see Note 11 in the Interim Financial Statements);
- cash settled 100,928 RSUs for $39 due to vesting under the Company's RSU Plan (see Note 11 in the Interim Financial Statements); and
- granted 5,009,348 RSUs under the Company's RSU Plan, including 621,279 RSUs granted to directors, 2,081,980 RSUs granted to management and 2,306,089 RSUs granted to employees and contractors (see Notes 3 and 11 in the Interim Financial Statements).

Subsequent Events

Subsequent to the three and six months ended June 30, 2020, the Company's overall highlights were as follows:

- decided to conduct a reduced scope plant turnaround at Itafos Conda during July 2020 as part of its risk mitigation measures during the COVID-19 pandemic, which was completed with no environmental releases or recordable injuries (see Note 23 in the Interim Financial Statements);
- announced that Itafos Conda has been experiencing a significant disruption in sulfuric acid supply from Rio Tinto's Kennecott mine and advanced efforts to mitigate potential adverse effects of the disruption (see Note 23 in the Interim Financial Statements);
- closed a $20,000 secured working capital financing at Itafos Conda with JPMorgan Chase Bank, N.A. (the "Revolving Facility"), which refinanced the $20,000 secured working capital financing at Itafos Conda with Gavilon Fertilizer, LLC (the "Gavilon Facility"), of which $10,000 was drawn at closing (see Notes 10, 22 and 23 in the Interim Financial Statements);
- repaid the Gavilon Facility in full in connection with closing the Revolving Facility (see Notes 10, 22 and 23 in the Interim Financial Statements);
- drew an additional $5,300 under the CLF Promissory Note with an additional $5,400 available to be drawn by the Company at its sole discretion through the Availability Period (see Notes 21, 22 and 23 in the Interim Financial Statements);
- advanced the wind down of the Itafos Paris Hills concession, including issuing mineral lease termination letters to land owners, following completion of the Itafos Conda Technical Report, which defined H1/NDR as the Company's path forward for mine life extension at Itafos Conda (see Note 23 in the Interim Financial Statements); and
- cash settled 27,154 RSUs for $6 under the RSU plan (see Note 23 in the Interim Financial Statements).

FINANCIAL HIGHLIGHTS

For the three and six months ended June 30, 2020 and 2019, the Company's financial highlights were as follows:

(unaudited in thousands of US Dollars except for per share amounts)	*For the three months ended June 30,* **2020**	**2019**	*For the six months ended June 30,* **2020**	**2019**
Revenues	$ 62,111	$ 103,072	$ 137,472	$ 176,250
Operating loss	(10,576)	(14,079)	(22,819)	(20,089)
Adjusted EBITDA[i]	11,324	(2,347)	10,536	(200)
Net loss	(20,814)	(21,597)	(39,103)	(34,928)
Maintenance capex[i]	$ 1,582	$ 11,861	$ 3,501	$ 17,047
Growth capex[i]	1,463	3,164	2,869	6,180
Basic loss per share	$ (0.11)	$ (0.15)	$ (0.21)	$ (0.25)
Fully diluted loss per share	$ (0.11)	$ (0.15)	$ (0.21)	$ (0.25)

i. Non-IFRS measure (see Section 6).

For the three months ended June 30, 2020 and 2019, the Company's financial highlights were explained as follows:

- revenues were down year-over-year primarily due to lower sales volumes and lower realized prices from continued downward pressure on diammonium phosphate ("DAP") New Orleans ("NOLA") prices to which MAP sales prices are linked at Itafos Conda and the idling of Itafos Arraias;
- adjusted EBITDA was up year-over-year primarily due to improved margins at Itafos Conda, cost savings following the idling of Itafos Arraias, and implementation of aggressive corporate wide cost savings and deferral of spending initiatives (see Section 6);
- net loss was down year-over-year primarily due to the same factors that resulted in improved adjusted EBITDA, which were offset by a write-off of mineral properties at Itafos Paris Hills (see above);
- maintenance capex was down year-over-year primarily due to the Company's decision to conduct a reduced scope plant turnaround at Itafos Conda during July 2020 as part of its risk mitigation measures during the COVID-19 pandemic (see Section 6 and Note 23 in the Interim Financial Statements); and
- growth capex was down year-over-year primarily due to reduced spend at Itafos Farim upon reaching construction ready state (see Section 6).

For the six months ended June 30, 2020 and 2019, the Company's financial highlights were explained as follows:

- revenues were down year-over-year primarily due to lower MAP sales volumes and lower realized prices from continued downward pressure on DAP NOLA prices to which MAP sales prices are linked at Itafos Conda and the idling of Itafos Arraias;
- adjusted EBITDA was up year-over-year primarily due to cost savings following the idling of Itafos Arraias and implementation of aggressive corporate wide cost savings and deferral of spending initiatives (see Section 6);
- net loss was up year-over-year primarily due to the same factors that resulted in improved adjusted EBITDA, which were offset by a write-off of mineral properties at Itafos Paris Hills (see above);
- maintenance capex was down year-over-year primarily due to the Company's decision to conduct a reduced scope plant turnaround at Itafos Conda during July 2020 as part of its risk mitigation measures during the COVID-19 pandemic and idling of Itafos Arraias (see Section 6 and Note 23 in the Interim Financial Statements); and
- growth capex was down year-over-year primarily due to reduced spend at Itafos Farim upon reaching construction ready state and idling of Itafos Arraias (see Section 6).

As at June 30, 2020 and December 31, 2019, the Company's financial highlights were as follows:

(unaudited in thousands of US Dollars)		**June 30, 2020**		**December 31, 2019**
Total assets	$	450,713	$	510,764
Total liabilities		345,087		368,505
Net debt[i]		212,135		187,319
Adjusted net debt[i]		153,469		136,900
Total equity		105,626		142,259

i. Non-IFRS measure (see Section 6).

As at June 30, 2020 and December 31, 2019, the Company's financial highlights were explained as follows:

- total assets were down period-over-period primarily due to lower inventory at Itafos Conda and Itafos Arraias and higher depreciation and depletion at Itafos Conda, which was partially offset by fixed assets additions primarily at Itafos Conda (see Note 5 in the Interim Financial Statements);
- total liabilities were down period-over-period primarily due to lower trade and taxes payable at Itafos Conda;
- net debt was up period-over-period primarily due to lower cash and cash equivalents and additional debt resulting from paid-in-kind interest related to the Facility and draw under the CLF Promissory Note;
- adjusted net debt was up period-over-period primarily due to lower cash and cash equivalents and additional debt resulting from paid-in-kind interest related to the Facility (see Section 6); and
- total equity was down period-over-period primarily due to net loss recorded during the period.

BUSINESS HIGHLIGHTS

Itafos Conda

The Company is closely monitoring potential risks to Itafos Conda's employees, contractors and operations as a result of COVID-19. Itafos Conda has been deemed an essential business as part of the fertilizer and agriculture sector and therefore has not been forced to shut down operations on account of COVID-19. The Company is not currently projecting any material impact on Itafos Conda's operations as a result of COVID-19.

In response to COVID-19, the Company has implemented and continued risk mitigation measures at Itafos Conda to address potential impacts to its employees, contractors and operations as follows:

- adopted temporary travel restrictions;
- established a daily COVID-19 emergency operations center to track and respond in real-time to regional and local developments;
- implemented measures to reduce on site presence and interaction of staff;
- increased cleaning and disinfecting measures;
- adopted new policies related to sick leave and isolation in case of symptoms;
- established ongoing dialogue with key business partners (customers, logistics providers, mining contractor, health insurance provider) to continually monitor the situation;
- requalified supervisors and staff on applicable critical operations in the event of an outbreak; and
- assessed business relief options.

To date, there has been one confirmed case of COVID-19 amongst employees and two confirmed cases amongst contractors at Itafos Conda. Following such confirmed cases, Itafos Conda implemented stringent quarantine and sanitation efforts to isolate such incidents and prevent further spread.

For the three and six months ended June 30, 2020, Itafos Conda continued its strong track record of environmental, health, and safety excellence with no environmental releases and one recordable injury.

For the three months ended June 30, 2020, Itafos Conda experienced lower MAP and APP production resulting from a disruption in sulfuric acid from its primary supplier, while SPA production remained largely consistent. Margins improved due to lower input costs from improved mining rates and lower raw materials costs, which were partially offset by lower realized prices.

For the six months ended June 30, 2020, Itafos Conda achieved higher SPA throughput from improved production efficiencies and higher railcar availability, which resulted in lower MAP and APP production. The lower MAP and APP production was also impacted by a disruption in sulfuric acid from its primary supplier. Itafos Conda also completed a second successful production run of its new line of micronutrient enhanced products, MAP+. Margins were largely consistent year-over-year as lower input costs from improved mining rates and lower raw materials costs were mostly offset by lower realized prices and higher depreciation and depletion.

For the three and six months ended June 30, 2020, overall fertilizer market prices remained depressed, particularly granular products, after a sharp decline since Q1 2019 due to lower consumption resulting from unusually wet weather conditions in North America.

For the six months ended June 30, 2020, the Company advanced activities related to extending Itafos Conda's mine life through permitting and development of H1/NDR, including securing support from the Idaho legislature via House Joint Memorial #11, which passed unanimously as well as numerous letters of support from local and state officials and preparing and submitting an updated Mine and Reclamation Plan to the BLM as part of the NEPA permitting process.

For the six months ended June 30, 2020, the Company advanced activities related to optimizing Itafos Conda's EBITDA generation capability, including completing the micronutrient addition to granulation project to support its new line of micronutrient enhanced products, advancing development of MAP enhanced with zinc as an additional product in the new line of micronutrient enhanced products and evaluating proposals received for pilot testing and a FEED study related to AHF/PS by-product recovery and a feasibility study related to on-site ammonia production.

On July 10, 2020, the Company announced its decision to conduct a reduced scope plant turnaround at Itafos Conda during July 2020 as part of its risk mitigation measures during the COVID-19 pandemic. On August 20, 2020, the Company announced that Itafos Conda completed the reduced scope plant turnaround with no environmental releases or recordable injuries (see Note 23 in the Interim Financial Statements).

On August 20, 2020, the Company announced that Itafos Conda has been experiencing a significant disruption in sulfuric acid supply from Rio Tinto's Kennecott mine. Itafos Conda fulfills approximately 40% of its sulfuric acid requirements from volumes produced internally and approximately 60% from a combination of volumes received from Rio Tinto's Kennecott mine under a long-term supply agreement and volumes procured from other third party suppliers. On August 18, 2020, Rio Tinto announced that its Kennecott mine in Utah has experienced delays to the restart of the smelter. According to Rio Tinto's announcement, such delays to the restart of the smelter are due to unexpected issues that appeared following planned maintenance. Rio Tinto further announced that they are working closely with their customers to limit any disruptions and expect to have the smelter fully operational in two months. The Company has been and will continue working to mitigate potential adverse effects of the disruption in sulfuric acid supply to Itafos Conda from Rio Tinto's Kennecott mine (see Note 23 in the Interim Financial Statements).

On August 10, 2020, Itafos Conda closed the Revolving Facility, which refinanced the Gavilon Facility. The Revolving Facility considers a commitment to loan up to $20,000, of which $10,000 was drawn at closing. The proceeds of the Revolving Facility were initially used to repay the Gavilon Facility and thereafter will be used for working capital and general purposes. At closing, an additional 10,000 remained available to be drawn by Itafos Conda subject to certain terms and conditions (see Notes 10, 22 and 23 in the Interim Financial Statements).

For the three and six months ended June 30, 2020 and 2019, Itafos Conda's business highlights were as follows:

(unaudited in thousands of US Dollars except for volumes and prices)	*For the three months ended June 30,* 2020	2019	*For the six months ended June 30,* 2020	2019
Production volumes (t)				
MAP	85,018	92,248	175,566	191,003
MAP+	1,538	—	6,813	—
SPA[i]	37,173	36,998	77,438	72,531
MGA[i]	120	581	703	611
APP	10,542	21,107	12,767	26,534
Total production volumes	**134,391**	**150,934**	**273,287**	**290,679**
Sales volumes (t)				
MAP	70,812	121,886	178,584	198,763
MAP+	3,811	—	6,464	—
SPA[i]	33,388	34,195	72,619	67,639
MGA[i]	190	1,231	703	1,261
APP	11,967	18,900	13,614	21,348
Total sales volumes	**120,168**	**176,212**	**271,984**	**289,011**
Realized price ($/t)[ii]				
MAP	$ 316	$ 394	$ 303	$ 415
MAP+	$ 360	$ —	$ 362	$ —
SPA[i]	$ 975	$ 997	$ 957	$ 1,001
MGA[i]	$ 1,026	$ 555	$ 967	$ 565
APP	$ 456	$ 472	$ 456	$ 472
Revenues ($)				
MAP	$ 22,364	$ 48,067	$ 54,196	$ 82,553
MAP+	$ 1,371	$ —	$ 2,337	$ —
SPA	$ 32,558	$ 34,082	$ 69,464	$ 67,715
MGA	$ 195	$ 683	$ 680	$ 712
APP	$ 5,460	$ 8,925	$ 6,203	$ 10,082
Total revenues	**$ 61,948**	**$ 91,757**	**$ 132,880**	**$ 161,062**
Revenues per tonne P_2O_5[ii]	$ 816	$ 872	$ 767	$ 897
Cash costs per tonne P_2O_5[ii]	$ 638	$ 774	$ 635	$ 768
Adjusted EBITDA[ii]	$ 14,458	$ 11,283	$ 22,753	$ 22,739
Maintenance capex[ii]	$ 1,582	$ 11,272	$ 3,501	$ 13,845
Growth capex[ii]	$ 1,229	$ 1,323	$ 3,153	$ 1,811

i. Presented on a 100% P_2O_5 basis.
ii. Non-IFRS measure (see Section 6).

For the three months ended June 30, 2020 and 2019, Itafos Conda's business highlights were explained as follows:

- total production volumes were down year-over-year primarily due to a disruption in sulfuric acid from its primary supplier resulting in lower APP and MAP production;
- total sales volumes were down year-over-year primarily due to lower MAP sales, as Q2 2019 saw substantially higher lifting compared to normal run-rates, with lower APP also contributing;
- revenues per tonne P_2O_5 were down year-over-year primarily due to significant and continued downward pressure on DAP NOLA prices to which MAP sales prices are linked (see Section 6);
- cash costs per tonne P_2O_5 were down year-over-year primarily due to lower input costs from improved mining rates and lower raw material costs (see Section 6);
- maintenance capex was down year-over-year primarily due to the Company's decision to conduct a reduced scope plant turnaround at Itafos Conda during July 2020 as part of its risk mitigation measures during the COVID-19 pandemic (see Section 6 and Note 23 in the Interim Financial Statements); and
- growth capex was largely consistent year-over-year primarily due to activities related to extending Itafos Conda's mine life through permitting and development of H1/NDR (see Section 6).

For the six months ended June 30, 2020 and 2019, Itafos Conda's business highlights were explained as follows:

- total production volumes were down year-over-year primarily due to a disruption in sulfuric acid from its primary supplier resulting in lower APP and MAP production;
- total sales volumes were down year-over-year as a result of lower MAP sales as H1 2019 saw substantially higher lifting compared to normal run-rates, which were partially offset by higher MAP+ and SPA volumes;
- revenues per tonne P_2O_5 were down year-over-year despite higher SPA sales volumes primarily due to significant and continued downward pressure on DAP NOLA prices to which MAP sales prices are linked (see Section 6);
- cash costs per tonne P_2O_5 were down year-over-year primarily due to lower input costs from improved mining rates and lower raw material costs (see Section 6);
- maintenance capex was down year-over-year primarily due to the Company's decision to conduct a reduced scope plant turnaround at Itafos Conda during July 2020 as part of its risk mitigation measures during the COVID-19 pandemic (see Section 6 and Note 23 in the Interim Financial Statements); and
- growth capex was up year-over-year primarily due increased activities related to extending Itafos Conda's mine life through permitting and development of H1/NDR and completion of the micronutrient addition to granulation project to support its new line of micronutrient enhanced products (see Section 6).

Itafos Arraias

The Company continues to monitor potential risks to Itafos Arraias' employees, contractors and operations as a result of COVID-19. Itafos Arraias has been deemed an essential business as part of the fertilizer and agriculture sector and therefore has not been forced to shut down operations or care and maintenance activities on account of COVID-19. The Company is not currently projecting any material impact on Itafos Arraias' operations or care and maintenance activities because of COVID-19. Notwithstanding, the Company is improving the measures to mitigate the risk of contractors and employees during the in-fill drilling program expected to take place during H2 2020 (see below).

In response to COVID-19, the Company has implemented and continued risk mitigation measures at Itafos Arraias to address potential impacts to its employees, contractors and operations as follows:

- adopted temporary travel restrictions;
- temporarily closed the São Paulo office and implemented measures to facilitate employees working from home;
- cancelled all non-critical site visits and implemented measures to safely continue critical activities (e.g., tailings dam inspections);
- increased safety measures related to screening site visitors;
- increased cleaning and disinfecting measures;
- adopted new policies related to sick leave and isolation in case of symptoms; and
- adopted the procedure to conduct COVID-19 tests to all employees and contractors in a weekly basis to ensure a safe and healthy environment during the in-fill drilling program (see below).

Currently, there are no confirmed cases of COVID-19 amongst employees or contractors at Itafos Arraias.

For the three and six months ended June 30, 2020, Itafos Arraias continued its strong track record of environmental, health, and safety excellence with no environmental releases or recordable injuries.

On November 21, 2019, the Company announced its decision to idle Itafos Arraias and suspend the previously announced repurpose plan at Itafos Arraias as part of a disciplined approach to capital allocation considering the continued downward pressure on global fertilizer prices and the additional capital requirements to complete the Repurpose Plan.

For the three and six months ended June 30, 2020, the Company safely completed and maintained the idling of Itafos Arraias following best practices to protect and preserve the value of the underlying assets. Following receipt of approval from the labor union, the Company completed the employee layoffs and contractor terminations at Itafos Arraias associated with the idling. Notwithstanding the idling of Itafos Arraias, the Company will continue to employ personnel that are necessary for the care and maintenance of the assets and will continue to maintain all licenses and permits in good standing and compliance with existing regulations. In addition, the Company successfully monetized inventory and raw materials at Itafos Arraias to partially offset costs.

In parallel with its decision to idle Itafos Arraias, the Company engaged the services of Golder Associates Inc. ("Golder") and Jesa Technologies LLC ("Jesa") to conduct third party reports on Itafos Arraias' mine and beneficiation plant, respectively. The third party reports, which were completed in January 2020, confirm that restarting Itafos Arraias' mine and beneficiation plant is feasible and outline the respective timing and capex requirements.

For the three months ended June 30, 2020, the Company launched a stage-gate restart program for Itafos Arraias. Each stage-gate must be cleared before progressing to the next stage of the program, thereby limiting exposure, and managing the risk. The first stage-gate is the development of a revised geological model and long-term mine plan of the Domingos pit. Accordingly, the Company designed a test work campaign aimed at the metallurgical characterization of the Domingos ore as well as a detailed in-fill drilling program. The revised long-term mine plan will be developed to verify ability to deliver constant ore grade to the beneficiation process, while the beneficiation plant process design will be revised to match the geometallurgical characterization of the ore. As part of this stage-gate, the Company engaged Jesa in June 2020 to conduct the metallurgical test work that will form the basis of the revised beneficiation process. The metallurgical test work being conducted by Jesa is expected to be completed in approximately nine-months.

In February 2020, Itafos Arraias secured important long-term tax incentives. As Itafos Arraias is domiciled in Brazil, the business is subject to a federal tax rate of 34%, composed of a federal corporate income tax of 25% and other taxes of 9%. The location of Itafos Arraias' assets 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 federal tax rate of 34% to 15.25% by means of a 75% discount to the federal corporate income tax of 25%. In February 2020, SUDAM accepted Itafos Arraias' application, granting Itafos Arraias the tax incentives for a period of ten years with an opportunity to extend thereafter.

For the three and six months ended June 30, 2020 and 2019, Itafos Arraias' business highlights were as follows:

(unaudited in thousands of US Dollars except for volumes and prices)	*For the three months ended June 30,* 2020	2019	*For the six months ended June 30,* 2020	2019
Production volumes (t)				
SSP	—	19,948	3,879	26,511
SSP+	—	32,055	1,113	40,646
PK compounds[iv]	—	—	—	—
Total production volumes	**—**	**52,003**	**4,992**	**67,157**
Excess sulfuric acid production volumes (t)[i]	—	10,600	—	19,394
Sales volumes (t)				
SSP	1,886	14,917	27,315	22,050
SSP+	—	27,310	2,459	33,213
PK compounds[iv]	—	—	—	—
Total sales volumes	**1,886**	**42,227**	**29,774**	**55,263**
Excess sulfuric acid sales volumes (t)	—	10,600	5,213	19,394
Realized price ($/t)[ii]				
SSP	$ 86	$ 220	$ 134	$ 202
SSP+	$ —	$ 250	$ 184	$ 246
PK compounds[iv]	$ —	$ —	$ —	$ —
Excess sulfuric acid	$ —	$ 113	$ 90	$ 131
Revenues ($)				
SSP, net	$ 163	$ 3,290	$ 3,671	$ 4,464
SSP+, net	$ —	$ 6,825	$ 453	$ 8,176
PK compounds[iv]	$ —	$ —	$ —	$ —
Total revenues	**$ 163**	**$ 10,115**	**$ 4,124**	**$ 12,640**
Excess sulfuric acid revenues ($)	$ —	$ 1,200	$ 468	$ 2,548
Revenues per tonne P_2O_5[iii]	$ 508	$ 1,379	$ 919	$ 1,324
Cash costs per tonne P_2O_5[iii]	$ 2,240	$ 1,654	$ 2,163	$ 2,532
Adjusted EBITDA[ii]	$ (1,078)	$ (8,965)	$ (6,601)	$ (15,382)
Maintenance capex[ii]	$ —	$ 567	$ —	$ 3,169
Growth capex[ii]	$ —	$ 416	$ —	$ 1,003

i. Excess sulfuric acid production volumes (t) are presented net of production for internal consumption.
ii. Non-IFRS measure (see Section 6).
iii. Non-IFRS measure and excludes sulfuric acid (see Section 6).
iv. Itafos Arraias previously produced and sold PK compounds as part of the repurpose plan, which was enabled by purchasing higher grade phosphate rock from third parties.

For the three and six months ended June 30, 2020 and 2019, Itafos Arraias' business highlights were explained as follows:

- total production and sales volumes were down year-over-year due to the idling of Itafos Arraias;
- overall realized prices were down year-over-year primarily due to significant and continued downward pressure on fertilizer prices and implementation of an aggressive program to monetize remaining inventory and raw materials to partially offset costs;
- adjusted EBITDA was up year-over-year primarily due to the lower level of activities associated with the idling of Itafos Arraias and implementation of aggressive corporate wide cost savings and deferral of spending initiatives (see Section 6); and
- total capex was down year-over-year primarily due to the idling of Itafos Arraias (see Section 6).

MARKET HIGHLIGHTS

Global Supply Highlights

For the three months ended June 30, 2020, global supply highlights were as follows:

- overall, the fertilizer and agriculture sectors were deemed essential businesses by most nations worldwide and therefore most producers were not forced to shut down operations on account of COVID-19;
- Mosaic petitioned to the US Department of Commerce and the US International Trade Commission for countervailing duties on phosphate fertilizer imports to the US from Morocco and Russia at the end of June 2020, aiming to remedy the alleged distortions caused by foreign subsidies in the US market;
- early in Q2 2020, Chinese and Indian suppliers curtailed production by approximately 1.5Mt of DAP equivalent fertilizer product due to in-country logistical constraints resulting from COVID-19, but resumed to historical levels end of May 2020;
- OCP announced reduced output by 0.2Mt of DAP equivalent fertilizer product in June 2020;
- most suppliers were running close to capacity, barring operations disruptions faced by PhosAgro in Russia, GCT in Tunisia, Fertinal in Mexico and Ma'aden in Saudi Arabia, with limited impact on global trade;
- North American inventory levels have been drawn down for the first time in two years driven by strong application during spring of 2020; and
- Indian inventory has also been drawn down due to strong demand and lower supply.

Global Demand Highlights

For the three months ended June 30, 2020, global demand highlights were as follows:

- overall, global demand fundamentals were not materially impacted by COVID-19, except in some areas where logistics constrained volumes, with limited impact on global trade;
- Chinese demand remained stable despite local shortages of supply due to in-country logistical constraints;
- Indian demand increased due to an above-average monsoon and positive farmer economics;
- North American demand during spring season was completed with favorable consumption in most regions;
- Brazilian demand continued on track for a record year, driven by strong farmer economics supported by the devaluation of the Brazilian Real; and
- demand from other areas such as Russia, Pakistan, Australia and the European Union remained constructive.

Global Pricing Highlights

For the three months ended June 30, 2020, global pricing highlights were as follows:

- DAP FOB NOLA averaged $298/t, down 15% year-over-year due to continued elevated inventory levels;
- MAP CFR Brazil averaged $310/t, down 18% year-over-year due to continued elevated inventory levels;
- liquid phosphate premium over dry phosphate prices started decreasing as a result of yearly price reset in June 2020, illustrating a significant carryover of liquid fertilizers inventory; and
- sulfur and ammonia prices averaged down 30% and 2% year-over-year, respectively, due to lower demand for sulfur and ample ammonia supply availability across Trinidad, Russia, North Africa and the Middle East.

3. STRATEGY AND OUTLOOK

FINANCIAL OUTLOOK

The Company is closely monitoring potential risks to its operations as a result of COVID-19, including factors that could impact production or demand for its products. Despite near-term uncertainties, the Company is not currently projecting any material impact on its operations or financial outlook as a result of COVID-19. In response to COVID-19, the Company has implemented working practices at its businesses and projects to address potential impacts to its employees, contractors and operations and will take further measures in the future, if required.

The Company provides guidance on certain non-IFRS measures that management considers to evaluate the Company's operational and financial performance. Management believes that the non-IFRS measures provide useful supplemental information to investors, analysts, lenders and others. Definitions and reconciliations of non-IFRS measures to the most directly comparable IFRS measures are included in Section 6 of this MD&A.

The Company issued its original guidance for 2020 in the Annual MD&A and reiterated such original guidance in management's discussion and analysis of operations and financial condition as of May 28, 2020.

The assumptions considered by the Company in preparing its guidance for 2020 are explained as follows:

- adjusted EBITDA considers latest third party outlook for pricing and key inputs at Itafos Conda, continuation of the idling of Itafos Arraias, development and exploration expenses and corporate costs (see Section 6);
- maintenance capex considers planned plant maintenance at Itafos Conda (see Section 6);
- growth capex considers mine life extension initiatives at Itafos Conda related to permitting and development of H1/NDR (see Section 6); and
- adjusted net debt considers the projected balance as at December 31, 2020 and does not include potential additional financing (see Section 6).

The Company has revised its original guidance for 2020 as follows:

		revised		*original*				
(in thousands of US Dollars)		**Low**		**High**		**Low**		**High**
Adjusted EBITDA[i]	$	10,000	$	20,000	$	10,000	$	20,000
Maintenance capex[i]		5,000		10,000		15,000		25,000
Growth capex[i]		8,000		13,000		5,000		10,000
Adjusted net debt[i]		170,000		180,000		170,000		180,000

i. Non-IFRS measure (see Section 6).

The Company's revised guidance is explained as follows:

- maintained adjusted EBITDA guidance due to increased pricing projections offset by sulfuric acid supply disruption at Itafos Conda (see Section 6 and Note 23 in the Interim Financial Statements);
- reduced maintenance capex guidance due to the Company's decision to conduct a reduced scope plant turnaround at Itafos Conda during July 2020 (see Section 6 and Note 23 in the Interim Financial Statements);
- increased growth capex guidance due to advancement of EBITDA optimization initiatives at Itafos Conda and the stage-gate restart program at Itafos Arraias (see Section 6); and
- maintained adjusted net debt guidance (see Section 6).

BUSINESS OUTLOOK

The Company is executing its strategy by focusing on:

- extending Itafos Conda's current mine life through advancing permitting and development of H1/NDR;
- optimizing Itafos Conda's EBITDA generation capability;
- advancing the stage-gate restart program and evaluating strategic alternatives for Itafos Arraias;
- advancing project financing, related permitting and offtake initiatives as well as evaluating strategic alternatives for Itafos Farim;
- advancing the wind down of the Itafos Paris Hills concession following completion of the Itafos Conda Technical Report, which defined H1/NDR as the Company's path forward for mine life extension at Itafos Conda;
- maintaining the integrity of the concessions and evaluating strategic alternatives for Itafos Santana, Itafos Mantaro and Itafos Araxá;
- advancing aggressive corporate-wide cost savings and deferral of spending initiatives; and
- advancing capital raising initiatives to support the Company's strategic initiatives and development objectives.

H1/NDR's development milestones are as follows:

Area	Status	Highlights
Technical report	Completed	▪ Completed the Itafos Conda Technical Report, which concluded expected mine life through mid-2026 (considering resources and reserves from existing mines Rasmussen Valley and Lanes Creek, which represent an additional one and a half to two years of mine life over Itafos Conda's historical internal estimates) and which defined H1/NDR as the Company's path forward for mine life extension (considering resources from H1/NDR, which represent a 60% increase over Itafos Conda's historical internal estimates)
Exploration and development	Ongoing	▪ Completed 346 drill holes for H1 and 303 drill holes for NDR ▪ Conducting metallurgical testing on core samples gathered from H1 drilling
Environmental	Ongoing	▪ Initiated NEPA permitting process ▪ Advancing combined Environmental Impact Statement ("EIS") by the BLM, US Forest Service and US Army Corps of Engineers ▪ Completed environmental baselines ▪ Continuing surface water and groundwater monitoring
Permits	Ongoing	▪ Secured federal phosphate leases ▪ Advanced primary federal and state permitting process ▪ Secured support from the Idaho legislature via House Joint Memorial #11, which passed unanimously ▪ Secured numerous letters of support from local and state officials
Studies and fieldwork	Ongoing	▪ Completed geotechnical slope stability analysis ▪ Advancing groundwater fate and transport modeling and stormwater management plan ▪ Advanced metallurgy analysis ▪ Prepared and submitted an updated Mine and Reclamation Plan to the BLM as part of the NEPA permitting process ▪ Advancing analysis of mining and facilities alternatives as part of the NEPA permitting process ▪ Advancing analysis of existing and new infrastructure

Itafos Conda's EBITDA optimization milestones are as follows:

Area	Status	Highlights
MAP+	Near complete	▪ Launched new line of micronutrient enhanced products during Q3 2019 with initial production run of MAP enhanced with sulfur ▪ Completed micronutrient addition to granulation project during Q1 2020 ▪ Advancing development of MAP enhanced with zinc ▪ Integrated MAP+ into 2020 production plan; development of sales and marketing plan ongoing
Operations and cost to serve excellence	Ongoing	▪ Advancing freight and rail car fleet optimization opportunities, including detailed review and optimization of freight lanes ▪ Implemented SPA rail car fleet optimization strategy, including improving repair procedures and costs and actively managing turn times through customer information systems and detention policy
Attrition scrubbing and flotation	Ongoing	▪ Completed tailings characterization by technical advisor ▪ Advancing test work on magnesium oxide ("MgO") reduction with the use of attrition scrubbing and flotation to remove dolomite impurities on selected size fractions; both the existing Rasmussen Valley mine and H1/NDR deposits are responding well to tests
AHF/PS by-product recovery	Ongoing	▪ Completed phase 0/1 concept engineering and bench-scale testing ▪ Evaluating proposal received for pilot testing and FEED study from technology partner ▪ Advancing offtake alternatives, including conducting site visits by potential long-term offtake partners
On-site ammonia production	Ongoing	▪ Completed desktop concept evaluation ▪ Identified technology partner for small-scale ammonia production, with proven technology track record ▪ Evaluating proposal received for feasibility study from technology partner
Increased P_2O_5 throughput	Ongoing	▪ Completed review by technical advisor ▪ Advancing desktop evaluation
SPA expansion and APP integration	Ongoing	▪ Completed bench-scale test work and concept engineering study for MgO reduction using continuous ion exchange ("CIX") technology ▪ Advancing market analysis
Sulfuric acid plant expansion and cogeneration	Ongoing	▪ Completed review of original 2015 pre-feasibility study ▪ Prepared request for proposal for updated pre- pre-feasibility study; evaluating proposals received
Vanadium ("V") by-product recovery	Placed on hold	▪ Completed phase 0/1 concept engineering and bench-scale testing ▪ Placed project on hold pending V market recovery

Itafos Farim's development milestones are as follows:

Area	Status	Highlights
Technical report	Completed	▪ Completed technical report titled "NI 43-101 Technical Report on the Farim Phosphate Project" and dated as of September 14, 2015
Environmental and social	Completed	▪ Completed Environment and Social Impact Assessment ("ESIA") based on International ▪ Finance Corporation guidelines and Equator principles ▪ Baseline air, noise and water quality measurements taken since 2016 and will continue through end of mine life ▪ Resettlement action plan approved by the Government of Guinea-Bissau
Studies and fieldwork (detailed design and engineering inputs)	Completed	▪ Completed river bathymetry study and determined Supramax shipping route ▪ Completed geotech and hydrogeological drilling ▪ Performed four additional pilot plant tests that enabled completion of phosphate rock specification sheet ▪ Completed static and kinetic leach tests that confirmed that tailings do not produce acid drainage or leach metals
Detailed design and engineering	Completed	▪ Completed FEED study by Lycopodium Minerals Canada Ltd, including preparation of a definitive cost estimate and definitive schedule ▪ Completed detailed mine plan with optimized pit shell completed by Golder; completed in-pit geotechnical report; completed contract mining bid process and selected preferred contractor ▪ Completed mine dewatering design by Knight Piésold Ltd., including third party review ▪ Completed flood study by W.F. Baird & Associates Coastal Engineers Ltd. ("Baird"); including third party review ▪ Completed detailed design of marine terminal by Baird; completed marine works contractor bid process and selected preferred contractor ▪ Finalized all major process equipment procurement packages ▪ Completed design of resettlement homes
Permits and licenses	Ongoing	▪ Executed mining agreement with the Government of Guinea-Bissau and obtained all required environmental and mine operating permits ▪ Advancing discussions with Government of Guinea-Bissau to revise mining agreement to facilitate project financing and update tax incentives ▪ Expecting to obtain marine terminal operating permit and certain construction permits (e.g., sanitation) prior to construction
Construction and resettlement	Ongoing	▪ Advanced mine and marine terminal site and resettlement village to construction ready state ▪ Advancing engineering, procurement, and construction alternatives ▪ Substantially completed construction of contractor's camp ▪ Advancing preparation of agricultural land for livelihood restitution
Offtake agreements	Ongoing	▪ Advancing offtake alternatives; offtake agreements expected to be required to be executed prior to disbursement of project financing ▪ Executed memorandums of understanding for offtake with two counterparties
Project financing	Ongoing	▪ Advancing project financing alternatives ▪ Completed review of technical report and ESIA by independent technical consultant ▪ Advancing review of detailed design and engineering by independent technical consultant

MARKET OUTLOOK

COVID-19 Impact

Although much of the potential impact of COVID-19 on phosphate fertilizer markets remains uncertain, the Company's outlook on the potential impact of COVID-19 remains unchanged, as follows:

- overall agricultural demand fundamentals are not expected to be significantly impacted as global food demand should remain strong despite a potential reduction on agricultural demand for biofuels due to declining oil prices and fuel consumption;
- global fertilizer supply has been impacted mainly in China and India due to logistics constraints; nonetheless, fertilizer and agriculture were deemed essential businesses by most nations worldwide, which should prevent a significant supply shock; and
- global fertilizer demand has not been materially impacted to date, although disruptions of the supply chain are likely to have negative impact on demand in sub-Saharan Africa and South Asia.

Global Supply Outlook

The Company's outlook on global supply is as follows:

- global supply has not been impacted thus far by countervailing duties petitions filed by Mosaic, with Mosaic, OCP, Ma'aden, PhosAgro and Eurochem continuing to compete for global market share;
- despite the above, trade flows have undergone a significant shift in response to the risk of duties on Moroccan and Russian product, with imported volume to the US on course to be significantly lower than previous years and atypical supply sources such as Tunisia and Egypt reaching the US market;
- in response to the above, OCP, PhosAgro and Eurochem are likely to expand market share in traditional Mosaic's markets such as Latin America, particularly Brazil;
- Chinese production rates are expected to remain lower than previous years as producers exercise discipline;
- Indian production is not expected to undergo further significant disruptions caused by COVID-19;
- no significant new production capacity is expected to be commissioned in 2020 as a result of voluntary postponement of ramp-up to 2021 and COVID-19 related delays.

Global Demand Outlook

The Company's outlook on global demand is as follows:

- overall, Q3 tends to be a seasonally strong period globally for fertilizer consumption, with demand being driven by South Asia's Kharif season and spring application in the Southern Hemisphere;
- North American demand is expected to be strong during Q3 2020 to replenish inventories ahead of fall fertilizer application, yet countervailing duties petitions could create delays in purchasing;
- Brazilian demand is expected to remain strong driven by supportive farmer economics, but apparent demand could decline earlier than usual during Q3 2020 due to significant purchase anticipation leading to high inventory;
- Chinese demand is expected to stabilize after several years of reduction in application rates; and
- Indian demand for Kharif season is expected to be significantly higher than during 2019 as key supportive factors are in place, including a better-than-average monsoon, affordable fertilizers and lower inventories.

Global Pricing Outlook

The Company's outlook on global pricing is as follows:

- overall, potential impacts of COVID-19 represent a significant uncertainty both to supply and demand;
- prices are expected to rise in Q3 2020 as a result of demand outpacing supply amid lower inventory levels;
- despite the above, prices are anticipated to retreat in Q4 2020 compared to Q3 2020 as demand weakens while supply continue to pressure the market;
- prices are expected to increase gradually in 2021 as supply growth stalls due to delays in new capacity commissioning and demand growth continues to draw down global inventories;
- North American markets are expected to trade at a price premium to other markets due to lower supply triggered by the ongoing countervailing duties petitions; and
- sulfur prices are expected to continue moving up as supply continues to tighten with refinery rates remaining at record lows for several months, while ammonia prices are expected to be depressed due to the impact of COVID-19 on industrial ammonia demand.

4. OVERVIEW OF RESULTS

SUMMARY OF QUARTERLY RESULTS

For the three months ended June 30, 2020, March 31, 2020, December 31, 2019 and September 30, 2019, the Company's summary of quarterly results was as follows:

(unaudited in thousands of US Dollars except for per share amounts)	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019
Net loss	$ (20,814)	$ (18,289)	$ (88,465)	$ (20,778)
Basic loss per share	(0.11)	(0.10)	(0.63)	(0.15)
Diluted loss per share	(0.11)	(0.10)	(0.63)	(0.15)
Total assets	$ 450,713	$ 461,499	$ 510,764	$ 568,630

For the three months ended June 30, 2019, March 31, 2019, December 31, 2018 and September 30, 2018, the Company's summary of quarterly results was as follows:

(unaudited in thousands of US Dollars except for per share amounts)	June 30, 2019	March 31, 2019	December 31, 2018	September 30, 2018
Net loss	$ (21,597)	$ (13,331)	$ (155,157)	$ (14,390)
Basic loss per share	(0.15)	(0.09)	(1.09)	(0.10)
Diluted loss per share	(0.15)	(0.09)	(1.09)	(0.10)
Total assets	566,575	575,339	576,419	749,189

5. STATEMENTS OF OPERATIONS

For the three and six months ended June 30, 2020 and 2019, the Company's statements of operations were as follows:

(unaudited in thousands of US Dollars except for per share amounts)	*For the three months ended June 30,* 2020	2019	*For the six months ended June 30,* 2020	2019
Revenues	$ 62,111	$ 103,072	$ 137,472	$ 176,250
Cost of goods sold	60,076	110,022	141,756	183,362
Write-off of mineral properties	8,449	—	8,449	—
	$ (6,414)	**(6,950)**	**$ (12,733)**	**(7,112)**
Expenses				
Selling, general and administrative expenses	4,162	7,129	10,086	12,977
Operating loss	**$ (10,576)**	**$ (14,079)**	**$ (22,819)**	**$ (20,089)**
Foreign exchange loss	(2,531)	(958)	(5,631)	(1,816)
Other income (expense), net	20	(2,472)	1,287	(1,772)
Loss on asset disposal	(635)	—	(635)	—
Finance expense	(6,941)	(5,621)	(13,029)	(11,062)
Loss before income taxes	**$ (20,663)**	**$ (23,130)**	**$ (40,827)**	**$ (34,739)**
Current and deferred income tax expense (recovery)	151	(1,533)	(1,724)	189
Net loss attributable to shareholders of the parent	**$ (20,814)**	**(21,597)**	**$ (39,103)**	**(34,928)**
Net loss attributable to non-controlling interest	—	—	—	—
Net loss	**$ (20,814)**	**$ (21,597)**	**$ (39,103)**	**$ (34,928)**
Basic loss per share	**$ (0.11)**	**$ (0.15)**	**$ (0.21)**	**$ (0.25)**
Fully diluted loss per share	**$ (0.11)**	**$ (0.15)**	**$ (0.21)**	**$ (0.25)**

For the three months ended June 30, 2020 and 2019, the Company's statements of operations were explained as follows:

- revenues were down year-over-year primarily due to lower sales volumes at Itafos Conda, continued downward pressure on DAP NOLA prices to which MAP sales prices are linked and the idling of Itafos Arraias;
- cost of goods sold was down year-over-year primarily due to the idling of Itafos Arraias and lower input costs at Itafos Conda;
- write-off of mineral properties was up year-over-year due to a write-off of mineral properties at Itafos Paris Hills following the Company's decision to wind down the concession following completion of the Itafos Conda Technical Report, which defined H1/NDR as the Company's path forward for mine life extension at Itafos Conda (see Note 6 in the Interim Financial Statements);
- selling, general and administrative expenses were down year-over-year due to the implementation of aggressive corporate wide cost savings and deferral of spending initiatives;
- foreign exchange loss was up year-over-year primarily due to further depreciation of the Brazilian Real against the US Dollar;
- finance expense was up year-over-year primarily due to increased interest from additional debt from the CLF Promissory Note and the Gavilon Facility; and
- current and deferred income tax expense (recovery) was down year-over-year due to a lower net loss.

For the six months ended June 30, 2020 and 2019, the Company's statements of operations were explained as follows:

- revenues were down year-over-year primarily due to lower sales volumes at Itafos Conda, continued downward pressure on DAP NOLA prices to which MAP sales prices are linked and the idling of Itafos Arraias;
- cost of goods sold was down year-over-year primarily due to the idling of Itafos Arraias and lower input costs at Itafos Conda;
- write-off of mineral properties was up year-over-year due to a write-off of mineral properties at Itafos Paris Hills following the Company's decision to wind down the concession following completion of the Itafos Conda Technical Report, which defined H1/NDR as the Company's path forward for mine life extension at Itafos Conda (see Note 6 in the Interim Financial Statements);
- selling, general and administrative expenses were down year-over-year due to the implementation of aggressive corporate wide cost savings and deferral of spending initiatives;
- foreign exchange loss was up year-over-year primarily due to further depreciation of the Brazilian Real against the US Dollar;
- other income was up year-over-year primarily due to higher tax credits recognized at Itafos Arraias;
- loss on asset disposal was up year-over-year due to sale of equipment at Itafos Arraias;
- finance expense was up year-over-year primarily due to increased interest from additional debt from the CLF Promissory Note and the Gavilon Facility; and
- current and deferred income tax expense (recovery) was up year-over-year due to a higher net loss.

6. NON-IFRS MEASURES

DEFINITIONS

The Company defines its non-IFRS measures as follows:

Non-IFRS measure	Definition	Most directly comparable IFRS measure
EBITDA	Earnings before interest, taxes, depreciation, depletion and amortization	Net income (loss) and operating income (loss)
Adjusted EBITDA	EBITDA adjusted for non-cash, extraordinary, non-recurring and other items unrelated to the Company's core operating activities	Net income (loss) and operating income (loss)
Total capex	Additions to property, plant, and equipment and mineral properties adjusted for additions to asset retirement obligations, additions to right of use assets and capitalized interest	Additions to property, plant and equipment and mineral properties
Maintenance capex	The Company's portion of total capex relating to the maintenance of ongoing operations	Additions to property, plant and equipment and mineral properties
Growth capex	The Company's portion of total capex relating to development of growth opportunities	Additions to property, plant and equipment and mineral properties
Net debt	Debt less cash and cash equivalents plus deferred financing costs	Current debt, long-term debt and cash and cash equivalents
Related party debt	The Company's portion of debt held by a related party	Current debt and long-term debt
Adjusted net debt	Net debt adjusted for related party debt	Current debt, long-term debt and cash and cash equivalents
Working capital	Current assets less current liabilities	Current assets and current liabilities
Realized price	Revenues divided by sales volumes	Revenues
Revenues per tonne P_2O_5	Revenues divided by sales volumes presented on P_2O_5 basis	Revenues
Cash costs	Cost of goods sold less net realizable value adjustments, depreciation, depletion and amortization	Cost of goods sold
Cash costs per tonne P_2O_5	Cash costs divided by sales volumes presented on P_2O_5 basis	Cost of goods sold

EBITDA AND ADJUSTED EBITDA

For the three months ended June 30, 2020 and 2019

For the three months ended June 30, 2020 the Company had EBITDA and Adjusted EBITDA by segment as follows:

(unaudited in thousands of US Dollars)	Itafos Conda	Itafos Arraias	Development and exploration	Corporate	Total
Net income (loss)	$ **3,428**	$ **(6,020)**	$ **(8,722)**	$ **(9,500)**	$ **(20,814)**
Finance (income) expense, net	(46)	4	3	6,980	6,941
Current and deferred income tax expense (recovery)	(45)	—	—	196	151
Depreciation and depletion	10,206	2,411	22	34	12,673
EBITDA	$ **13,543**	$ **(3,605)**	$ **(8,697)**	$ **(2,290)**	$ **(1,049)**
Unrealized foreign exchange loss	103	1,906	398	14	2,421
Write-off of mineral properties	—	—	8,449	—	8,449
Net realizable value adjustments to inventory	812	—	—	—	812
Share-based payment expense	—	—	—	76	76
Termination expenses	—	—	—	—	—
Other (income) expense, net	—	621	(6)	—	615
Adjusted EBITDA	$ **14,458**	$ **(1,078)**	$ **144**	$ **(2,200)**	$ **11,324**

(unaudited in thousands of US Dollars)	Itafos Conda	Itafos Arraias	Development and exploration	Corporate	Total
Operating income (loss)	$ **3,299**	$ **(2,497)**	$ **(8,943)**	$ **(2,435)**	$ **(10,576)**
Depreciation and depletion	10,206	2,411	22	34	12,673
Foreign exchange gain (loss) - realized	141	(992)	616	125	(110)
Write-off of mineral properties	—	—	8,449	—	8,449
Net realizable value adjustments to inventory	812	—	—	—	812
Share-based payment expense	—	—	—	76	76
Termination expenses	—	—	—	—	—
Adjusted EBITDA	$ **14,458**	$ **(1,078)**	$ **144**	$ **(2,200)**	$ **11,324**

For the three months ended June 30, 2019, the Company had EBITDA and Adjusted EBITDA by segment as follows:

(unaudited in thousands of US Dollars)	Itafos Conda	Itafos Arraias	Development and exploration	Corporate	Total
Net income (loss)	**$ 560**	**$ (11,377)**	**$ 221**	**$ (11,001)**	**$ (21,597)**
Finance (income) expense, net	85	109	(44)	5,471	5,621
Current and deferred income tax expense (recovery)	(1,837)	—	—	304	(1,533)
Depreciation and depletion	11,841	1,640	31	50	13,562
EBITDA	**$ 10,649**	**$ (9,628)**	**$ 208**	**$ (5,176)**	**(3,947)**
Unrealized foreign exchange gain	(25)	(208)	(60)	(42)	(335)
Net realizable value adjustments to inventory	914	(1,863)	—	—	(949)
Share-based payment expense	—	—	—	412	412
Other (income) expense, net	(255)	2,734	—	(7)	2,472
Adjusted EBITDA	**$ 11,283**	**$ (8,965)**	**$ 148**	**$ (4,813)**	**$ (2,347)**

(unaudited in thousands of US Dollars)	Itafos Conda	Itafos Arraias	Development and exploration	Corporate	Total
Operating loss	**$ (1,615)**	**$ (7,187)**	**$ (15)**	**$ (5,262)**	**$ (14,079)**
Depreciation and depletion	11,841	1,640	31	50	13,562
Foreign exchange gain (loss) - realized	143	(1,555)	132	(13)	(1,293)
Net realizable value adjustments to inventory	914	(1,863)	—	—	(949)
Share-based payment expense	—	—	—	412	412
Adjusted EBITDA	**$ 11,283**	**$ (8,965)**	**$ 148**	**$ (4,813)**	**$ (2,347)**

For the six months ended June 30, 2020 and 2019

For the six months ended June 30, 2020, the Company had EBITDA and Adjusted EBITDA by segment as follows:

(unaudited in thousands of US Dollars)	Itafos Conda	Itafos Arraias	Development and exploration	Corporate	Total
Net income (loss)	**$ 4,383**	**$ (15,572)**	**$ (9,093)**	**$ (18,821)**	**$ (39,103)**
Finance (income) expense, net	(21)	13	4	13,033	13,029
Current and deferred income tax expense (recovery)	(2,147)	—	—	423	(1,724)
Depreciation and depletion	19,737	4,008	45	73	23,863
EBITDA	**$ 21,952**	**$ (11,551)**	**$ (9,044)**	**$ (5,292)**	**$ (3,935)**
Unrealized foreign exchange (gain) loss	(12)	5,604	(51)	(10)	5,531
Write-off of mineral properties	—	—	8,449	—	8,449
Net realizable value adjustments to inventory	812	—	—	—	812
Share-based payment expense	—	—	—	331	331
Termination expenses	—	—	—	—	—
Other (income) expense, net	1	(654)	4	(3)	(652)
Adjusted EBITDA	**$ 22,753**	**$ (6,601)**	**$ (642)**	**$ (4,974)**	**$ 10,536**

(unaudited in thousands of US Dollars)	Itafos Conda	Itafos Arraias	Development and exploration	Corporate	Total
Operating income (loss)	**$ 2,063**	**$ (9,624)**	**$ (9,754)**	**$ (5,504)**	**$ (22,819)**
Depreciation and depletion	19,737	4,008	45	73	23,863
Foreign exchange gain (loss) - realized	141	(985)	618	126	(100)
Write-off of mineral properties	—	—	8,449	—	8,449
Net realizable value adjustments to inventory	812	—	—	—	812
Share-based payment expense	—	—	—	331	331
Termination expenses	—	—	—	—	—
Adjusted EBITDA	**$ 22,753**	**$ (6,601)**	**$ (642)**	**$ (4,974)**	**$ 10,536**

For the six months ended June 30, 2019, the Company had EBITDA and Adjusted EBITDA by segment as follows:

(unaudited in thousands of US Dollars)		**Itafos Conda**		**Itafos Arraias**		**Development and exploration**		**Corporate**		**Total**
Net income (loss)	**$**	**5,792**	**$**	**(21,488)**	**$**	**(363)**	**$**	**(18,869)**	**$**	**(34,928)**
Finance expense, net		189		81		21		10,771		11,062
Current and deferred income tax expense (recovery)		(391)		—		—		580		189
Depreciation and depletion		17,100		3,767		43		99		21,009
EBITDA	**$**	**22,690**	**$**	**(17,640)**	**$**	**(299)**	**$**	**(7,419)**		**(2,668)**
Unrealized foreign exchange (gain) loss		(14)		181		5		(7)		165
Net realizable value adjustments to inventory		914		(644)		—		—		270
Share-based payment expense		—		—		—		261		261
Other (income) expense, net		(851)		2,721		3		(101)		1,772
Adjusted EBITDA	**$**	**22,739**	**$**	**(15,382)**	**$**	**(291)**	**$**	**(7,266)**	**$**	**(200)**

(unaudited in thousands of US Dollars)		**Itafos Conda**		**Itafos Arraias**		**Development and exploration**		**Corporate**		**Total**
Operating income (loss)	**$**	**4,592**	**$**	**(16,672)**	**$**	**(421)**	**$**	**(7,588)**	**$**	**(20,089)**
Depreciation and depletion		17,100		3,767		43		99		21,009
Foreign exchange gain (loss) - realized		133		(1,833)		87		(38)		(1,651)
Net realizable value adjustments to inventory		914		(644)		—		—		270
Share-based payment expense		—		—		—		261		261
Adjusted EBITDA	**$**	**22,739**	**$**	**(15,382)**	**$**	**(291)**	**$**	**(7,266)**	**$**	**(200)**

CAPEX

For the three months ended June 30, 2020 and 2019

For the three months ended June 30, 2020, the Company had capex by segment as follows:

(unaudited in thousands of US Dollars)	Itafos Conda	Itafos Arraias	Development and exploration	Corporate	Total
Additions to property, plant and equipment	$ 4,183	$ (1,451)	$ —	$ —	$ 2,732
Additions to mineral properties	1,772	—	234	—	2,006
Additions to property, plant and equipment related asset retirement obligations	(2,317)	1,451	—	—	(866)
Additions to right of use assets	—	—	—	—	—
Capitalized interest	(827)	—	—	—	(827)
Total capex	**$ 2,811**	**$ —**	**$ 234**	**$ —**	**$ 3,045**
Maintenance capex	1,582	—	—	—	1,582
Growth capex	1,229	—	234	—	1,463

For the three months ended June 30, 2019, the Company had capex by segment as follows:

(unaudited in thousands of US Dollars)	Itafos Conda	Itafos Arraias	Development and exploration	Corporate	Total
Additions to property, plant and equipment	$ 14,079	$ 983	$ —	$ 22	$ 15,084
Additions to mineral properties	828	—	1,425	—	2,253
Additions to property, plant and equipment related asset retirement obligations	(1,861)	—	—	—	(1,861)
Additions to right of use assets	—	—	—	—	—
Capitalized interest	(451)	—	—	—	(451)
Total capex	**$ 12,595**	**$ 983**	**$ 1,425**	**$ 22**	**$ 15,025**
Maintenance capex	11,272	567	—	22	11,861
Growth capex	1,323	416	1,425	—	3,164

ITAFOS

For the six months ended June 30, 2020 and 2019

For the six months ended June 30, 2020, the Company had capex by segment as follows:

(unaudited in thousands of US Dollars)	Itafos Conda	Itafos Arraias	Development and exploration	Corporate	Total
Additions to property, plant and equipment	$ 9,345	$ (3,285)	$ —	$ —	$ 6,060
Additions to mineral properties	4,081	—	(284)	—	3,797
Additions to asset retirement obligations	(5,158)	3,285	—	—	(1,873)
Additions to Right of Use assets	—	—	—	—	—
Capitalized interest	(1,614)	—	—	—	(1,614)
Total capex	**$ 6,654**	**$ —**	**$ (284)**	**$ —**	**$ 6,370**
Maintenance capex	3,501	—	—	—	3,501
Growth capex	3,153	—	(284)	—	2,869

For the six months ended June 30, 2019, the Company had capex by segment as follows:

(unaudited in thousands of US Dollars)	Itafos Conda	Itafos Arraias	Development and exploration	Corporate	Total
Additions to property, plant and equipment	$ 19,000	$ 4,172	$ 265	$ 33	$ 23,470
Additions to mineral properties	1,603	—	3,101	—	4,704
Additions to asset retirement obligations	(3,736)	—	—	—	(3,736)
Additions to Right of Use assets	(370)	—	—	—	(370)
Capitalized interest	(841)	—	—	—	(841)
Total capex	**$ 15,656**	**$ 4,172**	**$ 3,366**	**$ 33**	**$ 23,227**
Maintenance capex	13,845	3,169	—	33	17,047
Growth capex	1,811	1,003	3,366	—	6,180

NET DEBT, RELATED PARTY DEBT AND ADJUSTED NET DEBT

As at June 30, 2020 and December 31, 2019, the Company had net debt as follows:

(unaudited in thousands of US Dollars)		June 30, 2020		December 31, 2019
Current debt	$	2,472	$	2,459
Long-term debt		221,133		208,851
Cash and cash equivalents		(15,721)		(29,109)
Deferred financing costs related to the Facility		4,251		5,118
Net debt	**$**	**212,135**	**$**	**187,319**

As at June 30, 2020 and December 31, 2019, the Company had related party debt as follows:

(unaudited in thousands of US Dollars)		June 30, 2020		December 31, 2019
CLF participation in the Facility		30,302		29,274
CLF Promissory Note		27,909		20,689
Canadian debentures issued to CLF		455		456
Related party debt	**$**	**58,666**	**$**	**50,419**

As at June 30, 2020 and December 31, 2019, the Company had adjusted net debt as follows:

(unaudited in thousands of US Dollars)		June 30, 2020		December 31, 2019
Net debt		212,135		187,319
Related party debt		(58,666)		(50,419)
Adjusted net debt	**$**	**153,469**	**$**	**136,900**

WORKING CAPITAL

As at June 30, 2020 and December 31, 2019, the Company had working capital as follows:

(unaudited in thousands of US Dollars)		June 30, 2020		December 31, 2019
Cash and cash equivalents	$	15,721	$	29,109
Accounts receivable		17,184		23,446
Inventories, net		92,980		105,039
Other current assets		5,242		6,563
Accounts payable and accrued liabilities		(40,257)		(72,062)
Provisions		(807)		(2,382)
Current debt		(2,472)		(2,459)
Contract liabilities		(850)		(702)
Other current liabilities		(2,204)		(2,446)
Working capital	**$**	**84,537**	**$**	**84,106**

REVENUES PER TONNE P_2O_5

For the three months ended June 30, 2020 and 2019

For the three months ended June 30, 2020, the Company had revenues per tonne P_2O_5 by segment as follows:

(unaudited in thousands of US Dollars except for per tonne amounts)		Itafos Conda		Itafos Arraias		Total
Revenue	$	61,948	$	163	$	62,111
Tonnes P_2O_5 sold		75,955		321		76,276
Revenue per Tonne P_2O_5	**$**	**816**	**$**	**508**	**$**	**814**

For the three months ended June 30, 2019, the Company had revenues per tonne P_2O_5 by segment as follows:

(unaudited in thousands of US Dollars except for per tonne amounts)		Itafos Conda		Itafos Arraias		Total
Revenue	$	91,757	$	10,115	$	101,872
Tonnes P_2O_5 sold		105,233		7,333		112,566
Revenue per Tonne P_2O_5	**$**	**872**	**$**	**1,379**	**$**	**905**

For the six months ended June 30, 2020 and 2019

For the six months ended June 30, 2020 the Company had revenues per tonne P_2O_5 by segment as follows:

(unaudited in thousands of US Dollars except for per tonne amounts)		Itafos Conda		Itafos Arraias		Total
Revenue	$	132,880	$	4,124	$	137,004
Tonnes P_2O_5 sold		173,335		4,486		177,821
Revenue per Tonne P_2O_5	**$**	**767**	**$**	**919**	**$**	**770**

For the six months ended June 30, 2019 the Company had revenues per tonne P_2O_5 by segment as follows:

(unaudited in thousands of US Dollars except for per tonne amounts)		Itafos Conda		Itafos Arraias		Total
Revenue	$	161,062	$	12,640	$	173,702
Tonnes P_2O_5 sold		179,515		9,550		189,065
Revenue per Tonne P_2O_5	**$**	**897**	**$**	**1,324**	**$**	**919**

CASH COSTS AND CASH COSTS PER TONNE P_2O_5

For the three months ended June 30, 2020 and 2019

For the three months ended June 30, 2020, the Company had cash costs and cash costs per tonne P_2O_5 by segment as follows:

(unaudited in thousands of US Dollars except for per tonne amounts)		Itafos Conda		Itafos Arraias		Total
Cost of goods sold		57,823		2,248		60,071
Net realizable value adjustments		812		—		812
Depreciation and depletion		(10,205)		(1,529)		(11,734)
Cash costs	**$**	**48,430**	**$**	**719**	**$**	**49,149**
Tonnes P_2O_5 sold		75,955		321		76,276
Cash costs per tonne P_2O_5	**$**	**638**	**$**	**2,240**	**$**	**644**

For the three months ended June 30, 2019, the Company had cash costs and cash costs per tonne P_2O_5 by segment as follows:

(unaudited in thousands of US Dollars except for per tonne amounts)		Itafos Conda		Itafos Arraias		Total
Cost of goods sold		92,396		16,382		108,778
Net realizable value adjustments		914		(1,863)		(949)
Depreciation and depletion		(11,841)		(2,387)		(14,228)
Cash costs	**$**	**81,469**	**$**	**12,132**	**$**	**93,601**
Tonnes P_2O_5 sold		105,233		7,333		112,566
Cash costs per tonne P_2O_5	**$**	**774**	**$**	**1,654**	**$**	**832**

For the six months ended June 30, 2020 and 2019

For the six months ended June 30, 2020 the Company had cash costs and cash costs per tonne P_2O_5 by segment as follows:

(unaudited in thousands of US Dollars except for per share amounts)		Itafos Conda		Itafos Arraias		Total
Cost of goods sold		128,922		12,829		141,751
Net realizable value adjustments		812		—		812
Depreciation and depletion		(19,736)		(3,126)		(22,862)
Cash costs	**$**	**109,998**	**$**	**9,703**	**$**	**119,701**
Tonnes P_2O_5 sold		173,335		4,486		177,821
Cash costs per tonne P_2O_5	**$**	**635**	**$**	**2,163**	**$**	**673**

For the six months ended June 30, 2019 the Company had cash costs and cash costs per tonne P_2O_5 by segment as follows:

(unaudited in thousands of US Dollars except for per share amounts)		Itafos Conda		Itafos Arraias		Total
Cost of goods sold		154,077		29,259		183,336
Net realizable value adjustments		914		(644)		270
Depreciation and depletion		(17,100)		(4,430)		(21,530)
Cash costs	**$**	**137,891**	**$**	**24,185**	**$**	**162,076**
Tonnes P_2O_5 sold		179,515		9,550		189,065
Cash costs per tonne P_2O_5	**$**	**768**	**$**	**2,532**	**$**	**857**

7. FINANCIAL CONDITION

LIQUIDITY

As at June 30, 2020 and December 31, 2019, the Company had cash and cash equivalents of $15,721 and $29,109, respectively and working capital of $84,382 and $84,106, respectively (see Section 6). The Company will continue to require capital to support its strategic initiatives and development objectives. In addition to cash flows from Itafos Conda, the Company intends to raise additional capital in 2020 and beyond through a combination of equity and debt financings.

On October 31, 2019, Itafos Conda closed the Gavilon Facility. As at June 30, 2020, Itafos Conda had drawn $8,300 under the Gavilon Facility. As at June 30, 2020, an additional $1,700 was available under the committed tranche of the Gavilon Facility and an additional tranche of $10,000 remained available to be committed and drawn by Itafos Conda subject to agreement on certain terms and conditions (see Notes 10, 22 and 23 in the Interim Financial Statements).

On August 10, 2020, Itafos Conda closed the Revolving Facility, which refinanced the Gavilon Facility. The Revolving Facility considers a commitment to loan up to $20,000, of which $10,000 was drawn at closing. The proceeds of the Revolving Facility were initially used to repay the Gavilon Facility and thereafter will be used for working capital and general purposes. At closing, an additional 10,000 remained available to be drawn by Itafos Conda subject to certain terms and conditions (see Notes 10, 22 and 23 in the Interim Financial Statements).

On December 31, 2019, the Company completed a $36,000 capital raise with CLF through a non-brokered private placement financing of $15,000 and an amendment to increase the availability of the CLF Promissory Note by $21,000. As at June 30, 2020, the Company had borrowed $10,300 of the available $21,000, with the balance of $10,700 remaining available to be drawn by the Company at its sole discretion during the Availability Period (see Notes 10, 21, 22 and 23 in the Interim Financial Statements).

Subsequent to June 30, 2020, the Company borrowed $5,300 of the available $10,700 under the CLF Promissory Note, with the balance of $5,400 remaining available to be drawn by the Company at its sole discretion during the Availability Period (see Notes 10, 21, 22 and 23 in the Interim Financial Statements).

In August 2020, the Company received a commitment from CLF to invest up to an incremental $3,000, if required, for the Company to meet its liabilities as and when they become due to ensure business continuity and ongoing operations through June 30, 2021. The investment amount may be reduced by any amount of new capital raised by the Company from investors other than CLF (see Note 2 in the Interim Financial Statements).

While the Company has a demonstrated track record of raising capital, there can be no assurance of the Company’s ability to do so going forward. Failure to obtain sufficient financing could result in a delay or indefinite postponement of the Company’s strategic initiatives and development objectives. 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 could have a material adverse effect on the Company’s business, financial condition and results of operations.

The Company is not currently projecting any material impact on its operations or financial outlook as a result of COVID-19. However, the Company is closely monitoring potential risks to its operations including factors that could impact production or demand for its products as such factors could have a material impact on the Company’s cash flow from operations, which could result in a cash shortfall unless otherwise remedied (see Note 2 in the Interim Financial Statements).

The Facility includes restrictive financial covenants that require the Company not to exceed certain ratios as at the end of each fiscal quarter commencing September 30, 2020. The financial covenants considered in the Facility include requirements for the Company to maintain a consolidated secured leverage ratio and achieve a minimum level of EBITDA at Itafos Conda. The Company is currently projecting compliance with its financial covenants through June 30, 2021; however, in certain cases with minimal headroom, reaching as low as 1%. Any reductions to global fertilizer pricing trends, or other factors that could reduce cash flow from operations, including, but not limited to, potential operational disruptions due to sulfuric acid supply or resulting from COVID-19, could result in a financial covenant default, unless otherwise remedied. While the Company has a demonstrated track record of amending its financial covenants, there can be no assurance of the Company's ability to do so going forward (see Notes 2, 10 and 23 in the Interim Financial Statements).

SUMMARY BALANCE SHEETS

As at June 30, 2020 and December 31, 2019, the Company's summary balance sheets were as follows:

(unaudited in thousands of US Dollars)		June 30, 2020		December 31, 2019
Cash and cash equivalents	$	15,721	$	29,109
Current assets (including cash and cash equivalents)	$	131,127	$	164,157
Non-current assets		319,586		346,607
Total assets	**$**	**450,713**	**$**	**510,764**
Current liabilities (excluding current portion of debt)	$	44,118	$	77,592
Non-current liabilities (excluding long-term debt)		77,364		79,603
Debt (current and long-term)		223,605		211,310
Total liabilities	**$**	**345,087**	**$**	**368,505**
Equity attributable to shareholders of the parent	$	96,564	$	133,197
Non-controlling interest		9,062		9,062
Total equity	**$**	**105,626**	**$**	**142,259**

As at June 30, 2020 and December 31, 2019, the Company's summary balance sheets were explained as follows:

- current assets were down period-over-period primarily due to lower cash and cash equivalents and reduced inventory levels at Itafos Conda and Itafos Arraias;
- non-current assets were down period-over-period primarily due to a write-off of mineral properties at Itafos Paris Hills and higher depreciation and depletion at Itafos Conda, which was partially offset by fixed assets additions at Itafos Conda (see Note 5 in the Interim Financial Statements);
- current liabilities were down period-over-period primarily due to lower trade and tax payables at Itafos Conda, payroll payables at corporate and provisions at Itafos Arraias;
- non-current liabilities were down period-over-period primarily due to lower taxes payable at Itafos Arraias and share-based payments due to vesting under the Company's RSU Plan;
- debt was up period-over-period primarily due to paid-in-kind interest related to the Facility and additional debt from the CLF Promissory Note (see Note 10 in the Interim Financial Statements); and
- total equity was down period-over-period primarily due to higher net loss.

As at June 30, 2020 and December 31, 2019, the Company did not have any significant off-balance sheet arrangements.

CAPITAL RESOURCES

As at June 30, 2020 and December 31, 2019, the Company's capital resources were as follows:

(unaudited in thousands of US Dollars)		June 30, 2020		December 31, 2019
Total equity	$	105,626	$	142,259
Net debt[i]		212,135		187,319
Capital resources	**$**	**317,761**	**$**	**329,578**

i. Non-IFRS measure (see Section 6).

In order to maintain or adjust its capital structure, the Company may, upon approval from its Board of Directors, issue shares, or undertake other activities as deemed appropriate under the specific circumstances.

SUMMARY CASH FLOWS

For the three and six months ended June 30, 2020 and 2019, the Company's summary cash flows were as follows:

	For the three months ended June 30,				*For the six months ended June 30,*			
(unaudited in thousands of US Dollars)		2020		2019		2020		2019
Cash and cash equivalents, beginning of period	**$**	**16,686**	**$**	**10,550**	**$**	**29,109**	**$**	**9,919**
Cash flows from (used by) operating activities		1,261		15,055		(5,337)		22,486
Cash flows used by investing activities		(2,473)		(9,039)		(5,039)		(12,109)
Cash flows used by financing activities		283		(2,615)		(2,732)		(6,337)
Effect of foreign exchange of non-US Dollar denominated cash		(36)		(19)		(280)		(27)
Cash and cash equivalents, end of period	**$**	**15,721**	**$**	**13,932**	**$**	**15,721**	**$**	**13,932**

For the three months ended June 30, 2020 and 2019, the Company's summary cash flows were explained as follows:

- cash flows from (used by) operating activities were down year-over-year primarily due to lower trade and tax payables at Itafos Conda;
- cash flows used by investing activities were down year-over-year primarily due to the Company's decision to conduct a reduced scope plant turnaround at Itafos Conda during July 2020 as part of its risk mitigation measures during the COVID-19 pandemic (see Note 23 in the Interim Financial Statements); and
- cash flows from (used by) financing activities was up year-over-year primarily due to proceeds from the CLF Promissory Note (see Notes 10 and 21 in the Interim Financial Statements).

For the six months ended June 30, 2020 and 2019, the Company's summary cash flows were explained as follows:

- cash flows from (used by) operating activities were down year-over-year primarily due to lower trade and tax payables at Itafos Conda;
- cash flows used by investing activities were down year-over-year primarily due to the Company's decision to conduct a reduced scope plant turnaround at Itafos Conda during July 2020 as part of its risk mitigation measures during the COVID-19 pandemic (see Note 23 in the Interim Financial Statements); and
- cash flows from (used by) financing activities were down year-over-year primarily due to proceeds from the CLF Promissory Note (see Notes 10 and 21 in the Interim Financial Statements).

CONTRACTUAL OBLIGATIONS

As at June 30, 2020, the Company's contractual obligations were as follows:

(unaudited in thousands of US Dollars)	Within 1 year	Years 2 and 3	Years 4 and 5	After 5 years	Total
Debt	$ 1,482	$ 276,411	$ 50	$ —	**$ 277,943**
Accounts payable and accrued liabilities	40,257	—	—	—	**40,257**
Provisions	807	—	—	57,136	**57,943**
Leases	2,204	5,665	4,495	945	**13,309**
Canadian debentures	790	187	117	117	**1,211**
Brazilian debentures	200	257	257	201	**915**
Contractual obligations	**$ 45,740**	**$ 282,520**	**$ 4,919**	**$ 58,399**	**$ 391,578**

The Company's provisions are representative of the environmental and asset retirement obligations as well as legal contingencies that exist as at June 30, 2020. As at June 30, 2020, Itafos Conda, Itafos Arraias and Itafos Paris Hills had environmental and asset retirement obligations of $47,002, $10,026 and $490, respectively. Liabilities for costs are recorded when it is probable that obligations have been incurred and the amounts can be reasonably estimated (see Note 11 in the Interim Financial Statements).

8. BUSINESS RISKS AND UNCERTAINTIES

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 in this MD&A may constitute forward-looking information, including any information as to the Company's mission, strategy, outlook, plans or future operational and financial 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:

- mission, strategy and outlook;
- ability to carry out and complete any plan;
- ability to achieve future operational and financial results;
- ability to own and operate its operating projects;
- ability to develop and complete its development projects;
- ability to obtain necessary permits and licenses;
- ability to secure financing;
- expectations around commodity markets;
- expectations around resources and reserves, including those stipulated in technical reports;
- expectations around current estimates and potential increases of mine life; and
- expectations around environmental and asset retirement obligations.

RISKS AND UNCERTAINTIES

The forward-looking information contained in this MD&A is based on the opinions, assumptions and estimates of management set out herein, which management believes 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 risks and uncertainties relating to:

- commodity price risks;
- operating risks;
- safety risks;
- mineral reserves and mineral resources risks;
- mine development and completion risks;
- foreign operations risks;
- regulatory risks;
- environmental risks;
- weather risks;
- climate change risks;
- currency risks;
- competition risks;
- counterparty risks;
- financing risks;
- additional capital risks;
- credit risks;
- key personnel risks;
- impairment risks;
- cybersecurity risks;
- transportation risks;
- infrastructure risks;
- equipment and supplies risks;
- concentration risks;
- litigation risks;
- permitting and licensing risks;
- land title and access rights risks;
- insurance and uninsured risks;
- acquisitions and integration risks;
- malicious acts risks;
- stock price volatility risks;
- limited operating history risks;
- technological advancement risks;
- tax risks;
- foreign subsidiaries risks;
- reputation damage risks;
- controlling shareholder risks; and
- conflicts of interest 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 as 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 operational and financial performance and the Company's plans and objectives and may not be appropriate for other purposes. The Company's risks and uncertainties are described in greater detail in the Annual MD&A.

For the three and six months ended June 30, 2020, there have been no changes to the risks and uncertainties that have materially affected, or are reasonably likely to materially affect, the Company's forward-looking information, except for concentration risks. The Company relies primarily on Itafos Conda to sustain its operations. In turn, Itafos Conda relies on key suppliers and customers. With respect to suppliers, Itafos Conda's ammonia requirements and a majority of its sulfuric acid requirements have historically been met by one supplier under respective long-term supply agreements. With respect to customers, a majority of Itafos Conda's sales have historically been to one key customer under a long-term MAP offtake agreement. Consequently, any material disruption to the operations of such key suppliers or key customer, or Itafos Conda's inability to maintain its business relationship with any such suppliers or customer, has the potential of materially adversely affecting the Company's overall production, sales or results of operations.

9. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with IFRS requires the Company 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 judgments 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 financial statements of future periods (see Note 3 in the Audited Financial Statements).

10. CONTROLS AND PROCEDURES

The Company maintains controls and procedures, including disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR") as defined in National Instrument 52-109. The Company's DC&P are intended to provide reasonable assurance that information required to be disclosed by the Company in its filings is reported accurately and timely. The Company's ICFR is intended to provide reasonable assurance regarding the reliability of the Company's financial reporting for external purposes in accordance with IFRS.

There are inherent limitations to the effectiveness of any system of DC&P and ICFR, including the possibility of human error, circumvention of controls and procedures, collusion of two or more people, or unauthorized overriding of controls. Accordingly, even effective controls and procedures can only provide reasonable assurance of achieving their objectives.

The Company has identified certain risks in its controls and procedures related to segregation of duties resulting from limited administrative staffing and manual processes. The Company is mitigating such risks through various measures, including automating processes and increasing oversight.

The Company is closely monitoring potential risks to its controls and procedures as a result of COVID-19. While the Company's businesses have been deemed an essential part of the fertilizer and agriculture sector and therefore have not been forced to shut down operations on account of COVID-19, the majority of the Company's management, administrative and support activities are being conducted by working remotely. While the Company has not experienced and is not currently projecting any material impact on its controls and procedures as a result of COVID-19, the Company continues to monitor and assess the impact, if any, of COVID-19 on its controls and procedures to minimize any potential impacts on their design and operating effectiveness.

For the three and six months ended June 30, 2020, there have been no changes to the Company's controls and procedures that have materially affected, or are reasonably likely to materially affect, the Company's DC&P and ICFR.

11. OTHER DISCLOSURES

RELATED PARTY TRANSACTIONS

The Company's related party transactions include key management compensation and debt from CLF, its principal shareholder (see Note 22 in the Interim Financial Statements).

QUALIFIED PERSON

Unless otherwise indicated, the responsible Qualified Person, as defined by NI 43-101, who has reviewed and approved the scientific and technical information contained in this MD&A regarding Itafos Conda, Itafos Farim and Itafos Paris Hills is Luc Adjanor, Chartered Engineer and Professional Member with the UK Institute of Materials, Minerals and Mining.

Unless otherwise indicated, the responsible Qualified Person, as defined by NI 43-101, who has reviewed and approved the scientific and technical information contained in this MD&A regarding Itafos Arraias, Itafos Santana and Itafos Araxá is Carlos Guzmán, FAusIMM (229036), Mining Engineer, RM (Chilean Mining Commission).

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