



Annual Information Form
For the fiscal year ended December 31, 2017
November 9, 2018

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1. INTRODUCTORY NOTES

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

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

Forward-looking information contained in this AIF may include, without limitation, statements with respect to the Company’s:

- strategy and outlook;
- ability to carry out any action plan;
- ability to secure financing;
- current estimate and potential increase of mine life of its projects;
- expectations around resources and reserves, including those stipulated in technical reports;
- ability to continue to own and operate its operating projects;
- ability to sell its products;
- ability to develop its development projects;
- ability to obtain necessary permits and licenses;
- expectations around global macro factors;
- expectations around global fertilizer markets;
- expectations around asset retirement obligations and associated costs and credit risks;
- expectations around Itafos Conda’s mine life;
- ability to extend Itafos Conda’s mine life;
- ability to integrate and optimize Itafos Conda;
- expectations around Itafos Arraias’ production potential;
- ability to complete the Itafos Arraias’ Efficiency Improvement Plan;
- ability to complete the development of Itafos Paris Hills;
- ability to complete the development of Itafos Farim; and
- expectations about its intentions around its mid-term development pipeline.

The forward-looking information contained in this AIF 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:

- future commodity prices;
- general economic and industry growth rates;
- exploration, development and operating risks;
- environmental risks and hazards;
- global financial conditions;
- uncertainty with respect to the estimation of mineral reserves and mineral resources;
- uncertainty with respect to inferred mineral resources;
- changes in the agriculture, fertilizer, commodity, raw material, energy, transportation and financial market conditions and prices;

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

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

CAUTIONARY NOTE TO US INVESTORS AND OTHER INVESTORS OUTSIDE OF CANADA CONCERNING ESTIMATES OF MEASURED MINERAL RESOURCES, INDICATED MINERAL RESOURCES AND INFERRED MINERAL RESOURCES

This AIF has been prepared in accordance with the requirements of the securities laws in effect in Canada, which differ in certain material respects from the disclosure requirements of US securities laws. This AIF uses the terms "measured mineral resources", "indicated mineral resources" and "inferred mineral resources" (see TECHNICAL INFORMATION in this Section below). US investors and other investors outside of Canada are advised that while such terms are recognized and required by Canadian regulations, the US Securities and Exchange Commission does not recognize them. "Inferred mineral resources" have a great amount of uncertainty as to their existence and as to their economic and legal feasibility. It cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to a higher category. Under Canadian rules, estimates of inferred mineral resources may not form the basis of feasibility or other economic studies. **Investors are cautioned not to assume that all or any part of measured mineral resources or indicated mineral resources will ever be converted into mineral reserves. Investors are also cautioned not to assume that all or any part of an inferred mineral resource exists or is economically or legally mineable.**

TECHNICAL INFORMATION

Unless otherwise indicated, the estimated mineral resources for the Company's businesses and projects have been calculated in accordance with Canadian National Instrument 43-101 Standards of Disclosure for Mineral Projects ("NI 43-101") and the Canadian Institute of Mining, Metallurgy and Petroleum (the "CIM") – CIM Definition Standards on Mineral Resources and Mineral Reserves, adopted by the CIM Council, as amended (the "CIM Standards").

Select definitions from the CIM Standards are as follows:

- The term "Mineral Resource" means a concentration or occurrence of solid material of economic interest in or on the Earth's crust in such form, grade or quality and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade or quality, continuity and other geological characteristics of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge, including sampling. Material of economic interest refers to diamonds, natural solid inorganic material, or natural solid fossilized organic material including base and precious metals, coal, and industrial minerals. Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories.
- The term "Inferred Mineral Resource" means that parts of a Mineral Resource for which quantity, grade or quality are estimated on the basis of limited geological evidence and sampling. Geological evidence is sufficient to imply, but not verify, geological and grade or quality continuity. An Inferred Mineral Resource is based on limited information and sampling gathered through appropriate sampling techniques from locations such as outcrops, trenches, pits, workings and drill holes.
- The term "Indicated Mineral Resource" means that part of a Mineral Resource for which quantity, grade or quality, densities, shape and physical characteristics are estimated with sufficient confidence to allow the application of Modifying Factors (as defined below) in sufficient detail to support mine planning and evaluation of the economic viability of the deposit. Geological evidence is derived from adequately detailed and reliable exploration, sampling and testing and is sufficient to assume geological and grade or quality continuity between points of observation.
- The term "Measured Mineral Resource" means that part of a Mineral Resource for which quantity, grade or quality, densities, shape, and physical characteristics are estimated with confidence sufficient to allow the application of Modifying Factors to support detailed mine planning and final evaluation of the economic viability of the deposit. Geological evidence is derived from detailed and reliable exploration, sampling and testing and is sufficient to confirm geological and grade or quality continuity between points of observation.
- The term "Mineral Reserve" means the economically mineable part of a Measured and/or Indicated Mineral Resource. It includes diluting materials and allowances for losses, which may occur when the material is mined or extracted and is defined by studies at pre-feasibility or feasibility level, as appropriate, that include application of Modifying Factors. Such studies demonstrate that, at the time of reporting, extraction could reasonably be justified. Mineral Reserves are sub-divided in order of increasing confidence into Probable Mineral Reserves (as hereinafter defined) and Proven Mineral Reserves (as hereinafter defined). Mineral Reserves are inclusive of diluting material that will be mined in conjunction with the Mineral Reserves and delivered to the treatment plant or equivalent facility.
- The term "Probable Mineral Reserve" means the economically mineable part of an Indicated, and in some circumstances, a Measured Mineral Resource. The confidence in the Modifying Factors applying to a Probable Mineral Reserve is lower than that applying to a Proven Mineral Reserve. Probable Mineral Reserve estimates must be demonstrated to be economic, at the time of reporting, by at least a pre-feasibility study.
- The term "Proven Mineral Reserve" means the economically mineable part of a Measured Mineral Resource. A Proven Mineral Reserve implies a high degree of confidence in the Modifying Factors. Proven Mineral Reserve estimates must be demonstrated to be economic, at the time of reporting, by at least a pre-feasibility study.
- The term "Modifying Factors" means considerations used to convert Mineral Resources to Mineral Reserves. These include, but are not restricted to, mining, processing, metallurgical, infrastructure, economic, marketing, legal, environmental, social and governmental factors.

CURRENCY PRESENTATION AND EXCHANGE RATE INFORMATION

This AIF contains references to US Dollars (“\$”), Canadian Dollars (“C\$”) and Brazilian Reals (“R\$”). All dollar amounts referred to herein, unless otherwise indicated, are expressed in thousands of US Dollars.

For the 12-month periods ended December 31, 2017, 2016 and 2015, the closing, high, low and average exchange rates for the US Dollar in terms of Canadian Dollars as reported by the Bank of Canada were as follows:

<i>(Canadian Dollars in US Dollars)</i>	December 31, 2017	December 31, 2016	December 31, 2015
Closing	1.2545	1.3427	1.3840
High	1.3743	1.4589	1.3990
Low	1.2128	1.2544	1.1728
Average	1.2986	1.3248	1.2787

As at November 9, 2018, the Bank of Canada exchange rate was \$1.00 = C\$1.3206 or C\$1.00 = \$0.7572.

For the 12-month periods ended December 31, 2017, 2016 and 2015, the closing, high, low and average exchange rates for the US Dollar in terms of Brazilian Reals as reported by the Bank of Canada were as follows:

<i>(Brazilian Reals in US Dollars)</i>	December 31, 2017	December 31, 2016	December 31, 2015
Closing	3.3126	3.2550	3.9612
High	3.3483	4.1320	4.1657
Low	3.0617	3.1147	2.5650
Average	3.1913	3.4869	3.3343

As at November 9, 2018, the Bank of Canada exchange rate was \$1.00 = R\$3.7443 or R\$1.00 = \$0.2671.

2. CORPORATE STRUCTURE**REGISTRATION**

The Company is incorporated in the Cayman Islands and its registered office is located at Uglan House, South Church Street, Grand Cayman, KY1-1104, Cayman Islands. As used in this AIF, except as otherwise required by the context, references to the “Company” or “Itafos” means, collectively, the Company and all of the Company’s subsidiaries (collectively, the “Subsidiaries”).

PRINCIPAL SHAREHOLDER

The Company’s principal shareholder is CL Fertilizers Holding LLC (“CLF”), formerly known as Zaff LLC. CLF is a Delaware limited liability company with offices in Minnesota, US and is an affiliate of Castlelake L.P., a global private investment firm. As at December 31, 2017, CLF beneficially owned and controlled 81,452,992 shares of the Company, representing approximately 63.6% of the issued and outstanding shares of the Company on an undiluted basis. As at November 9, 2018, CLF beneficially owned and controlled 81,980,064 shares of the Company, representing approximately 57.7% of the issued and outstanding shares of the Company on an undiluted basis.

HISTORY

The Company was incorporated in Canada under the Business Corporations Act (Alberta) on July 9, 1999 under the name “Option-NFA Inc.” On December 12, 2000, the Company continued out of the Province of Alberta, Canada, into the Province of British Columbia, Canada, pursuant to the Business Corporations Act (British Columbia). On September 16, 2009, the Company changed its name to “Sandwell Mining Ltd.” On December 24, 2009, the Company completed a share exchange with the shareholders of a private company named MBAC Opportunities and Financing Inc. (“MBAC FinCo”) in which shareholders of MBAC FinCo received 62.5 shares of the Company for each share of MBAC FinCo held. The Company

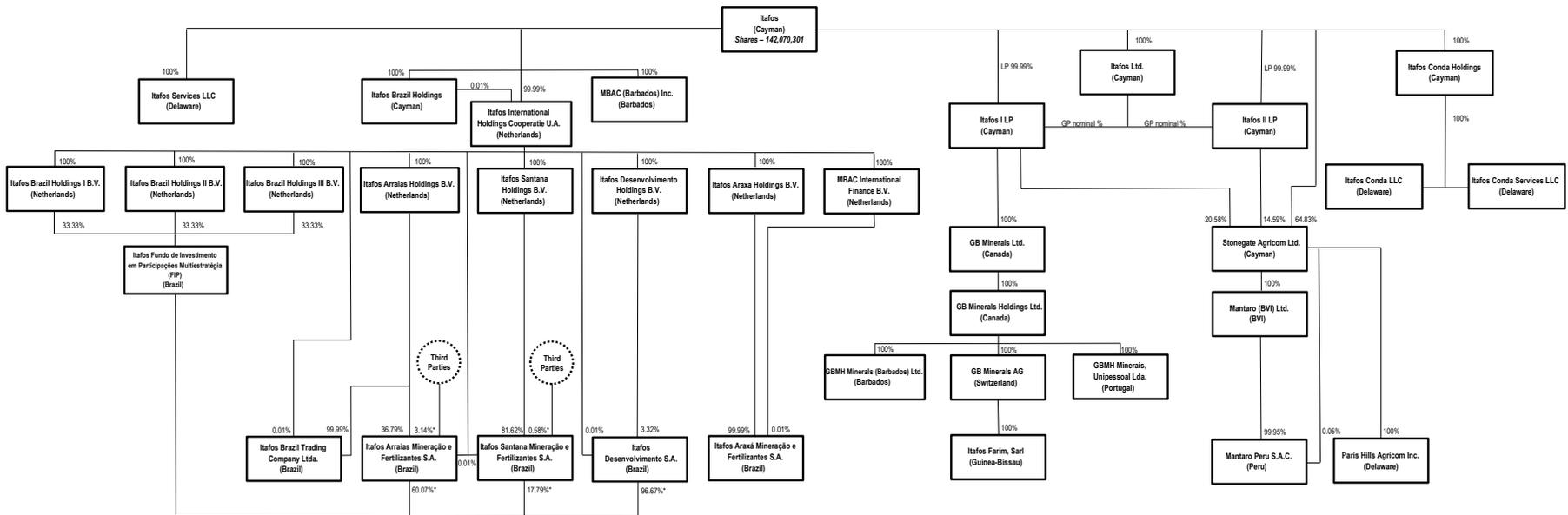
then consolidated its shares on a 15:1 basis, continued out of British Columbia into Canada pursuant to the Canada Business Corporations Act (the “CBCA”) by Articles of Continuance and changed its name to “MBAC Fertilizer Corp.”, all in connection with the reverse takeover (the “RTO”) of the Company by the shareholders of MBAC FinCo by way of a three-cornered amalgamation involving MBAC FinCo, the Company and a wholly-owned subsidiary of the Company. As a result, MBAC FinCo became a wholly-owned subsidiary of the Company.

On October 27, 2016, the Company completed a recapitalization transaction pursuant to an amended and restated plan of compromise and arrangement (the “CCAA Plan”) under the Companies’ Creditors Arrangement Act (Canada) (the “CCAA”) dated September 14, 2016. The CCAA Plan was approved by affected unsecured creditors of the Company that voted, in person or by proxy, at a meeting held on September 20, 2016. In combination with the CCAA Plan, the Company and certain affiliates implemented a concurrent plan of arrangement under the Canada Business Corporations Act (together with the CCAA Proceedings, the “Canadian Proceedings”) whereby the Company completed a vertical amalgamation with two wholly-owned subsidiaries, with the Company being the surviving entity. In connection with implementation of the Canadian Proceedings, the Company filed articles of amendment, as a result of which: (i) the shares of the Company were consolidated at a ratio of one post-consolidation share for each 100 pre-consolidation shares (the “Consolidation”) and (ii) the Company redomiciled to the Cayman Islands (the “Continuance”) (see Section 4).

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

CORPORATE CHART

As at November 9, 2018, the Company's corporate chart was as follows:



3. OVERVIEW OF THE BUSINESS

COMPANY

The Company is a vertically integrated phosphate fertilizers and specialty products company with an attractive portfolio of long-term strategic businesses and projects located in key fertilizer markets worldwide.

The Company owns, operates and is developing the following businesses and projects:

- Itafos Conda – a vertically integrated phosphate fertilizer business with production and sales capacity of approximately 550kt per year of monoammonium phosphate (“MAP”), superphosphoric acid (“SPA”), merchant grade phosphoric acid (“MGA”) and specialty products including ammonium polyphosphate (“APP”) located in Idaho, US;
- Itafos Arraias – a vertically integrated phosphate fertilizer business with production and sales capacity of approximately 500kt per year of single superphosphate (“SSP”) located in Tocantins, Brazil;
- Itafos Paris Hills – a phosphate mine project located in Idaho, US;
- Itafos Farim – a phosphate mine project located in Farim, Guinea-Bissau;
- Itafos Santana – a vertically integrated phosphate fertilizer project located in Pará, Brazil;
- Itafos Araxá – a phosphate and rare earth oxide mine project located in Minas Gerais, Brazil; and
- Itafos Mantaro – a phosphate mine project located in Junín, Peru.

As at December 31, 2017, the Company’s material mineral property was Itafos Arraias.

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

Item	Itafos Conda	Itafos Arraias	Itafos Paris Hills	Itafos Farim	Itafos Santana	Itafos Araxá	Itafos Mantaro
Itafos ownership	100%	96.8%	100%	100%	99.4%	100%	100%
Location	Idaho, US	Tocantins, Brazil	Idaho, US	Farim, Guinea-Bissau	Pará, Brazil	Minas Gerais, Brazil	Junín, Peru
Status	Operating business	Operating business	Near-term project	Near-term project	Mid-term project	Mid-term project	Mid-term project
Reserves¹	Under review	64.8Mt at avg. 5.1% P ₂ O ₅	16.7Mt at avg. 29.5% P ₂ O ₅	44.0Mt at avg. 30.0% P ₂ O ₅	45.5Mt at avg. 12.9% P ₂ O ₅	N/A	N/A
Measured and indicated resources (including reserves)¹	Under review	79.0Mt at avg. 4.9% P ₂ O ₅	90.1Mt at avg. 25.1% P ₂ O ₅	105.6Mt at avg. 28.4% P ₂ O ₅	60.4Mt at avg. 12.0% P ₂ O ₅	6.4Mt at avg. 8.4% P ₂ O ₅	39.5Mt at avg. 10.0% P ₂ O ₅
Inferred resources¹	Under review	12.7Mt at avg. 3.9% P ₂ O ₅	14.0Mt at avg. 25.0% P ₂ O ₅	37.6Mt at avg. 27.7% P ₂ O ₅	26.6Mt at avg. 5.6% P ₂ O ₅	21.9Mt at avg. 7.9% P ₂ O ₅	376.3Mt at avg. 9.0% P ₂ O ₅
Mine life	Under review	19 years	19 years	25 years	32 years	Pending feasibility	Pending feasibility
Products	MAP, SPA, MGA and APP	SSP and excess sulfuric acid	Phosphate rock	Phosphate rock	SSP and excess sulfuric acid	Phosphate rock and rare earth oxides	Phosphate rock
Production and sales capacity	550kt per year	500kt per year	1.0Mt per year	1.3Mt per year	500kt per year	Pending feasibility	Pending feasibility

¹ Latest respective technical reports are filed on SEDAR.

OPERATING BUSINESSES

The Company owns and operates the following operating businesses:

Itafos Conda

Itafos Conda is a vertically integrated phosphate rock mine and fertilizer business located in Idaho, US. Itafos Conda is 100% owned by the Company and has been operating for over 30 years. Itafos Conda has production and sales capacity of approximately 550kt per year of MAP, SPA, MGA and APP serving the North American fertilizer markets.

Itafos Conda owns the Itafos Rasmussen Valley and Itafos Lanes Creek phosphate ore mines located within approximately 15 miles from the production facilities with an estimated mine life through 2024. Itafos Conda's resources are under review.

The Company is actively working on extending Itafos Conda's current mine life through the safe and responsible execution of its development portfolio and other alternatives. The Company's development portfolio includes nearby development projects, Itafos Paris Hills (located within approximately 35 miles from Itafos Conda's production facilities) and Itafos Husky I/North Dry Ridge ("Itafos H1NDR") (located within approximately 19 miles from Itafos Conda's production facilities). Itafos Paris Hills' property encompasses an area of approximately 1,010 hectares and consists of three patented lode mining claims and 21 contiguous fee parcels. Itafos H1NDR's property encompasses an area of more than 1,000 acres and consists of two federal and one state phosphate leases that are being permitted as a single mine. Both Itafos Paris Hills and Itafos H1NDR are 100% owned by the Company and are located near the center of the western phosphate field, which comprises the most extensive phosphorite beds in the US and has one of the highest-grade phosphate deposits in the world.

Itafos Conda averages over 2.0Mt of mined phosphate ore annually. The phosphate ore is conventionally open pit mined by a third party operator on a cost plus basis and transported by truck and rail to the production facilities. Approximately 40% of sulfuric acid is produced internally with the remainder purchased from third parties together with sulfur at pricing tied to respective benchmarks. Ammonia is purchased from Agrium Inc. ("Agrium") pursuant to an ammonia supply agreement at pricing tied to a phosphate benchmark.

Itafos Conda's operational flexibility offers multiple options to deliver P₂O₅ value to the North American fertilizer markets. Itafos Conda partners with leading crop services companies that have the trust of the grower market and who have the infrastructure to reach the maximum number of growers within the target sales region. Itafos Conda sells 100% of its MAP production to Agrium pursuant to a MAP offtake agreement with pricing tied to a phosphate benchmark. Itafos Conda is one of three key US producers of SPA. SPA, MGA and APP are sold to crop input retailers who re-sell to end users.

As at November 9, 2018, Itafos Conda had 259 employees and 206 contractors (mostly from third party mining operator).

Currently, the Company is focusing on extending the mine life at Itafos Conda and on the integration and optimization of Itafos Conda.

Itafos Arraias

Itafos Arraias is a vertically integrated phosphate rock mine and fertilizer business located in Tocantins, Brazil. Itafos Arraias is 96.8% owned by the Company and achieved commercial production on July 3, 2018. Itafos Arraias has production and sales capacity of approximately 500kt per year of SSP serving the Brazilian fertilizer markets, making it the largest fully integrated SSP operation in Brazil. Itafos Arraias also sells its excess sulfuric acid production.

Itafos Arraias owns the Near Mine, Canabrava and Domingos phosphate ore mines located within approximately 10 miles from production facilities with reserves representing a 19 year mine life. Phosphate ore is conventionally open pit mined by a third party operator on a cost per tonne basis and transported by truck to the production facilities. Sulfuric acid is produced internally with sulfur purchased from third parties at pricing tied to sulfur benchmarks. Ammonia is purchased from third parties at pricing tied to ammonia benchmarks.

Itafos Arraias' resource highlights² are as follows:

Itafos Arraias	Tonnes (Mt)	Grade (%)	P ₂ O ₅ (Mt)
Reserves	64.8	5.1	3.3
Measured and indicated resources (including reserves)	79.0	4.9	3.9
Inferred resources	12.7	3.9	0.5

Itafos Arraias sells 100% of its SSP domestically to various national and regional blenders, trading companies and large farmers. Excess sulfuric acid production is sold into local sulfuric acid markets.

As at November 9, 2018, Itafos Arraias had 280 employees and 357 contractors (mostly from third party mining operator).

In July 2017, the Company completed the recommissioning of Itafos Arraias. On July 3, 2018, Itafos Arraias achieved commercial production. Despite having achieved commercial production, Itafos Arraias experienced operational challenges in Q3 2018 resulting in lower than optimal levels of capacity utilization. As is typical in the ramp-up of new phosphate fertilizer production, the Company continues to focus on improving Itafos Arraias' operations with particular focus on improving mass yield, P₂O₅ recovery and overall product quality. To achieve these goals, the Company has developed and is implementing an efficiency improvement plan (the "Efficiency Improvement Plan") to address the technical issues underlying the operational challenges. While the Efficiency Improvement Plan is in process, the Company expects Itafos Arraias to operate at below optimal levels of capacity utilization; however, the Company further expects Itafos Arraias to continue production, to deliver on its existing order book and to continue product sales initiatives. The Company expects to complete the Efficiency Improvement Plan and Itafos Arraias to operate at optimal levels of capacity utilization by year end 2019.

NEAR-TERM PIPELINE

The Company owns and is developing the following near-term projects:

Itafos Paris Hills

Itafos Paris Hills is a high grade phosphate rock mine project located in Idaho, US. Itafos Paris Hills is 100% owned by the Company and is currently in feasibility stage. Itafos Paris Hills is expected to produce 1.0Mt of phosphate rock per year and to be integrated into Itafos Conda.

Itafos Paris Hills owns phosphate ore mines located within approximately 35 miles from Itafos Conda's production facilities with reserves representing a 19 year mine life. The property encompasses an area of approximately 1,010 hectares and consists of three patented lode mining claims and 21 contiguous fee parcels. The property is located near the center of the western phosphate field, which comprises the most extensive phosphorite beds in the US and has one of the highest-grade phosphate deposits in the world.

² The latest technical report for Itafos Arraias titled "Updated Technical Report Itafos Arraias SSP Project, Tocantins State, Brazil" and dated as of March 27, 2013 is filed under the Company's profile on SEDAR.

Itafos Paris Hills' resource highlights³ are as follows:

Itafos Paris Hills - Lower Zone	Tonnes (Mt)	Grade (%)	P₂O₅ (Mt)
Reserves	16.7	29.5	4.9
Measured and indicated resources (including reserves)	29.8	30.0	8.9
Inferred resources	4.6	29.9	1.4

Itafos Paris Hills - Upper Zone	Tonnes (Mt)	Grade (%)	P₂O₅ (Mt)
Measured and indicated resources	60.3	22.7	13.7
Inferred resources	9.4	22.6	2.1

Given the early stage of Itafos Paris Hills, fluctuations in commodity prices and lapse in time since the latest technical report for the project was prepared on January 18, 2013, the realizable value of the project may differ from the conclusions drawn in such latest technical report.

Currently, the Company is focusing on finalizing permitting for Itafos Paris Hills and advancing integration efforts with Itafos Conda.

Itafos Farim

Itafos Farim is a high grade phosphate rock mine project located in Farim, Guinea-Bissau. Itafos Farim is 100% owned by the Company and is currently in feasibility stage. Itafos Farim is expected to produce 1.3Mt of phosphate rock per year for global export.

Itafos Farim owns phosphate ore mines with reserves representing a 25 year mine life. The property consists of a high grade sedimentary phosphate deposit of one continuous phosphate bed extending over a known surface area of approximately 40km². The project has access to existing infrastructure including 70km of paved road covering the majority of the route from the site to a port that will be constructed and owned by the Company.

Itafos Farim's resource highlights⁴ are as follows:

Itafos Farim	Tonnes (Mt)	Grade (%)	P₂O₅ (Mt)
Reserves	44.0	30.0	13.2
Measured and indicated resources (including reserves)	105.6	28.4	30.0
Inferred resources	37.6	27.7	10.4

Given the early stage of Itafos Farim, fluctuations in commodity prices and lapse in time since the latest technical report for the project was prepared on September 14, 2015, the realizable value of the project may differ from the conclusions drawn in such latest technical report.

Currently, the Company is focusing on finalizing permitting, pursuing offtake alternatives, selecting contractors and securing project financing for Itafos Farim.

³ The latest technical report for Itafos Paris Hills titled "NI 43-101 Technical Paris Hills Project" and dated as of January 18, 2013 is filed under STG's profile on SEDAR.

⁴ The latest technical report for Itafos Farim titled "NI 43-101 Technical Report on the Farim Phosphate Project" and dated as of September 14, 2015 is filed under GBL's profile on SEDAR.

MID-TERM PIPELINE

The Company owns and is developing the following mid-term projects:

Itafos Santana

Itafos Santana is a high grade integrated phosphate rock mine and SSP fertilizer project located in Pará, Brazil. Itafos Santana is 99.4% owned by the Company and is in feasibility stage. Itafos Santana is expected to have production and sales capacity of 500kt per year of SSP to serve the Brazilian fertilizer markets.

Itafos Santana owns phosphate ore mines with reserves representing a 32 year mine life. The property consists of approximately 235,150 hectares in close proximity to existing infrastructure.

Itafos Santana's resource highlights⁵ are as follows:

Itafos Santana	Tonnes (Mt)	Grade (%)	P₂O₅ (Mt)
Reserves	45.5	12.9	5.9
Measured and indicated resources (including reserves)	60.4	12.0	7.2
Inferred resources	26.6	5.6	1.5

Given the early stage of Itafos Santana, fluctuations in commodity prices and lapse in time since the latest technical report for the project was prepared on October 28, 2013, the realizable value of the project may differ from the conclusions drawn in such latest technical report.

Currently, the Company is focusing on advancing the project development of Itafos Santana.

Itafos Araxá (Brazil)

Itafos Araxá is a phosphate rock and rare earth oxide mine project located Minas Gerais, Brazil. Itafos Araxá is 100% owned by the Company and is in pre-feasibility stage. Itafos Araxá is expected to produce phosphate rock and rare earth oxides to serve the Brazilian fertilizer markets.

Itafos Araxá owns phosphate ore mines with reserves to be determined in definitive feasibility. The property consists of approximately 214 hectares in close proximity to existing infrastructure.

Itafos Araxá's resource highlights⁶ are as follows:

Itafos Araxá	Tonnes (Mt)	Grade (%)	P₂O₅ (Mt)
Measured and indicated resources	6.4	8.4	0.5
Inferred resources	21.9	7.9	1.7

Given the early stage of Itafos Araxá, fluctuations in commodity prices and lapse in time since the latest technical report for the project was amended and restated on January 25, 2013, the realizable value of the project may differ from the conclusions drawn in such latest technical report.

Currently, the Company is evaluating strategic alternatives for Itafos Araxá.

⁵ The latest technical report for Itafos Santana titled "Feasibility Study – Santana Phosphate Project Pará State, Brazil" and dated as of October 28, 2013 is filed under the Company's profile on SEDAR.

⁶ The latest technical report for Itafos Araxá titled "A Preliminary Economic Assessment in the form of an Independent Technical Report on MBAC Fertilizer Corp. – Araxa Project" dated October 1, 2012 as amended and restated January 25, 2013 is filed under the Company's profile on SEDAR.

Itafos Mantaro (Peru)

Itafos Mantaro is a large phosphate rock mine project located in Junín, Peru. Itafos Mantaro is 100% owned by the Company and is in pre-feasibility stage. Itafos Mantaro is expected to produce phosphate rock to serve producers of phosphate fertilizers.

Itafos Mantaro owns phosphate ore mines with reserves to be determined in definitive feasibility. The property consists of approximately 12,800 hectares in close proximity to existing infrastructure.

Itafos Mantaro's resource highlights⁷ are as follows:

Itafos Mantaro - West Zone	Tonnes (Mt)	Grade (%)	P ₂ O ₅ (Mt)
Measured and indicated resources	39.5	10.0	4.0
Inferred resources	376.3	9.0	33.9

Itafos Mantaro's resources have upside potential from East Zone and Far East Zone, which are collectively estimated to contain 705-725Mt at an average grade of 9-9.5% P₂O₅.

Given the early stage of Itafos Mantaro, fluctuations in commodity prices and lapse in time since the latest technical report for the project was amended and restated on February 21, 2010, the realizable value of the project may differ from the conclusions drawn in such latest technical report.

Currently, the Company is evaluating strategic alternatives for Itafos Mantaro.

4. GENERAL DEVELOPMENT OF THE BUSINESS

THREE MOST RECENTLY COMPLETED FINANCIAL YEARS

Over the three most recently completed financial years (2015-2017), the following events and conditions have influenced the general development of the Company's business:

2015

- During 1H 2015, the Company was experiencing working capital constraints. This prompted the Company to engage in an extensive strategic review process to identify solutions to such constraints and liquidity requirements. Options considered during the strategic review process included securing a strategic partner, the sale of the Company or its assets, as well as other potential value-maximizing transactions. Several potential candidates were selected and approached. The Company received non-binding indicative offers and expressions of interest from various third-parties, but the strategic review process was ultimately unsuccessful.
- In early 2015, because of the Company's financial constraints, the Company suspended production at Itafos Arraias and placed the business under care and maintenance.
- In July 2015, the Company, through its wholly-owned subsidiary MBAC FinCo, received a senior secured loan from Zaff LLC (previously known as Alpha Infrastructure LLC, currently known as CLF) of \$1,750 intended to be used primarily to prepare Itafos Arraias for a potential resumption of operations and to fund related general and administrative expenses.
- In November 2015, the Company received a second senior secured loan from Zaff LLC of \$150 to fund legal expenses.
- In December 2015, the Company received a third senior secured loan from Zaff LLC of \$900 to fund general and administrative expenses.

⁷ The latest technical report for Itafos Mantaro titled "NI 43-101 Technical Report on Mantaro Phosphate Deposit" dated February 21, 2010 is filed under STG's profile on SEDAR.

2016

- During 2016, Itafos Arraias continued under care and maintenance without any production.
- On April 4, 2016, the Company entered into a support agreement with Zaff LLC (as amended and restated on August 3, 2016, the “Support Agreement”) pursuant to which the Company agreed to pursue completion of the Canadian Proceedings and parallel extrajudicial restructuring proceedings in Brazil under The Bankruptcy Law (11,101/2005) (the “Brazilian Proceedings” and, together with the Canadian Proceedings, the “Recapitalization”).
- On April 5, 2016, in connection with the Canadian Proceedings, trading in the Company’s securities on the Toronto Stock Exchange (the “TSX”) was suspended.
- On May 4, 2016, three of the Company’s Brazilian subsidiaries initiated the Brazilian Proceedings seeking to implement a reorganization plan (the “Brazilian Reorganization Proceedings”).
- On July 11, 2016, the Company’s securities were delisted from the TSX effective at the close of market.
- On July 12, 2016, the Company’s securities were listed on the TSX Venture Exchange (“TSXV”) at the opening of market.
- On August 29, 2016, the Brazilian Court approved the Brazilian Reorganization Proceedings.
- On October 27, 2016, the Company implemented the Canadian Proceedings, in connection with which:
 - Zaff LLC became the holder of 50,198,869 shares of common stock, representing approximately 96.25% of the issued and outstanding shares of the Company.
 - Zaff LLC transferred its indirect interest in approximately \$237,000 of debt to the Company in exchange for shares of the Company.
 - The Company became the beneficial holder of approximately 31.3% of the issued and outstanding shares of GB Minerals Ltd. (“GBL”), the owner of Itafos Farim, and approximately 36.5% of the issued and outstanding shares of Stonegate Agricom Ltd. (“STG”), the owner of Itafos Paris Hills and Itafos Mantaro, acquiring non-controlling interests that had previously been held by Zaff LLC.
 - The Company completed the Consolidation and the Continuance.
 - Certain unsecured creditors of the Company elected to receive 5.5% of their claim in cash or payment of their claim in full up to C\$10,000, while others received a combination of shares and restructured debt of the Company in the form of debentures.
 - All of the existing options, warrants and equity claims against the Company and MBAC FinCo were cancelled.
 - All of the secured and unsecured debt owed by the Company and MBAC FinCo (including the loans provided by Zaff LLC, as described in this Section above, and the outstanding Banco Modal S.A. (“Modal”) working capital loans) were either repaid, cancelled or exchanged for shares in the Company and/or debentures.
 - Convertible debentures were issued to each of Zaff LLC and Modal in the aggregate principal amounts of approximately C\$2,500 and C\$1,100, respectively.
- On November 7, 2016, the Company’s securities commenced trading on the TSXV.
- On December 8, 2016, the Company completed a non-brokered private placement of shares of the Company to Zaff LLC. The Company issued 5,374,800 shares to Zaff LLC at an offering price of C\$2.50 per share, for aggregate proceeds of approximately C\$13,400, which proceeds were used to initiate the recommissioning of Itafos Arraias. As a result, Zaff LLC owned 55,573,669 shares (or 96.60%) of the Company.
- On December 16, 2016, the Company changed its name from “MBAC Fertilizer Corp.” to “Itafos”.

2017

- On January 6, 2017, the Company’s securities commenced trading under the new symbol “IFOS” on the TSXV.
- In January 2017, the Company took Itafos Arraias out of care and maintenance and started recommissioning activities.
- On February 23, 2017, the Company received an unsecured loan from Zaff LLC of \$3,000 to support the funding of the recommissioning of Itafos Arraias, working capital, general corporate expenses and other strategic purposes.
- On March 8, 2017, the Company entered into an Investor Rights Agreement (the “Investor Rights Agreement”) with Pala Investments Limited (“Pala”), pursuant to which the Company granted certain rights to Pala in

connection with its purchase of shares of the Company, including the right to designate one nominee for election to the Board of Directors of the Company (the “Board”).

- On March 9, 2017, the Company completed a brokered private placement of shares of the Company. The Company issued 21,789,669 shares to various investors at an offering price of C\$2.10 per share for aggregate gross proceeds of approximately \$34,000, including an investment by Pala for 6,348,000 shares. Zaff LLC subscribed for 8,388,781 shares and received 1,906,541 additional shares to settle the February 23, 2017 cash advance of \$3,000 made by Zaff LLC to the Company. As a result, Zaff LLC owned 65,868,991 shares (or 83.04%) of the Company.
- On March 31, 2017, the Company implemented the Brazil Proceedings, in connection with which certain of the Company’s Brazilian subsidiaries issued warrants and debentures to certain creditors as set forth in the Brazilian Proceedings.
- On April 17, 2017, the Company completed a non-brokered private placement of shares of STG. The Company subscribed for 47,500,000 shares of STG at an offering price of C\$0.02 per share of STG for an aggregate subscription amount of C\$950,000. As a result, the Company owned 202,450,462 shares, representing approximately 35.4% of the issued and outstanding shares of STG.
- On May 8, 2017, the Company entered into an arrangement agreement with STG (the “STG Arrangement”) pursuant to which the Company acquired all of the issued and outstanding shares of STG not previously owned, directly or indirectly, by Itafos by way of a court-approved plan of arrangement under the Business Corporations Act (Ontario).
- On July 18, 2017, the Company completed the STG Arrangement.
- In July 2017, the Company completed the recommissioning of Itafos Arraias and began ramping up production to achieve commercial production. The Company defines the commencement of commercial production as the date that an asset has achieved a consistent level of production, evidenced by 30 consecutive days of sustainable production at 75% capacity utilization.
- On August 1, 2017, pursuant to the STG Arrangement, STG ceased to be a reporting issuer.
- On August 11, 2017, the Company received funding from CLF and Pala in the aggregate amount of \$10,000 and documented such transactions by means of a \$5,000 unsecured promissory note to CLF and a \$5,000 unsecured promissory note to Pala. On the same day, the Company indirectly provided a loan to GBL in the amount of \$2,500 and GBL documented such transaction by means of a promissory note.
- On September 9, 2017, the Company received funding from CLF in the amount of \$4,500 and documented such transaction by means of an unsecured promissory note to CLF.
- On September 29, 2017, the Company elected to participate in the Brazilian Special Program for Tax Regularization (“PERT”) to settle various significant outstanding income tax assessments associated with its subsidiaries in Brazil.
- On October 11, 2017, the Company received funding from Pala in the amount of \$2,000 and documented such transaction by means of an unsecured promissory note to Pala.
- On October 23, 2017, the Company issued amended notes of \$1,500, \$2,800 and \$1,200 to CLF and an amended note of \$5,000 to Pala. As the change in future payment terms expected was determined to be insubstantial, the amendments were recorded as a debt modification. Accordingly, the effective interest rate on the notes were recalculated at the amendment date based on the carrying value of the debt and the expected future payment terms and no gain or loss was recorded through profit and loss. On the same day, the Company issued an amended \$2,368 note to Pala. As the change in future payment terms expected was determined to be substantial, the amendment was recorded as an extinguishment of the original note and recognition of the new note. Accordingly, a loss on extinguishment was recorded through profit and loss.
- On October 25, 2017, the following events took place:
 - CLF assigned all its promissory notes, totaling \$10,000, to four funds managed by Ice Canyon LLC (“Ice Canyon”), a global investment management firm.
 - Pala assigned a promissory note in the principal amount of \$5,000 to one of the funds managed by Ice Canyon.
 - the Company received funding from CLF in the amount of \$9,500 and documented such transaction by means of a promissory note to CLF.
 - the Company received funding from Pala in the amount of \$4,750 and documented such transaction by means of a promissory note to Pala.
- On November 6, 2017, the Company entered into an asset purchase agreement (the “Asset Purchase Agreement”) with Agrium, a wholly-owned subsidiary of Nutrien Ltd., pursuant to which the Company acquired Itafos Conda.

The transaction included a MAP offtake agreement whereby Agrium purchases 100% of MAP produced by Itafos Conda through 2023 and an ammonia supply agreement whereby Agrium supplies 100% of ammonia required by Itafos Conda through 2023.

- On December 19, 2017, the Company completed a non-brokered private placement of shares at a price per share of C\$2.10 and received net proceeds of \$74,887 after deducting transaction costs. This amount includes the conversion of \$7,519 through the issuance of 4,585,042 shares to settle the outstanding unsecured promissory note issued by the Company to Pala.
- On December 28, 2017, the Company entered into an arrangement agreement with GBL (the “GBL Arrangement”) to acquire all the issued and outstanding common shares of GBL not previously owned, directly or indirectly, by Itafos.
- On December 29, 2017, the Company provided a loan to GBL in the amount of \$2,500 and GBL documented such transaction by means of a promissory note.
- Prior to their expiration on December 31, 2017, a total of 29,804,213 Brazilian warrants held by third parties were exercised at a conversion rate of R\$1 per share, representing 29,484,213 preferred shares of Itafos Arraias and 319,866 preferred shares of Itafos Santana. As a result, the non-controlling interest (“NCI”) in Itafos Arraias is approximately 3.2%, and the NCI in Itafos Santana is approximately 0.6%. As at December 31, 2017, the Company recorded an NCI of \$9,062.

CURRENT FINANCIAL YEAR

During the current financial year (2018), the following events and conditions have influenced the general development of the Company’s business:

- On January 12, 2018, the Company completed the acquisition of Itafos Conda from Agrium.
- On February 27, 2018, the Company completed the GBL Arrangement.
- On March 21, 2018, pursuant to the GBL Arrangement, GBL ceased to be a reporting issuer.
- On June 6, 2018, the Company closed a \$165,000 secured term credit facility (the “Facility”) with a syndicate of lenders (including CLF). The Facility is guaranteed by certain of the Company’s wholly-owned subsidiaries. The Facility is further secured by certain of the Company’s direct and indirect interests in certain of the Company’s wholly-owned subsidiaries and certain of the other assets of the Company and its subsidiaries. The Facility accrues interest at a per annum rate of 10% commencing on June 6, 2018, until December 6, 2019, with 50% payable in cash and 50% payable in kind and 12% thereafter, with 75% payable in cash and 25% payable in kind. Cash interest is payable on the 15th day of each March, June, September and December until the Facility matures on June 6, 2022. In kind interest is capitalized into the principal on the 15th day of each March, June, September and December until maturity, if not paid in cash at the Company’s discretion. The Company also has the ability to pay in kind interest at any time prior to maturity. There are no required principal payments until the scheduled maturity. The Company may make principal payments prior to the maturity date; however, the Company would incur prepayment penalties if principal payments are made prior to June 6, 2021. The Company also issued 2,750,000 shares to the syndicate of lenders of the Facility, of which 527,072 were issued to CLF.
- During Q2 2018, Itafos Conda completed its planned plant turnaround on schedule and within budget.
- On July 3, 2018, Itafos Arraias achieved commercial production by meeting the capacity utilization metric. Although Itafos Arraias has achieved commercial production, the Company continues to focus on improving Itafos Arraias’ operational efficiencies with particular focus on mass yield, P₂O₅ recovery and overall product quality. To achieve these goals, the Company has developed and is implementing the Efficiency Improvement Plan (see Section 3).

5. DESCRIPTION OF THE BUSINESS

GENERAL

Competitive Conditions

The Company has an attractive portfolio of long-term and strategic phosphate businesses and projects located in key fertilizer markets worldwide. The phosphate fertilizer and specialty products business is a competitive business. The Company competes to sell its products with numerous other companies. The Company's portfolio of businesses and projects is diversified through geography, project development stage and business characteristics (see "Competition Risks" in this Section below).

Specialized Skill and Knowledge

Certain aspects of the Company's business require specialized skill and knowledge, including the areas of geology, drilling, metallurgy, logistical planning, engineering, construction, finance and accounting. The Company has an industry leading Board and experienced management team with extensive operations and commercial expertise (see "Board, Management and Key Employees Risks" in this Section below).

Employees and Contractors

As at December 31, 2017, the Company's employees and contractors by country were as follows:

Country	Employees	Contractors	Total
Brazil	279	340	619
Guinea-Bissau	0	0	0
US	12	2	14
Total	291	342	633

As at November 9, 2018, the Company's employees and contractors by country were as follows:

Country	Employees	Contractors	Total
Brazil	280	357	637
Guinea-Bissau	37	17	54
US	280	213	493
Total	597	587	1,184

Foreign Operations

The Company owns and operates businesses and projects located in the US, Brazil, Guinea-Bissau and Peru (see Section 3). Any changes in regulations or shifts in political attitudes in any of these jurisdictions are beyond the control of the Company and may affect its operations (see "Foreign Operations Risks" in this Section below).

Seasonality

The Company's sales are seasonal in nature due to the general concentration of crop input sales in the spring and fall application seasons. Accordingly, year over year comparisons of the Company's results are more appropriate than quarter over quarter comparisons. The impact of seasonality on the Company's sales is mitigated in part due to the international scope of the business, which spans the northern and southern hemispheres. The degree of impact of seasonality on the Company's sales can change significantly from year to year due to changes in the agricultural industry, weather, climate change and other factors (see "Commodity Price Risks", "Weather Risks" and "Climate Change Risks" in this Section below).

Environmental Protection

The Company's operations are subject to various environmental laws and regulations. The financial and operational effects of the Company's environmental protection requirements were not material during the year ended December 31, 2017. However, environmental protection requirements may cause additional capital expenditures and affect the competitive position of the Company in the future (see "Environmental Risks" in this Section below).

Environmental Policies

The Company seeks to conduct its activities to the highest environmental standards, including by complying with all environmental laws, policies, regulations and plans and conducting extensive ongoing operations cleanups to keep any environmental impacts to a minimum.

RISK FACTORS

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

Commodity Price Risks

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

Operating Risks

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

Mineral Reserves and Mineral Resources Risks

The calculation of mineral reserves, mineral resources and corresponding grades being mined or dedicated to future production are imprecise and depend on geological interpretation and statistical inferences or assumptions drawn from drilling and sampling analysis, which might prove to be unpredictable. Mineral resources that are not mineral reserves do not have demonstrated economic viability. Until mineral resources are mined and processed, the quantity of mineral resources and grades must be considered estimates only. In addition, due to the uncertainty which may attach to inferred mineral resources, there is no assurance that inferred mineral resources will be upgraded to indicated or measured mineral resources as a result of continued exploration. Any material change in the quantity of mineral reserves, mineral resources, grade or stripping ratio may affect the economic viability of the Company's properties. In addition, there can be no assurance that metal recoveries in small-scale laboratory tests will be duplicated in larger scale tests. Estimates of resources, reserves and production costs can also be affected by such factors as environmental permit regulations and requirements, weather, environmental factors, unforeseen technical difficulties, unusual or unexpected geological formations and work interruptions.

Mine Development and Completion Risks

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

Foreign Operations Risks

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

Income Tax Risks

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

Currency Risks

Currency fluctuations may affect the Company's capital and/or operating costs. The appreciation of foreign currencies against the US Dollar could adversely affect the Company's earnings and financial condition.

Credit Risks

The Company is exposed to the credit of certain third parties, which may fail to fulfill performance obligations to the Company. In such circumstance, the carrying amount on the Company's balance sheet could be impacted.

Equipment and Supplies Risks

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

Environmental Risks

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

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

Board, Management and Key Employees Risks

The Board, management and key employees play a significant role in the Company's success and its strategy. The Company's future performance and development depend to a significant extent on the abilities, experience and efforts of its Board, management and key employees. The Company's ability to retain its Board, management and key employees, or to attract suitable replacements should key members leave, is dependent on the competitive nature of the employment market. The loss of services of key members could adversely impact the Company's financial condition and prospects.

Conflicts of Interest Risks

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

Financing Risks

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

Additional Capital Risks

The Company's projects will require additional financing. Failure to obtain sufficient financing could result in a delay or indefinite postponement of the development of any or all of the Company's projects. 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.

Land Title and Access Rights Risks

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

Technological Advancement Risks

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

Cybersecurity Risks

With the increased dependence on information technology for the Company's operations, the risks associated with cybersecurity also increase. Various areas of the Company, such as supply chain, turnarounds and maintenance, logistics and treasury, use information technology. Cybersecurity risks include hacking, fraudulent payments, loss of information due to viruses, breaches due to employee error and unintended disclosure of information. The Company is in the process of implementing controls and security procedures to safeguard its systems from being vulnerable to cyberattacks; however, the Company may not be able to prevent all cyberattacks.

Transportation Risks

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

Write-down and Impairment Risks

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

Litigation Risks

All industries, including the mining industry, are subject to legal claims, with and without merit. The Company is involved in current and threatened litigation and may become involved in legal disputes in the future. Defense and settlement costs can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, the resolution of any particular legal proceeding may have a material adverse effect on the Company's financial position or results of operations (see Section 11).

Infrastructure Risks

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

Permitting and Licensing Risks

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

Insurance and Uninsured Risks

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

Competition Risks

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

Acquisitions and Integration Risks

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

Regulatory Risks

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

Foreign Subsidiaries Risks

Potential limitations on the transfer of cash or other assets between the Company and its Subsidiaries could restrict the Company's ability to fund its operations efficiently. Any such limitations or the perception that such limitations may exist now or in the future could have an adverse impact on the Company's valuation and stock price.

Reputational Damage Risks

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

Malicious Acts Risks

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

Weather Risks

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

Climate Change Risks

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

Stock Price Volatility Risks

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

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

In addition, in recent years stock markets across the globe have experienced significant price and volume fluctuations. These fluctuations may be unrelated to the operating performance of particular companies. These broad market fluctuations may cause declines in the market price of the Company's stock.

Limited Operating History Risks

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

Controlling Shareholder Risks

As at November 9, 2018, the Company's principal shareholder CLF beneficially owned and controlled 81,980,064 shares of the Company, representing approximately 57.7% of the issued and outstanding shares of the Company on an undiluted basis (see Section 2). Due to its position as controlling shareholder, CLF can exert significant influence on the Company's overall direction.

MATERIAL MINERAL PROPERTIES

As at December 31, 2017, the Company's material mineral property was Itafos Arraias.

Technical Report

Unless otherwise stated, the information set forth in the sections below regarding Itafos Arraias is derived from and, in some instances, is extracted from, the latest technical report for Itafos Arraias titled "Updated Technical Report Itafos Arraias SSP Project, Tocantins State, Brazil" and dated as of March 27, 2013 (the "Itafos Arraias Technical Report").

The "qualified persons" (see Section 15), as the term is defined in NI 43-101, that reviewed and approved the technical information contained in the Itafos Arraias Technical Report are as follows:

- Carlos Guzmán, FAusIMM, RM (Chilean Mining Commission); Principal Mining Engineer at NCL Brasil Ltda. ("NCL");
- Beau Nicholls, BSc (Geo), MAIG; Consulting Geologist at Andes Mining Services;
- Bradley Ackroyd, BSc (Geo), MAIG; Consulting Geologist at Andes Mining Services; and
- Homero Delboni Jr, Registered Member CIM & SME; Owner of HDA Serviços S/S Ltda. ("HDA")

Portions of the following information are based on assumptions, qualifications and procedures which are not fully described herein. Reference should be made to the full text of the Itafos Arraias Technical Report, which is filed under the Company's profile on SEDAR.

Property Description, Location and Access

Itafos Arraias is located in Tocantins, Brazil. Arraias is a municipality of Tocantins with approximately 11,500 inhabitants, most of whom live in the town. Campos Belos, a municipality Goiás, is the nearest settlement of any size with approximately 19,000 inhabitants, most of whom live in the town. Campos Belos has a college and hotels and therefore has a reasonable infrastructure base to support the Company's workforce and day-to-day operations. Itafos Arraias is approximately 450 km from Brasília.

Itafos Arraias is located in an area known as Central Brazilian Highlands at an average elevation of 750m above sea level. The local topography is usually flat to gentle slopes underlain by siltstones and limestones with a few higher elevations of granitic and quartzitic basement. Dolomite bodies form remnant hills with typical karstic dissection. The climate is tropical with a well-defined dry winter (May to August) followed by a wet summer season (September to April). Yearly average temperatures are 20 to 22 degrees Celsius with rainfall typically 1,000-1,500mm during the summer period.

The project site can be easily accessed by driving approximately 450 km on paved highways from Brasília to Campos Belos and an additional approximately 23 km from Campos Belos to Arraias, with the last 16 km being on unpaved roads and small farm roads. Campos Belos and Arraias can also be reached by small aircraft landing at a 1,400 m long and an 1,800 m long paved airstrip, respectively.

As of the date of the Itafos Arraias Technical Report, Itafos Arraias was the beneficial owner of 36 exploration permits, five mining applications and one mining permit for a total of 69,561 ha. Since the date of the Itafos Arraias Technical Report, Itafos Arraias forfeited certain of the areas for various reasons including low potential for phosphate deposits. As at November 9, 2018, Itafos Arraias was the beneficial owner of one exploration claim, two exploration permits, and six mining permits for a total of 7,234 ha. The exploration permits are valid for three years from issuance and are renewable for up to an equal period.

Itafos Arraias is required to pay permit maintenance fees to the Agência Nacional de Mineração of R\$3.29 per hectare per year for original permits and R\$5.00 per hectare per year for renewed permits. As at November 9, 2018, Itafos Arraias was in good standing with respect to payment of its permit maintenance fees.

Itafos Arraias is also required to pay mining royalties known as *Compensação Financeira pela Exploração Mineral*

("CFEM"). Generally, the CFEM is 2% of the total revenue from a mineral product. However, in the case of Itafos Arraias' operations where a mineral product is consumed internally as a raw material for another industrial process, the CFEM is 2% of the direct and indirect costs associated with producing the mineral product.

The Company has been advised that Brazilian mining law guarantees a mineral rights owner access to the surface area around its mineralized area and guarantees that the surface owner receives a royalty for granting such rights. Itafos Arraias has entered into agreements for surface access rights with the respective surface owners where necessary. Itafos Arraias has completed the mapping of all surface areas and is negotiating the respective royalties in connection with the granting of such surface access rights. Itafos Arraias has entered into agreements with surface owners that allow Itafos Arraias to operate on their surface areas for at least 10 years.

History

In the 1960s, the phosphate occurrences around the Campos Belos and Arraias region were first explored by Metais de Goiás ("METAGO"), the Goiás State Mining Company.

In 2004, Itafós Mineração Ltda acquired the mineral properties and started mining operations, producing two low-cost pulverized rock products (24% and 12% P₂O₅), both for direct application to the soil.

In October 2008, MBAC FinCo acquired Itafós Mineração Ltda, the original local owner of the high-grade quarry, and immediately started a grassroots mapping and drilling campaign aimed at defining large volume, but lower grade, P₂O₅ resources. This first mapping and drilling campaign focused on the priority zones at Coité, Juscelino and São Bento, targets that were initially explored using 50 m and 100 m spaced drilling (auger and core).

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

In late 2009, MBAC FinCo began a third mapping and drilling program using four reverse circulation ("RC") drills. Around this time, ALS Chemex Ltd. ("ALS"), a certified international laboratory, established a sample preparation laboratory at the project site for handling core and RC drill samples. By early 2010, six RC drills and three diamond drills were operating at the project.

In November 2009, in connection with due diligence related to the RTO, MCB Serviços e Mineração Ltda. of Belo Horizonte, Brazil, prepared a mineral resource estimate for Itafos Arraias based on a 3.5% P₂O₅ cut-off grade. The report titled "Technical Report Mineral Resource Estimate the Arraias-Campos Belos Project Campos Belos, Goiás State, Brazil" and dated as of November 24, 2009, is filed under the Company's profile on SEDAR.

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

In May 2010, on the basis of new systematic drilling results, Wardrop prepared a mineral resource estimate for Itafos Arraias providing estimates of measured and indicated mineral resources using a conventional block model approach and estimates of inferred mineral resources for five outlying areas using a 2D polygonal method. The report titled "Arraias-Campos Belos Phosphate Project, Brazil Mineral Resource Estimate Independent Technical Report" and dated as of May 17, 2010 (the "Wardrop Report"), is filed under the Company's profile on SEDAR.

In July 2010, the Wardrop Report was updated to incorporate all additional drilling completed by the Company in the Canabrava and Domingos zones through May 2010. The updated report titled "Arraias-Campos Belos Phosphate Project, Brazil Updated Mineral Resource Estimate" and dated as of July 30, 2010, is filed under the Company's profile on SEDAR.

Geological Setting, Mineralization and Deposit Types

Regional Geology

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

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

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

Project Geology

Phosphate mineralization on the project property occurs in lower siltstone sections of the Sete Lagoas Formation belonging to the Bambuí Group, a Neoproterozoic carbonate sequence that developed in an intra-cratonic basin on the margins of granitic craton basement (São Francisco craton). The favorable siltstone sequence has been identified for several tens of kilometers to the north and south of the original mineralization and hosts several other phosphate occurrences in addition to those around the project.

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

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

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

Mineralization

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

Deposit Types

The phosphate deposits in the project area are sedimentary-hosted with some characteristics of upwelling models, with local secondary enrichment related to weathering or possibly circulation of hydrothermal solutions along fracture structures into lower crystalline basement rocks.

Exploration

In 2008, MBAC FinCo commenced regional exploration and claims staking along the favorable siltstone basement for approximately 50 km to the north and 150 km to the south of Near Mine Block. Two new zones were discovered at Covanca and Lucia. Exploration activities included:

- geological mapping at 1:20,000 scale and surface sampling along roads and tracks to identify new exploration targets;
- acquisition of government-sponsored airborne geophysical survey data (with radiometrics) to assist geological mapping;
- regular surface sampling over the targets, trenches and isolated shallow pits;
- mechanical Auger drilling at 25 m x 25 m or 50 m x 50 m spacing, typically down to 10 m depth, over sub-cropping phosphorites;
- Aster satellite imagery acquired for regional exploration work;
- detailed topography surveying using total station units with accuracy to 1 m;
- several ground geophysical methods tried to assist with target screening ahead of drill programs, basement mapping, etc., with inconclusive results. Methods tested were GPR, resistivity and seismic; however, none of these produced conclusive results that could be used with confidence to assist with bedrock mapping or interpreting potential zones of mineralization, such as the breccias zones, prior to drilling.

Drilling

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

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

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

RC Drilling

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

Around 20% of RC samples were wet. The exact amount is not known as the sample humidity has not been clearly identified in the database, but this is now in progress as it has been recorded for new RC drilling. Wet RC samples present a material issue because the saprolite material can ultimately create a sample bias. For example, phosphate may be washed out of the sample (such as apatite mineralization along fractures) that can ultimately result in underestimation of the phosphate grade.

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

DC Drilling

DC drilling was initially conducted by Geosonda who utilized a Chinese rotary drill called Drill XY-4. Productivity was poor after less than 900 m drilled, so Geosonda was replaced by Servitec Sondagens. Servitec Sondagens utilized a Boart Longyear DB-525 and a Maquesonda FS-320. Both Geosonda and Servitec Sondagens drilling is dominantly HQ-sized core with minor NQ-sized core utilized on holes greater than 100 m in depth and HW utilized to collar some holes. Holes were drilled vertically and have not been surveyed downhole. Core has not been oriented, as all holes are vertical.

The Company's DC procedures are high quality with >85% recovery returned in both saprolite and fresh rock material. The DC drilling procedures are of an acceptable industry standard.

Sample Representation

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

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

Sampling, Analysis and Data Verification

RC Sampling Method

Dry RC samples are passed approximately three times through a single tier riffle splitter to achieve a 3 kilogram sample. Wet RC samples are dried in full in an oven on a flat galvanized tin surface and then quartered to achieve a 3 kilogram sample.

DC Sampling Method

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

Sample Security

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

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

Sample Preparation and Analysis

The drill samples from 2008 and most from 2009 were securely sealed, bagged and trucked to the ALS laboratory in Belo Horizonte where all sample preparation from rock to final pulp was completed. Final pulps were then sent to the ALS

laboratory in Peru for assaying.

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

In summary, the preparation procedure involves:

- two stages of coarse and fine crushing to 2 millimeters (“mm”) (10 mesh), pulverizing to -200 mesh and riffing to produce a 10 gram sub-sample for shipment;
- preparing the samples in a clean, covered facility;
- cleaning of all equipment after processing each sample by compressed air and on a periodic basis by using crushed quartz; and
- bagging and storing composite rejects of each sample at the sample preparation facility.

In early 2010, the drill programs were increased substantially with the introduction of up to six RC drills during January, February and March. At this stage, sample preparation requirements increased beyond the capacity of the facilities at site. As a result, samples were sent to an additional four laboratories for preparation and subsequent assaying. The four additional laboratories were SGS laboratories in Belo Horizonte and Carajás and ALS’ laboratories in Belo Horizonte and Goiás.

Quality Control

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

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

Blanks

Blank samples were inserted every 40 samples at the sample preparation stage. The blank samples consist of silica quartz homogenized material collected from outcrop in the project area. A total of 399 blanks were submitted in the sample stream since late March 2009.

Certified Standards

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

Field Duplicates

Field duplicates were inserted approximately every 40 samples. These field duplicates consist of quartered core material for DC drill samples and coarse reject in the case of the RC samples. A total of 562 field duplicates have been re-assayed at a secondary laboratory for comparison against the primary laboratory from March 2009 to early 2010.

Mineral Processing and Metallurgical Testing

Crushing and Comminution

All of the grinding parameters for Itafos Arraias were determined by HDA in Brazil. The mill sized by HDA was a low aspect SAG mill with dimensions of 16.5' Internal Diameter x 29' EGL and with an installed motor capacity of 3500 kW.

Process Flotation Definition

In Q2 2008, studies were conducted to evaluate the flotation process route to recover phosphate contained in the siltstone of the targets. Initially, two samples from the surface of the Coité deposit were utilized. The first sample had a grade of 6.6% P_2O_5 and underwent initial bench-scale tests. The second sample weighed approximately 20 tonnes, had a P_2O_5 grade of 4.96% and was used initially for bench scale testing. The second sample was subsequently used for a pilot plant campaign using both mechanical and column flotation cells.

Several bench and pilot plant tests have been performed using material from the main defined resource targets. A consistent and reproducible processing flotation flow-sheet was developed to treat the various sources from the deposit. This process allows the beneficiation of phosphate ore containing 4.5-6.0% P_2O_5 to concentrates containing 28% P_2O_5 while recovering 55-58% of the contained P_2O_5 . The pilot tests were conducted using material from the Coité and São Bento deposits, using both mechanical and column flotation cells. In addition to this, samples of drilled material from several other areas of the deposit were tested at bench scale with the results confirming the validity of the process route selected for the deposit.

Thickening and Filtration

FLSmidth & Co. A/S was commissioned to conduct solid-liquid separation tests (laboratory scale tests) on the samples from the flotation concentrates with the objective to direct the technical-economic analysis on equipment purchase for the thickening stage. Tests were performed on samples produced in the CDTN pilot plant in Belo Horizonte (MG) during March and July 2009.

Technological Characterization

A characterization study on phosphate ore processing samples was conducted by Fundação de Estudos e Pesquisas Aquáticas via Laboratório de Caracterização Tecnológica da EPUSP. Liberation level studies indicated that approximately 50% of the apatite present is found to be liberated in the conventional flotation feed and concentrate samples. It was also noted that the liberation levels in the +53, -53+37, -37+20 and 20+10 micron size zones do not increase to the finer size zones, indicating that a finer grinding will not be favorable in obtaining concentrates with a higher P_2O_5 content and recovery.

Acidulation

From May-September 2009, acidulation tests were conducted in Prosolo laboratories in Goiás and from December 2009-February 2010, acidulation tests were conducted in CELQA Analyses Técnicas Ltda laboratories in São Paulo. The tests were aimed at checking the production of SSP from Itafos Arraias' phosphate rock concentrate in a laboratory scale. Test results showed that it would be viable to obtain the unammoniated and ammoniated SSP, the grade being dependent upon the phosphate rock content.

Conclusions

Considering all the tests performed with several phosphate rock concentrations (P_2O_5 , Fe_2O_3/Al_2O_3 or fluorine) with different granulometry, variations in the A/R ratio and sulfuric acid concentration, it is possible to conclude the following:

- The production of ammoniated SSP with 1% of nitrogen and 17% of soluble P_2O_5 in neutral ammonium citrate with 27-28% of P_2O_5 is viable with Itafos Arraias' rock and it is the most suitable solution for the specific acidulation process. It is possible, with the addition of the ammonia, to obtain a product with improved quality because of its reduced free acidity and because the granules in the granulation plant become harder, allowing for the SSP to be mixed with urea and other raw materials without creating parallel reactions that can cause the final NPK to become a paste.
- It is also viable to obtain SSP with 18% of soluble P_2O_5 in neutral ammonium citrate, without the addition of ammonia, from rocks with grades of 28% of P_2O_5 and lower levels of Fe_2O_3 (1.5% or below). The solubility of P_2O_5 in water is close to the limit of minimal guarantee of 15%. This solution was not chosen because of the lower flexibility and poor product physical quality.
- The production of ammoniated SSP production with 2% of nitrogen and 16% of P_2O_5 neutral ammonium citrate is also a consideration because it improves flexibility with respect to P_2O_5 grades and provides a lower free acidity when compared to the chosen solution.
- SSP can also be produced with micronutrients by adding a mix of boron, manganese, copper and zinc.
- Producing SSP from the "pulp" of a phosphate rock with the addition of water before the sulfuric acid dosage optimizes the process reactivity.
- Rock with granulometry 95% below 200# mesh is adequate to the process reactivity.
- With low fluorine levels in the phosphate rock, the emissions of this effluent are more easily absorbed in the gas scrubber system.
- The sulfuric acid consumption is lower than what is usually utilized in other rocks to obtain the best possible conversion.
- The optimum sulfuric acid concentration is less than 65% to guarantee an aqueous phase, which is appropriate for the process reactivity.

Mineral Resource and Mineral Reserve Estimates

Itafos Arraias' resource highlights are as follows:

Itafos Arraias	Tonnes (Mt)	Grade (%)	P_2O_5 (Mt)
Reserves	64.8	5.1	3.3
Measured and indicated resources (including reserves)	79.0	4.9	3.9
Inferred resources	12.7	3.9	0.5

Itafos Arraias' reserves are as follows:

Itafos Arraias	Tonnes (Mt)	Grade (%)	P_2O_5 (Mt)
Proven reserves	16.0	5.1	0.8
Probable reserves	48.9	5.1	2.5
Total reserves	64.8	5.1	3.3

Itafos Arraias' reserves have been estimated as of March 27, 2013, by Carlos Guzmán, FAusIMM, RM (Chilean Mining Commission), who is a qualified person in accordance with NI 43-101 (see Section 15). Itafos Arraias' reserves have been estimated based upon economic parameters, geotechnical design criteria and metallurgical recovery assumptions detailed in the Itafos Arraias Technical Report. Changes in these assumptions will impact the reserve estimate. In general, increases in operating costs or decreases in revenue assumptions or metallurgical recovery may result in higher cut-off grades and lower reserves. By contrast, decreases in operating costs or increases in revenue assumptions or metallurgical recovery may result in lower cut-off grades and higher reserves.

Itafos Arraias' resources are as follows:

Itafos Arraias	Tonnes (Mt)	Grade (%)	P₂O₅ (Mt)
Near Mine			
Measured resources	15.2	4.4	0.7
Indicated resources	9.4	4.1	0.4
Measured and indicated resources	24.6	4.3	1.1
Inferred resources	3.8	4.0	0.2
Canabrava			
Measured resources			
Indicated resources	20.4	5.5	1.1
Measured and indicated resources	20.4	5.5	1.1
Inferred resources	3.7	4.9	0.2
Domingos			
Measured resources	5.6	6.0	0.3
Indicated resources	28.4	4.9	1.4
Measured and indicated resources	34.0	5.1	1.7
Inferred resources	5.2	3.0	0.2
Total measured and indicated resources	79.0	4.9	3.9
Total inferred resources	12.7	3.9	0.5

Itafos Arraias' resources have been estimated as of December 20, 2011, by Bradley Ackroyd, BSc (Geo), MAIG, who is a qualified person in accordance with NI 43-101 (see Section 15). The measured and indicated mineral resource estimates consider a 1.5% cut-off for the Domingos target and a 2.8% cut-off for all other targets.

Itafos Arraias' estimated mineral resources and mineral reserves have been calculated in accordance NI 43-101 and CIM Standards (see Section 1). The Company is not aware of any factors, including but not limited to metallurgical, environmental, permitting, legal, title, taxation, socio-economic, marketing, political or other relevant factors that have materially affected the mineral resources and mineral reserves estimates.

Mining Operations

The final pit design was based on the economic shell generated at a revenue factor equal to 1.0 and a minimum cut-off grade of 1.8% P₂O₅ at Domingos target and 2.8% P₂O₅ at Canabrava target and Near Mine target, with constant 49.0° inter-ramp angle.

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

For the required mining rate, the appropriate loading equipment is medium-size, front-end loaders or hydraulic excavators, ranging 3.5-4.3 m³ capacities. The minimum operating width to achieve the required productivities with this equipment is about 25 m.

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

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

Itafos Arraias is licensed to use the MicroMine system to evaluate several potential production mine schedules.

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

Processing and Recovery Operations

Beneficiation Plant

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

- an ore with a feed grade of 5.32% P_2O_5 ;
- production of 330 kt per year of concentrate assaying 28% P_2O_5 with a metallurgical recovery of 54% from the column flotation of the conventional and produced slimes fractions;
- production of 94 kt per year of concentrate assaying 15% P_2O_5 with a metallurgical recovery of 8.4% from the column flotation of the natural slimes; and
- total availability of 89%.

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

The process route adopted consists of the following steps:

- Crushing;
- Homogenization;
- Screening and Grinding;
- Classification;
- Flotation;
- Magnetic Separation; and
- Thickening and Filtering

Crushing

ROM ore is brought by truck from the mine and dumped into the ore feed bin. An apron feeder product discharges to a 150 mm opening vibrating grizzly screen feeder. The grizzly oversize material is then directed to an "MMD type" crusher.

Homogenization

The grizzly undersize product and the product from the crusher are then combined and delivered by belt conveyor and stacker to a homogenization stockpile of approximately 23,000 m³ capacity. This provides three days of available feed.

Screening and Grinding

The homogenization stockpile material is reclaimed and conveyed onto a three-deck vibrating screen. The undersize material of less than 6.35 mm is directed to an attrition scrubber. The attrition scrubber product is then pumped to pre-classification hydrocyclones. A belt conveyor receives the combined +6.35 mm material from the three screen decks, and it is directed to a low aspect SAG mill. The SAG mill discharge material is then screened with oversize material from classification reporting back to SAG mill.

Classification

The classification circuits consist of clusters of hydrocyclones that separate the ore into three groups: natural fines, coarse, and generated fines. Material less than 6 mm from the screen is sent to the attrition scrubber to remove fine material. The oversize is natural fines. Material greater than 6 mm is conveyed to a SAG mill operating in closed circuit. This material is separated into two size fractions: coarse and generated fines.

Flotation

Natural fines are dewatered, conditioned, and sent to a rougher flotation column. Concentrate is sent to the natural fines thickener and tails to the GMT tank.

Coarse material is conditioned and sent to flotation columns consisting of two roughers and one cleaner. Concentrate from the cleaner is sent to the main thickener and tailings from the rougher column is sent to the General Mills Tailings (GMT) tank.

Generated fines are sent to flotation columns consisting of a rougher and a scavenger. Concentrate from the scavenger is sent to the main thickener and tailings from the rougher to the GMT tank.

Magnetic Separation

Coarse concentrate can be reground and subject to magnetic separation to remove iron before sending the concentrate to the main thickener. However, the magnetic separation circuit is not being used because the concentrate iron content is low.

Thickening and Filtering

Natural fines are sent to a raked thickener and then sent to the filter press.

Coarse and generated fines are sent to the main thickener and then to a filter press. Filtered concentrate is conveyed by a belt to the concentrate stockpile.

Sulfuric Acid Plant

The sulfuric acid plant has capacity to produce 700 t/d or 210 kt per year of sulfuric acid. Approximately 170 kt per year of the sulfuric acid produced is used in the acidulation process with excess production sold into local sulfuric acid markets.

The sulfuric acid plant process steps are as follows:

- sulfur melting and filtration;
- sulfur burning with air/oxygen;
- SO₂ conversion into SO₃ using vanadium pentoxide (V₂O₅) catalyst;
- SO₃ gas scrubbing and absorption; and
- cooling and storage of acid product.

The plant is a conventional Double-Contact Double-Absorption plant with a turbine generator sized for a two sulfuric acid plant. The turbine generator can produce 6 megawatts of electricity from the steam generated in the sulfuric acid plant. The electricity is used to offset Itafos Arraias' total electricity demand of 11 megawatts.

Acidulation

The phosphate rock from the stockpile is reclaimed by front-end loaders to a belt conveyor to feed a pug mill where sulfuric acid is introduced. The reaction slurry product from the pug mill is directed to the curing belt. After 10-15 minutes

residence time, the reaction slurry solidifies and passes through a lump breaker before being transferred by front-end loader to the curing building. Curing is the 5-7 day process in which the acidulation reaction continues to convert more P_2O_5 to a form that is available to plants.

Fluorine fumes from the den are scrubbed to recover fluorosilicic acid which can be sold if there is a market.

Granulation

The SSP from the curing building is transferred to the granulator drum where ammonia, water and slurry from the gas treatment system will be introduced. The gases produced in the granulator pass to the gas treatment system while the product is sent to the rotary dryer. After drying, the granulated SSP is sent to hot screening. The oversize from the hot screening goes to the cold screening after passing through the rotary cooler. The cold screens are fitted with two decks. The oversize from the upper decks feeds a chain mill and the product is delivered to the recycle bin. The undersize from the upper decks combines with the oversize from the lower decks and is stockpiled in the granular product pile. The undersize from the lower decks combines with the hot screening undersize and chain mill product in the recycle bin. The material from the bin becomes the circulating load to feed back to the granulator. Cooled product is coated with oil and conveyed to the product storage building.

Infrastructure, Permitting and Compliance Activities

Itafos Arraias' plant site consists of a phosphate mine, a mill, a beneficiation plant, a sulfuric acid plant, an SSP plant, a granulation plant and related infrastructure.

An environmental impact study (the "EIS") about the potential impacts of the project with a detailed operations plan is required by Naturatins (the environmental agency of Tocantins) before any construction and mine operations can begin. The EIS considers the operations plan and its potential impact on natural resources, fauna, flora and the neighboring communities, including its cultural and historical heritage. The operations plan consists of the basic mine plan, infrastructure and operational aspects of the project.

Itafos Arraias prepared and submitted an EIS to Naturatins in July 2010 in the context of the project's environmental licensing process. According to the applicable concept of "environmental impact", the project is likely to have a series of adverse impacts on the region, given its interference with the fauna and flora, and to the surface water of the Bezerra River, a tributary to the Paraná River, member of the Tocantins River Basin. However, the EIS estimates that 71% of the identifiable impacts are reversible, meaning that a significant portion of the impacts will not be a detriment to future generations.

On September 21, 2010, a public hearing was held to discuss the benefits and impacts of the project. The hearing was attended by approximately 600 members of the community.

In December 2010, Itafos Arraias received a Preliminary License from Naturatins. In March 2011, Itafos Arraias received an Installation License from Naturatins. Subsequently, Itafos Arraias received operating permits for the water dam, the tailings dam and the beneficiation plant. The remaining licenses were issued after construction was completed in 2013. Certain licenses are currently under renewal (see "Property Description, Location and Access" in this Section above).

6. DIVIDENDS

Over the three most recently completed financial years (2015-2017), the Company has not paid any cash dividends or made other distributions on its securities. Currently, the Company's ability to pay any cash dividends or make other distributions on its securities is prohibited under the Facility unless the lenders provide their prior written consent. Any future cash dividends or other distributions on its securities would be made at the discretion of the Board, subject to the restrictions under the Facility. Such dividends or other distributions would depend on (i) the Company's financial needs to fund its development projects, (ii) the Company's future growth and (iii) any other factors that the Board deems necessary under the circumstances.

7. DESCRIPTION OF CAPITAL STRUCTURE

The Company's authorized share capital consists of up to 5,000,000,000 shares, each with par value of \$0.001. As at November 9, 2018, the Company had 142,070,301 ordinary shares issued and outstanding. Shareholders are entitled to dividends if, as and when declared by the Board, subject to the restrictions under the Facility. Shareholders are entitled to one vote per share at meetings of shareholders except at meetings at which only holders of a specified class of shares are entitled to vote. Upon liquidation, dissolution or winding-up of Itafos, shareholders are to share ratably in the remaining assets of Itafos as are distributable to shareholders. The Company's shares are not subject to call or assessment rights, redemption rights, rights regarding purchase for cancellation or surrender or any pre-emptive or conversion rights.

8. MARKET FOR SECURITIES

LISTING

The Company's shares traded on the TSX under the symbol "MBC" until April 5, 2016 when trading was suspended in connection with the Company's announcement of the Canadian Proceedings. The Company's shares were delisted from the TSX effective at the close of market on July 11, 2016 and listed on the TSXV at the opening of markets on July 12, 2016. Trading commenced on the TSXV on November 7, 2016. On December 16, 2016, shareholders approved the change of name from "MBAC Fertilizer Corp." to "Itafos". Consistent with the name change, Itafos applied to the TSXV to change its trading name from "MBAC Fertilizer Corp." to "Itafos" and its symbol from "MBC" to "IFOS". The Company commenced trading under its new name "Itafos" and new symbol "IFOS" on January 6, 2017 (see Section 4).

TRADING PRICES AND VOLUME

The 2017 monthly high and low trading prices and volume of the shares of the Company on the TSXV were as follows:

<i>(TSXV: IFOS)</i>	High (C\$)	Low (C\$)	Volume
January 2017	2.85	2.15	71,911
February 2017	2.50	2.10	140,268
March 2017	2.25	1.98	35,277
April 2017	2.15	1.61	21,130
May 2017	2.20	1.75	25,791
June 2017	2.18	1.54	30,359
July 2017	2.15	1.65	46,532
August 2017	1.96	1.25	132,342
September 2017	1.73	1.45	111,374
October 2017	1.81	1.14	382,148
November 2017	2.22	1.22	235,212
December 2017	2.80	2.05	113,448

PRIOR SALES

For the period January 1, 2016 through November 9, 2018, the Company issued shares as follows:

Date of Issue/Grant	Price per Security	Number of Securities
October 27, 2016	C\$2.50	50,337,972 ⁸
December 8, 2016	C\$2.50	5,374,800 ⁹
March 9, 2017	C\$2.10	21,789,669 ¹⁰
July 18, 2017	C\$1.83	2,985,777
December 15, 2017	C\$2.10	45,714,285
June 6, 2018	C\$2.41	2,750,000

⁸ Issued to certain creditors under the CCAA Plan (see Sections 2 and 4).

⁹ Issued pursuant to a non-brokered private placement to Zaff LLC (see Section 4).

¹⁰ Issued pursuant to a brokered private placement and pursuant to a shares-for-debt transaction (see Section 4).

For the period January 1, 2016 through November 9, 2018, the Company had changes in restricted share units (“RSUs”) as follows:

	RSUs
Balance as at December 31, 2016	–
Granted	1,709,380
Forfeited	(77,500)
Balance as at December 31, 2017	1,631,880
Granted	1,367,303
Cash settled	(75,017)
Forfeited	(107,472)
Balance as at November 9, 2018	2,816,694

For the period January 1, 2016 through November 9, 2018, the Company issued other securities as follows:

- On October 27, 2016, two debentures in connection with the CCAA Plan convertible into an aggregate of 147,648 shares (see Section 4); and
- On July 18, 2017, 800,000 ordinary share purchase warrants in connection with the STG arrangement (see Section 4).

9. DIRECTORS AND OFFICERS

OVERVIEW

As at November 9, 2018, the Company’s directors and officers were as follows:

Name and Residence	Position(s) with the Company and Period(s) Served	Principal Occupation(s)
Brent de Jong Texas, US	Chairman since October 27, 2016	Partner, Castllake LP Managing Partner, De Jong Capital LLC
Evgenij Iorich Zug, Switzerland	Director since July 11, 2017	Managing Partner, Pala
G. David Delaney Illinois, US	Director since February 6, 2017	Consultant
Mohamed Ibnabdeljalil Washington, DC, US	Director since December 31, 2016	Founder and Managing Partner, Spika Ventures LLC
Ron Wilkinson Alberta, Canada	Director since January 12, 2018	Consultant
Anthony Cina Ontario, Canada	Director since April 21, 2015	Board Advisor, Corporate Director and Consultant, Emergent Technologies Holdings, LP
Brian Zatarain Texas, US	Chief Executive Officer since February 17, 2017	Chief Executive Officer
George Burdette Texas, US	Chief Financial Officer since April 3, 2018	Chief Financial Officer
Marten Walters Florida, US	VP Engineering since January 2017	VP Engineering
Sarvin Patel Texas, US	VP Commercial since February 2017	VP Commercial
Olga Kovalik Sao Paulo, Brazil	VP Development since March 27, 2018	VP Development
Tim Vedder Idaho, US	General Manager Itafos Conda since January 12, 2018	General Manager Itafos Conda
Fernando Planchart Texas, US	Secretary since December 28, 2016 and General Counsel since February 2017	Secretary and General Counsel

All directors of the Company hold office until the next annual meeting of members of the Company or until their successors are elected or appointed.

During the period January 1, 2017 through November 9, 2018, changes to the Company's directors and officers not detailed above were as follows:

- D. Andrew Parsons served as one of the Company's Directors from December 22, 2016 until February 5, 2017.
- Cristiano Melcher served as the Company's President and Chief Executive Officer from February 1, 2014 until February 17, 2017.
- Brian Zatarain served as the Company's Chief Financial Officer from October 27, 2016, until February 17, 2017.
- Jose Manuel Ramos-Horta served as one of the Company's Directors from December 16, 2016 until September 13, 2017.
- Rafael Rangel served as the Company's Chief Financial Officer from February 17, 2017 until April 2, 2018.

As at November 9, 2018, the directors and executive officers¹¹ of the Company, as a group, beneficially owned, directly or indirectly, or exercised control or direction over 18,551,898 shares, representing approximately 13.06% of the total number of shares outstanding.¹²

DIRECTORS

The principal occupations, businesses or employments of each of the Company's directors within the past five years were as follows:

Brent de Jong – Chairman

Mr. de Jong is a Partner at Castl lake, responsible for the firm's investments in emerging markets. He joined Castl lake in 2016 with over 20 years of investment experience, having worked on more than 200 investments across 43 countries. Over the course of his career, Mr. de Jong has developed a broad range of expertise in emerging markets in a variety of sectors, including: energy, telecom, financial, natural resources, real estate and transportation. Prior to joining Castl lake, Mr. de Jong was the chief executive officer of Zaff Capital LP, a private equity and real estate investment firm specializing in distressed investments and emerging markets. During his time at Zaff, Mr. de Jong also served as an executive board member of RA Holdco, which emerged from the reorganization of Arcapita, a Bharaini investment bank, and was the first Sharia compliant bankruptcy in the US. Prior to joining Zaff, Mr. de Jong was the lead investment professional with Ashmore Investment Management for special situations and infrastructure investments and served on the firm's investment committee. During his time at Ashmore, Mr. de Jong founded and was seconded to AEI, a \$10 billion emerging market energy infrastructure company and served as the chief executive officer and vice chairman of the board of directors and focused on strategy and development. Earlier in his career, Mr. de Jong worked at JPMorgan's financial institutions group in London and JPMorgan's structured finance group in New York. Mr. de Jong received a Bachelor of Arts from Georgetown University in economics. Mr. de Jong currently serves as a board member of several organizations in the investment, mining and non-profit sectors. Mr. de Jong has previously acted as a director of GB Minerals Ltd. (TSXV), Connacher Oil and Gas Limited (TSX) and Largo Resources Ltd. (TSX).

Mr. Evgenij Iorich – Director

Mr. Evgenij Iorich serves as a Managing Partner at Pala and is responsible for oversight of Pala's private equity and liquid equity investment portfolios, as well as high-yield corporate debt portfolio. Mr. Iorich joined Pala in September 2006 and has since worked on a wide range of strategic initiatives, M&A opportunities, operational and financial planning and structuring in emerging markets. Mr. Iorich's commodities experience extends across a broad range of bulk commodities, precious and base metals, uranium, minor metals and other commodities. Mr. Iorich is currently a Director of Nevada Copper Corp. (TSX:NCU), Serinus Energy Inc (TSX:SEN) and Peninsula Energy Limited (ASX:PEN). Prior to joining Pala, Mr. Iorich was a financial manager at Mechel, the Russian metals and mining company. Mr. Iorich graduated from the University of Zurich with a Master of Arts degree in 2004.

¹¹ Considers the Company's Chief Executive Officer and Chief Financial Officer.

¹² As at November 9, 2018, Pala has direct or indirect ownership of 12,152,566 shares of the Company. Mr. Iorich, by virtue of his position as Managing Partner at Pala, may be deemed to exercise control or direction over these shares.

G. David Delaney – Director

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

Mohamed Ibnabdeljalil – Director

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

Ron Wilkinson – Director

Mr. Wilkinson retired from Agrium in February 2016 after a career spanning 40 years in the fertilizer industry. He served as Senior Vice President and President of Agrium's Wholesale Business Unit from 2004 through September 2015. In this role Mr. Wilkinson was responsible for manufacturing operations for 12 production sites, along with the associated supply chain, sales, marketing and distribution. Prior to this role, he held various positions of increasing responsibility with Agrium, Viridian, Sherritt and Imperial Oil/Exxon Chemical. Mr. Wilkinson has served on various boards, including the Canadian Fertilizer Institute, Profertil S.A. and Canpotex. Mr. Wilkinson holds a Bachelor of Science Degree in Chemical Engineering from the University of Alberta.

Anthony Cina – Director

Mr. Cina is a Board Advisor, Corporate Director and Consultant at Emergent Technologies Holdings, LP. Mr. Cina previously held the title of Vice President, Finance and Chief Financial Officer of the Company from June 2009 through June 2012, and most recently as Senior Vice President at Yamana Gold Inc. Mr. Cina has over 25 years' experience in accounting, finance and tax-related matters and has extensive experience in doing business in South America, particularly in Brazil, aligning in-country efforts and resources with corporate strategy and optimizing organizational structures and behaviors to support and complement operational efforts. Mr. Cina has also been involved in several mergers and acquisitions, operations optimization and asset and debt restructuring transactions. Mr. Cina is Chartered Accountant and Chartered

Professional Accountant and was recently awarded the ICD.D designation from the Institute of Corporate Directors. Mr. Cina holds a Bachelor of Commerce degree from the University of Toronto.

OFFICERS

The principal occupations, businesses or employments of each of the Company's officers within the past five years were as follows:

Brian Zatarain – Chief Executive Officer

Mr. Zatarain is a senior executive with over 20 years of hands-on and diverse corporate and business development, finance and investment management experience. Prior to joining the Company, he co-founded Zaff Capital and was a managing director where he was responsible for investment origination, due diligence, structuring, financing, documentation, negotiation and exit strategy execution. Prior to Zaff Capital, Mr. Zatarain was an executive vice president at AEI where he chaired the investment committee and was responsible for corporate and business development, strategy and enterprise risk management. Before joining AEI, Mr. Zatarain worked in the international business development and asset management group at Enron Corp. and was a key member of the team that created and executed the equity spin-off exit strategy of Enron Corp.'s international businesses through the formation of Prisma Energy, which was subsequently sold to AEI. Prior to Enron Corp., he worked at Coastal Corp. supporting the execution of its international energy infrastructure acquisition and greenfield development strategy. Mr. Zatarain has served as a director on the boards of directors of multiple power generation, power distribution, gas transportation and gas distribution companies, including publicly-listed power and gas utilities and an energy infrastructure fund, and an advisor to various public and private companies. Mr. Zatarain holds a Bachelor of Arts in economics from the University of Texas and a Master of Business Administration from Duke University.

George Burdette – Chief Financial Officer

Mr. Burdette is a senior executive with over 12 years of corporate development, financial, commercial and investment management experience. Mr. Burdette has led or supported over \$8 billion of acquisitions, divestitures, mergers and financings in the US and in various emerging markets. Prior to joining the Company, he was head of Americas project finance at First Solar where he was responsible for project financing and commercial initiatives in the US, Latin America and South Africa. Prior to First Solar, Mr. Burdette was a principal at Zaff Capital where he was responsible for investments across a wide range of industry sectors (including agriculture and fertilizers) and emerging markets and developed the firm's investment process, policies and procedures. Prior to Zaff Capital, Mr. Burdette worked in the business development group at AEI where he played a key role in shaping corporate strategy and led various corporate and business development initiatives and portfolio company optimizations and supported the enterprise risk management group. Mr. Burdette has served as a strategic and financial advisor to both private equity firms and major utilities. Mr. Burdette holds a Bachelor of Arts in international business and French from Wofford College and a Master of Business Administration from the University of South Carolina.

Marten Walters – VP Engineering

Mr. Walters is a Chemical Engineer and President of KEMWorks, a company specializing in Phosphate Project Development and based in Lakeland, Florida. He has more than 35 years' experience in the design, start-up and operation of fertilizer and chemical plants. Mr. Walters has designed and started up phosphoric acid, granulation and animal feed plants in Australia, Brazil, China, Morocco, US and UK. He was Project Manager for beneficiation and fertilizer plant feasibility studies including: Minemakers, Australia (Bankable Feasibility Study); Cominco, DR Congo; VKG, Estonia; GB Minerals, Guinea-Bissau (Bankable); Sunkar, Kazakhstan; Texuna, Uzbekistan (Bankable); Vale, Peru and Mozambique; and Wadi Group, Egypt. He served as Technical Manager at Jacobs Engineering Fertilizer Center for three years and was responsible for all aspects of process engineering and lab testing. Mr. Walters earned his Bachelor of Science in Chemical Engineering from the University of Manchester. He was honored as the 1997 Engineer-of-the-Year by the Central Florida AIChE and is a Fellow of AIChE (US) and IChemE (UK).

Sarvin Patel – VP Commercial

Mr. Patel is a senior executive with over 17 years of principal investing, business development, mergers and acquisitions, portfolio analysis and risk management experience globally. Prior to joining the Company, he worked in senior roles at CarVal Investors and Cargill. At CarVal, proprietary trading desk of Cargill, Mr. Patel was responsible for portfolio analysis and investment activities related to Emerging Markets platform, building a successful track record on investments across a broad range of sectors including power generation and distribution, telecom, sugar, steel, natural resources, media, and financial. At Cargill, Mr. Patel worked in business development and finance within the food ingredients platform which included cocoa, soy protein, texturizers, flavors, sweeteners and nutraceuticals businesses. Mr. Patel also spent several years as lead for risk assessment and internal audits of Cargill's diverse businesses within Asia. Mr. Patel holds a Bachelor of Science in Chemical Engineering from Florida State University, Masters in Environmental Engineering from University of Florida, and a Master of Business Administration from University of Michigan.

Olga Kovalik – VP Development

Ms. Kovalik is a senior executive with over 20 years of experience in the metals and mining industry with leadership roles in finance and controllership, mega project construction, business development and operations. Prior to joining the Company, Ms. Kovalik held various leadership roles including Project Director for GB Minerals Ltd., Finance Director of the growth division for Alcoa, Board of CBG in Guinea, Production General Manager for Alcoa's Rod Mill and Production Superintendent for Alcoa' ABI smelter in Canada and various roles in investment banking for UBS, Citigroup and Morgan Stanley. Ms. Kovalik holds a Bachelor of Engineering from McGill University and a Master of Business Administration from Columbia.

Tim Vedder – General Manager Itafos Conda

Mr. Vedder is an operational leader with over 20 years of experience, including 10 years in phosphate production, 7 years in semiconductor production and research and development at Novellus Systems and 4 years as an Officer in the US Military. Prior to joining the Company, Mr. Vedder held various leadership roles with Conda phosphate operations, including Operations Engineer and Supervisor, Operations Superintendent, Plant Operations Manager, Mine Operations Manager and General Manager, which is responsible for all aspects of the business. He is active in the local community and is a Board Member of the United Way of Southeastern Idaho and the Idaho Governor's Cup (Scholarship Foundation). Mr. Vedder holds a Bachelor of Science Degree in Chemical Engineering from Washington State University.

Fernando Planchart – General Counsel and Secretary

Mr. Planchart is a senior executive with over 15 years of corporate, mergers and acquisitions, reorganizations, project financings and litigation experience. Prior to joining the Company, Mr. Planchart worked as in-house senior counsel at AEI Services LLC, focusing on mergers and acquisitions, financing and development (including construction matters) of greenfield and brownfield projects in the energy sector. Earlier in his career, Mr. Planchart worked at international law firms in New York and Venezuela, focusing on litigation and corporate matters. Mr. Planchart holds a Juris Doctor from Universidad Católica Andrés Bello (Caracas, Venezuela) and a Master of Laws from Harvard Law School.

CORPORATE CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES OR SANCTIONS

As at November 9, 2018, no director or executive officer of the Company is, or has been within the last 10 years, a director, chief executive officer or chief financial officer of any company (including the Company) that was subject to a cease trade or similar order, or an order that denied the company access to any exemption under securities legislation, that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer, or was subject to a cease trade or similar order, or an order that denied the company access to any exemption under securities legislation, that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as a director, chief executive officer or chief financial officer, that was in effect for a period of more than 30 consecutive days.

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

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

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

CONFLICTS OF INTEREST

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

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

10. PROMOTER

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

11. LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Other than the Recapitalization and legal proceedings affected thereby, the Company was not during fiscal 2017, and is not currently, a party to, nor was/is any of its property the subject of, any legal proceedings, or, any known to be contemplated, which involve a material claim for damages within the meaning of applicable securities legislation.

During 2016, bankruptcy cases were filed against Itafos Arraias as follows:

- Bankruptcy Case No. 0000193-53.2016.827.2709, filed in March 2016 by PH Transportes e Construções Ltda. against Itafos Arraias before the Trial Court of Arraias in the State of Tocantins; and
- Bankruptcy Case No. 0000330-35.2016.827.2709, filed on March 2016 by Brasil Verde Agroindustrias Ltda. against Itafos Arraias before the Trial Court of Arraias in the State of Tocantins.

These proceedings were cancelled following the approval and implementation of the Brazilian Reorganization Proceedings.

12. INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as described in Sections 4, 8 and 9, none of the directors, executive officers or persons or companies who beneficially own, or control or direct, directly or indirectly, more than 10% of any class of outstanding voting securities of the Company, nor any associate or affiliate of the foregoing persons, has or has had any material interest, direct or indirect, in any transaction within the past three financial years or during the current financial year, that has materially affected or is reasonably expected to have a material effect on the Company.

13. TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Company's shares is TSX Trust Company at its principal office in Toronto, Ontario, Canada.

14. MATERIAL CONTRACTS

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

- the Support Agreement (see Section 4);
- the Investor Rights Agreement (see Section 4); and
- the Asset Purchase Agreement (see Section 4);

15. INTEREST OF EXPERTS

ITAFOS ARRAIAS TECHNICAL REPORT

The Itafos Arraias Technical Report is filed under the Company's profile on SEDAR and a summary is contained in Section 5 of this AIF.

The "qualified persons", as the term is defined in NI 43-101, that reviewed and approved the technical information contained in the Itafos Arraias Technical Report are as follows:

- Carlos Guzmán, FAusIMM, RM (Chilean Mining Commission); Principal Mining Engineer at NCL;
- Beau Nicholls, BSc (Geo), MAIG; Consulting Geologist at Andes Mining Services;
- Bradley Ackroyd, BSc (Geo), MAIG; Consulting Geologist at Andes Mining Services; and
- Homero Delboni Jr, Registered Member CIM & SME; Owner of HDA.

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

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

FINANCIAL STATEMENTS

PricewaterhouseCoopers LLP is the Company's auditor and is independent within the meaning of the CPA Code of Professional Conduct of the Chartered Professional Accountants of Ontario.

16. ADDITIONAL INFORMATION

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities and securities authorized for issuance under equity compensation plans, as applicable, is contained in the Company's management information circular filed in connection with the Company's annual meeting of members for the fiscal year ended December 31, 2017. Additional financial information is provided in the Company's annual consolidated financial statements and management discussion and analysis for the year ended December 31, 2017. Additional financial information relating to the Company is filed under the Company's profile on SEDAR.

17. AUDIT COMMITTEE

OVERVIEW

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

The Committee's charter sets out its responsibilities and duties, qualifications for membership, procedures for committee member removal and appointment and reporting to the Board (see "EXHIBIT A - CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS" in this Section below).

COMPOSITION

As at November 9, 2018, the members of the Committee were Anthony Cina (Chairman), Mohamed Ibnabdeljalil and David Delaney. Each of the members of the Committee is "financially literate" and "independent" as such terms are defined in National Instrument 52-110 - Audit Committees.

RELEVANT EDUCATIONAL EXPERIENCE

The education and experience of each of the Company's Committee members, which is relevant to the performance of his responsibilities as a Committee member, are set forth in Section 9 of this AIF.

PRE-APPROVAL POLICIES AND PROCEDURES

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

EXTERNAL AUDIT SERVICE FEES

Audit Fees

For the years ended December 31, 2017 and December 31, 2016, the aggregate audit fees billed by the Company's external auditors were \$358 and \$255, respectively. The audit fees relate to the audit of the Company's annual consolidated financial statements.

Tax Fees

For the years ended December 31, 2017 and December 31, 2016, the aggregate tax services fees billed by the Company's

external auditors were \$16 and \$36, respectively. The tax fees relate to tax compliance, tax advice and tax planning.

Other Fees

For the years ended December 31, 2017 and December 31, 2016, the aggregate other services fees billed by the Company's external auditors for the fiscal year ended December 31, 2017 were \$41 and \$0, respectively. The other fees relate to special projects and other professional services.

EXHIBIT A - CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

Purpose

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

- overseeing the integrity of the Company's financial statements and reviewing the financial reports and other financial information provided by the Company to any governmental body or the public and other relevant documents;
- recommending the appointment and reviewing and appraising the audit work of the Company's independent auditor, overseeing the independent auditor's qualifications and independence and providing an open avenue of communication among the independent auditor, financial and senior management and the Board of Directors;
- serving as an independent and objective party to oversee and monitor the Company's financial reporting process and internal controls, the Company's processes to manage financial risk, and its compliance with legal, ethical and regulatory requirements;
- encouraging continuous improvement of, and fostering adherence to, the Company's policies, procedures and practices at all levels.

Composition and Meetings

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

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

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

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

The Committee shall meet at least four times annually, or more frequently as circumstances require. The Committee shall meet within 45 days following the end of each of the first three financial quarters to review and discuss the unaudited financial results for the preceding quarter and the related management discussion and analysis and shall meet within 120 days following the end of the fiscal year end to review and discuss the audited financial results for the year and related management discussion and analysis prior to their publishing.

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

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

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

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

Responsibilities and Duties

To fulfill its responsibilities and duties the Committee shall:

- Create an agenda for the ensuing year.
- Review and update this Charter at least annually, as conditions dictate.
- Describe briefly in the Company's annual report and more fully in the Company's Management Information Circular the Committee's composition and responsibilities and how they were discharged.
- Report periodically to the Board of Directors.

Documents/Reports Review

- Review with management and the independent auditors, the organization's annual and, to the extent that the independent auditors complete interim reviews, interim financial statements, management discussion and analysis and any reports or other financial information to be submitted to any governmental body, or the public, including any certification, report, opinion, or review rendered by the independent auditor for the purpose of recommending their approval to the Board of Directors prior to their filing, issue or publication.
- Review policies and procedures with respect to directors' and officers' expense accounts and management perquisites and benefits, including their use of corporate assets and expenditures related to executive travel and entertainment, and review the results of the procedures performed in these areas, if any, by the independent auditor.
- Review the Company's annual and, to the extent that the independent auditor complete interim reviews, interim financial statements and management discussion and analysis with financial management and the independent auditor and review earnings releases, if any, and any filings which contain financial statement information, to be filed with regulatory bodies such as securities commissions prior to filing or prior to the release of earnings. The Chair of the Committee may represent the entire Committee for purposes of this review in circumstances where time does not allow the full Committee to be available.

Independent Auditor

- Recommend the selection of the independent auditor to the Board of Directors, consider the independence and effectiveness of the independent auditor, and approve the fees and other compensation to be paid to the independent auditor.
- Monitor the relationship between management and the independent auditor including reviewing any

management letters or other reports of the independent auditor and discussing any material differences of opinion between management and the independent auditor.

- Review and discuss, on an annual basis, with the independent auditor all significant relationships they have with the Company to determine their independence and report to the Board of Directors.
- Review and approve requests for any management consulting engagement to be performed by the independent auditor and be advised of any other study undertaken at the request of management that is beyond the scope of the audit engagement letter and related fees.
- Review the performance of the independent auditor and approve any proposed discharge and replacement of the independent auditor when circumstances warrant. Consider with management and the independent auditor the rationale for employing accounting/auditing firms other than the principal independent auditor.
- Periodically consult with the independent auditor in the absence of management about significant risks or exposures, internal controls and other steps that management has taken to control such risks, and the fullness and accuracy of the organization's financial statements. Particular emphasis should be given to the adequacy of internal controls to expose any payments, transactions, or procedures that might be deemed illegal or otherwise improper.
- Arrange for the independent auditor to be available to the Committee and the full Board of Directors as needed. Ensure that the auditor reports directly to the Committee and is made accountable to the Board and the Committee, as representatives of the shareholders to whom the auditor is ultimately responsible.
- Oversee the work of the independent auditor engaged for preparing or issuing an audit report or performing other audit, review or attest services.
- Ensure that the independent auditor is prohibited from providing the following non-audit services and determining which other non-audit services the independent auditors are prohibited from providing:
 - bookkeeping or other services related to the accounting records or financial statements of the Company;
 - financial information systems design and implementation;
 - appraisal or valuation services, fairness opinions, or contribution-in-kind reports;
 - actuarial services;
 - internal audit outsourcing services;
 - management functions or human resources;
 - broker or dealer, investment adviser or investment banking services;
 - legal services; and
 - any other services which the Public Company Accounting Oversight Board determines to be impermissible.
- Ensure that it is informed of each non-audit service and pre-approve any permissible non-audit services of the independent auditors, in accordance with applicable legislation. In relation to the pre-approval of permissible non-audit services, adopt specific policies and procedures for the engagement of such services, which detail the non-audit services. Such procedures must not include delegation of the committee's responsibilities to management.

Financial Reporting Processes

- In consultation with the independent auditor review the integrity of the organization's financial and accounting and reporting processes, both internal and external.
- Consider the independent auditor's judgments about the quality and appropriateness, not just the acceptability, of the Company's accounting principles and financial disclosure practices, as applied in its financial reporting, particularly about the degree of aggressiveness or conservatism of its accounting principles and underlying estimates and whether those principles are common practices.
- Consider and approve, if appropriate, major changes to the Company's accounting principles and practices as suggested by management with the concurrence of the independent auditor and ensure that the accountants' reasoning is described in determining the appropriateness of changes in accounting principles and disclosure.

Process Improvement

- At least annually obtain and review a report prepared by the independent auditors describing (i) the auditors' internal quality-control procedures; and (ii) any material issues raised by the most recent internal quality-control

review, or peer review, of the auditors, or by any inquiry of investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the auditor, and any steps taken to deal with any such issues.

- Review and approve hiring of employees or former employees of the past and present independent auditors.
- Establish regular and separate systems of reporting to the Committee by each of management and the independent auditor regarding any significant judgments made in management's preparation of the financial statements and the view of each as to appropriateness of such judgments.
- Review the scope and plans of the independent auditor's audit and reviews prior to the audit and reviews being conducted. The Committee may authorize the independent auditor to perform supplemental reviews or audits as the Committee may deem desirable.
- Following completion of the annual audit and quarterly reviews, if any, review separately with each of management and the independent auditor any significant changes to planned procedures, any difficulties encountered during the audit and reviews, including any restrictions on the scope of work or access to required information and the cooperation that the independent auditor received during the audit and reviews.
- Review any significant disagreements between management and the independent auditor in connection with the preparation of the financial statements.
- Where there are significant unsettled issues the Committee shall ensure that there is an agreed course of action for the resolution of such matters.
- Review with the independent auditor and management significant findings during the year and the extent to which changes or improvements in financial or accounting practices, as approved by the Committee, have been implemented. This review should be conducted at an appropriate time after implementation of changes or improvements, as decided by the Committee.
- Review activities, organizational structure, and qualifications of the chief financial officer and the staff in the financial area and ensure that matters related to succession planning within the Company are raised for consideration by the full Board of Directors.

Ethical and Legal Compliance

- Review periodically the Code of Ethics and Business Practices and ensure that management has established a system to enforce this Code. Review through appropriate actions taken to ensure compliance with the Code of Ethics and Business Practices and to review the results of confirmations and violations of such Code.
- Review management's monitoring of the Company's systems in place to ensure that the Company's financial statements, reports and other financial information disseminated to governmental organizations, and the public satisfy legal requirements.
- Review, with the organization's counsel, legal and regulatory compliance matters, including corporate securities trading policies, and matters that could have a significant impact on the organization's financial statements.

Risk Management

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

General

- Conduct or authorize investigations into any matters within the Committee's scope of responsibilities. The committee shall be empowered to retain independent counsel, accountants and other professionals to assist it in the conduct of any investigation.
- Perform any other activities consistent with this Charter, the Company's By-laws and governing law, as the Committee or the Board of Directors deems necessary or appropriate.
- Perform annual assessment of the effectiveness of the Committee.

Role of Committee Chairman

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

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

Schedule A

Independence Requirement of Multilateral Instrument 52-110

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

- an individual who is, or has been, an employee or executive of the issuer, unless the prescribed period has elapsed since the end of the service or employment;
- an individual whose immediate family member is, or has been, an executive officer of the issuer, unless the prescribed period has elapsed since the end of the service or employment;
- an individual who is, or has been, an affiliated entity of, a partner of, or employed by, a current or former internal or external auditor of the issuer, unless the prescribed period has elapsed since the person’s relationship with the internal or external auditor, or the auditing relationship, has ended;
- an individual whose immediate family member is, or has been, an affiliated entity of, a partner of, or employed in a professional capacity by, a current or former internal or external auditor of the issuer, unless the prescribed period has elapsed since the person’s relationship with the internal or external auditor, or the auditing relationship, has ended;
- an individual who is, or has been, or whose immediate family member is or has been, an executive officer of any entity if any of the issuer’s current executive officers serve on the entity’s compensation committee, unless the prescribed period has elapsed since the end of the service or employment;

- an individual who:
 - has a relationship with the issuer pursuant to which the individual may accept, directly or indirectly, any consulting, advisory or other compensatory fee from the issuer or any subsidiary entity of the issuer, other than as remuneration for acting in his or her capacity as a member of the board of directors or any board committee, or as a part-time chair or vice-chair of the board or any board committee; or
 - receives, or whose immediate family member receives, more than \$75,000 per year in direct compensation from the issuer, other than as remuneration for acting in his or her capacity as a member of the board of directors or any board committee, or as a part-time chair or vice-chair of the board or any board committee, unless the prescribed period has elapsed since he or she ceased to receive more than \$75,000 per year in such compensation; and
- an individual who is an affiliated entity of the issuer or any of its subsidiary entities.

Financial Literacy Under Proposed Multilateral Instrument 52-110

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