

Itafos Reports Q2 2018 Financial Results and Operational Highlights

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TORONTO, Aug. 15, 2018 - [Itafos](#) (TSX VENTURE: IFOS) (the "Company") reported today its Q2 2018 financial results and operational highlights. The Financial Statements and Management Discussion and Analysis for the quarter ended June 30, 2018 are available under the Company's profile at www.sedar.com and at its website, www.itafos.com. All dollar values are in US Dollars.

"Q2 was our first full quarter of ownership of [Itafos](#) Conda and on July 3 [Itafos](#) Arraias achieved commercial production. Q2 performance was supported by improving phosphate fertilizer prices and this trend has continued thus far in Q3. [Itafos](#) Conda outperformed its Q1 results despite being down for several weeks in June for its planned plant turnaround that was completed on schedule and within budget. During Q3 we expect to realize further improvements in efficiencies and product quality at [Itafos](#) Arraias and we remain focused on advancing our key development initiatives, including extending the life of [Itafos](#) Conda and developing our near-term pipeline, which includes [Itafos](#) Paris Hills and [Itafos](#) Farim. With the closing of our long-term \$165 million credit facility in June we are well positioned to advance these initiatives." said Brian Zatarain, CEO of [Itafos](#).

The Company generated revenue of \$67.2 million in Q2 2018, compared to \$58.1 million in Q1 2018 and \$0.0 in Q2 2017. Q2 2018 net income was \$1.4 million (\$0.01 per fully-diluted share), compared to \$62.0 million in Q1 2018 (\$0.46 per fully-diluted share) and a loss of \$6.9 million in Q2 2017 (\$0.09 loss per fully-diluted share).

Q2 2018 Highlights

- [Itafos](#) Conda sales included: (i) 75,690 t MAP at \$427/t average price, (ii) 32,342 t SPA at \$918/t average price and (iii) 11,938 t APP at \$432/t average price
- [Itafos](#) Arraias sales included: (i) 23,530 t SSP at \$137/t average price and (ii) 15,214 t Sulfuric Acid at \$150/t average price
- On April 4, 2018, the Company announced the appointment of George Burdette to serve as Chief Financial Officer
- On June 6, 2018, the Company closed a \$165.0 million secured term credit facility
- [Itafos](#) Conda completed its planned plant turnaround on schedule and within budget

Subsequent Events

- On July 3, 2018, [Itafos](#) Arraias achieved commercial production as it completed 30 consecutive days of sustainable production at 75% capacity utilization

Q2 2018 Segment Summary

[Itafos](#) Conda

Revenues reached \$67.2 million, up 15.6% from \$58.1 million in Q1 2018 and compared to \$0.0 million in Q2 2017. The quarter-over-quarter revenue increase was driven by higher realized fertilizer prices and increased SPA shipments, which more than offset the effects of the June turnaround that caused reduced MAP shipments relative to Q1 2018. Operating income was \$14.7 million in Q2 2018, up 9.6% from \$13.4 million in Q1 2018 and compared to \$0.0 million in Q2 2017 as higher revenues were partially offset by slightly lower gross margins that were negatively impacted by the plant turnaround.

[Itafos](#) Arraias

SSP volumes rose to 23,530 t in Q2 2018 from 3,501 t in Q1 2018. However, as the facility was still in development stage during the quarter, revenues were netted against property, plant, and equipment. Although [Itafos](#) Arraias has achieved commercial production it will continue to focus on improving operational efficiencies during the second half of 2018 with particular focus on mass yield, P₂O₅ recovery and overall product quality.

Corporate

Corporate SG&A was \$5.9 million in Q2 2018, up from \$3.0 million in the prior quarter and \$2.9 million in the year-ago quarter, primarily driven by non-recurring transaction related expenses.

Liquidity

Cash as at June 30, 2018 was \$62.9 million compared to \$63.7 million as at December 31, 2017. Short-term debt fell to \$0.3 million from \$25.5 million, and long-term debt rose to \$154.8 million from \$0.0 million at December 31, 2017. The increased debt is due to the closing of the \$165.0 million secured term credit facility in June 2018. Of the \$165.0 million, \$90.0 million was used to refinance higher-interest, short-term promissory notes and related accrued interest. The net proceeds of the Facility will be used to fund working capital and other cash requirements of [Itafos](#) Conda and [Itafos](#) Arraias, continued implementation of the Company's business development initiatives.

Outlook

Currently, the Company is executing its strategy by focusing on the following:

- integrating and optimizing [Itafos](#) Conda
- improving [Itafos](#) Arraias's operational efficiencies during H2 2018 with particular focus on mass yield, P₂O₅ recovery and overall product quality
- finalizing permitting for [Itafos](#) Paris Hills and advancing integration efforts with [Itafos](#) Conda
- finalizing permitting, pursuing off-take alternatives, selecting contractors and securing project financing for [Itafos](#) Farim

Additional details of the above transactions are publicly available at the Company's website and at www.sedar.com under the Company's profile, including in the Company's financial statements and management discussion and analysis.

About Itafos

[Itafos](#) is a vertically integrated phosphate based fertilizers and specialty products company with an attractive portfolio of long-term strategic businesses located in key fertilizer markets worldwide. [Itafos](#) is managed by an experienced and diverse team with extensive operations, commercial and financial expertise. [Itafos](#) owns and operates [Itafos](#) Conda, a vertically integrated phosphate fertilizer 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, U.S. and [Itafos](#) Arraias, a vertically integrated phosphate fertilizer business with production capacity of approximately 500,000 tons per year of single super phosphate located in Tocantins, Brazil. [Itafos](#) is developing [Itafos](#) Paris Hills, a high-grade phosphate mine project located in Idaho, U.S., [Itafos](#) Farim, a high-grade phosphate mine project located in Farim, Guinea Bissau, [Itafos](#) Santana, a vertically integrated high-grade phosphate fertilizer project located in Pará, Brazil, [Itafos](#) Araxá, a high-grade rare earth oxide and other elements mine project located in Minas Gerais, Brazil and [Itafos](#) Mantaro, a high-grade phosphate mine project located in Junin, Peru.

For more information, please visit <http://Itafos.com>.

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.

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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