

Itafos Announces US\$165 Million Credit and Guaranty Agreement

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TORONTO, May 22, 2018 (GLOBE NEWSWIRE) -- [Itafos](#) (TSX VENTURE:IFOS) announced today that it has signed a definitive credit and guaranty agreement (the Agreement) with a syndicate of lenders to provide a US\$165 million secured term loan facility to [Itafos](#) to fund working capital and other cash requirements of the Arraias Phosphate Operations and the Conda Phosphate Operations, continued implementation of the company's business development initiatives (including, but not limited to the Paris Hills Project and the Farim Project) and other general corporate purposes.

The Agreement has been entered into by [Itafos](#), as the borrower, its wholly-owned subsidiaries, [Itafos](#) Brazil Holdings, [Itafos](#) International Holdings Cooperatie UA, [Itafos](#) Ltd., [Itafos](#) II LP and [Itafos](#) Conda Holdings, as the guarantors (collectively, the Guarantors), CL Fertilizers Holding LLC (formerly known as Zaff LLC) (CLF), funds managed by BlackRock Financial Management Inc. and its affiliates, and a syndicate of other lenders, as the lenders (collectively, the Lenders), and Cortland Capital Market Services LLC, as the administrative agent.

The key terms of the Agreement are:

- Term of four years commencing on the closing with a bullet repayment schedule subject to certain prepayment rights and requirements and applicable prepayment penalties.
- Interest at a per annum rate of 10% commencing on the closing until 18 months following the closing with 50% payable in cash and 50% payable in kind and 12% thereafter with 75% payable in cash and 25% payable in kind.
- Secured by [Itafos](#)' direct and indirect interest in the Guarantors and other assets of [Itafos](#) and the Guarantors.
- Issuance of bonus shares to the Lenders in an aggregate amount of 2,750,000 (the Bonus Shares) upon the closing.
- Other terms, fees and cost reimbursements standard and customary for similar agreements.

The closing of the Agreement is subject to satisfaction of certain conditions including, among other things, delivery and execution of security and other documents and receipt of the approval of the TSX Venture Exchange (the TSXV).

[Itafos](#) currently has outstanding unsecured promissory notes (collectively, the Bridge Loans) in the aggregate principal amount of US\$89,961,951, of which US\$33,299,902 is owed to CLF. Pursuant to the terms of the Agreement, upon the closing of the Agreement, the aggregate outstanding principal amount of the Bridge Loans, together with all interest accrued thereon, will be deemed to have been converted into loans constituting part of the Agreement and/or prepaid, in whole or in part. Upon such conversion and/or prepayment, [Itafos](#) will be released from its obligations pursuant to the Bridge Loans.

The Bonus Shares will be subject to resale restrictions pursuant to a 'distribution compliance period' (as defined in Regulation S under the United States Securities Act of 1933, as amended) of one year from the date the shares were issued. The Bonus Shares are also subject to a statutory hold period of four months plus a day from the date of issuance in accordance with applicable Canadian securities legislation and TSXV requirements, which hold period will run concurrently with the above referenced one year restricted period under US securities legislation.

CLF currently beneficially owns, or controls or directs, approximately 58.5% percent of the outstanding common shares of [Itafos](#). As a result of the participation of CLF in the Agreement, and the Bonus Shares to be issued to CLF, the Agreement is considered to be a 'related party transaction' under Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions* (MI 61-101) by virtue of its shareholding being in excess of 10% of [Itafos](#)' issued and outstanding share capital.

The transaction is exempt from (i) the formal valuation requirements under Section 5.4 of MI 61-101 pursuant to Subsection 5.5(b) of MI 61-101; and (ii) the minority approval requirements under Section 5.6 of MI 61-101 pursuant to either Subsection 5.7(1)(a). Upon issuance of the Bonus Shares, CLF would beneficially own, or control or direct, 81,980,065 common shares of [Itafos](#), representing 57.7% of the issued and outstanding shares (on an undiluted basis).

About Itafos

[Itafos](#) is a vertically integrated phosphate based fertilizers and specialty products company with an attractive portfolio of long-term strategic assets located in key agricultural and fertilizer markets worldwide. [Itafos](#) is managed by an experienced and diverse team with extensive operations, commercial and financial expertise. [Itafos](#) owns and operates the Conda Phosphate Operations, a vertically integrated phosphate business which produces approximately 540,000 tons per year of mono-ammonium phosphate, super phosphoric acid, merchant grade phosphoric acid and specialty products located in Idaho, United States and the Arraias Phosphate Operations, a vertically integrated phosphate business which produces approximately 500,000 tons per year of single super phosphate located in Tocantins, Brazil. [Itafos](#)’ development portfolio includes the Paris Hills Project, a high-grade phosphate mine project located in Idaho, United States, the Farim Project, a high-grade phosphate mine project located in Farim, Guinea Bissau, the Santana Project, a vertically integrated high-grade phosphate mine and fertilizer production project located in Pará, Brazil, the Araxá Project, a high-grade rare earth elements, niobium and phosphate mine project located in Minas Gerais, Brazil and the Mantaro Project, a high-grade phosphate mine project located in Junin, Peru.

FORWARD LOOKING STATEMENTS

Certain information contained in this news release constitutes forward looking information. All information other than information of historical fact is forward looking information. The use of any of the words “intend”, “anticipate”, “plan”, “continue”, “estimate”, “expect”, “may”, “will”, “project”, “should”, “would”, “believe”, “predict” and “potential” and similar expressions are intended to identify forward looking information. This information involves known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward looking information. No assurance can be given that this information will prove to be correct and such forward looking information included in this news release should not be unduly relied upon. The forward looking information provided in this news release is based upon a number of material factors and assumptions, including the intended use of funds from the Agreement, that [Itafos](#) will satisfy the conditions precedent to the Agreement including the final acceptance by the TSXV of the Agreement.

Forward looking information is subject to a number of risks and other factors that could cause actual results and events to vary materially from that anticipated by such forward looking information. Although [Itafos](#) has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. Factors that may cause actual results to differ materially from expected results described in forward-looking statements include, but are not limited to those risk factors set out in [Itafos](#)’ Management Discussion and Analysis and other disclosure documents available under its profile at www.sedar.com. Readers are cautioned that the foregoing list of risks, uncertainties and assumptions are not exhaustive. The forward looking information included in this news release is expressly qualified by this cautionary statement and is made as of the date of this news release. [Itafos](#) undertakes no obligation to publicly update or revise any forward looking information except as required by applicable securities laws.

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