

Itafos Announces Letter of Intent for US\$36,000,000 Capital Raise Through Non-Brokered Private Placement Financing and Amendment to Unsecured Subordinated Promissory Note

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TORONTO, Dec. 18, 2019 - [Itafos](#) (TSX VENTURE: IFOS) (the "Company") announced today that it has entered into a binding letter of intent with CL Fertilizers Holding LLC ("CLF") for a US\$36,000,000 capital raise through a non-brokered private placement financing of US\$15,000,000 and an amendment to increase the availability of a previously issued unsecured subordinated promissory note by US\$21,000,000. The proceeds of the capital raise are expected to be used to fund general working capital and capital expenditure needs of the Company and its subsidiaries.

Pursuant to the letter of intent, CLF will subscribe for up to 38,076,923 shares in the capital of the Company (the "Subject Shares") at an offering price of CAD\$0.52 per share on a non-brokered private placement basis, for aggregate gross proceeds of US\$15,000,000 (equivalent to approximately CAD\$19,800,000) (the "Private Placement"). No finder's fees or commissions will be payable in connection with the Private Placement.

Also pursuant to the letter of intent, the Company and CLF will amend the convertible unsecured and subordinated promissory note in favor of CLF that was issued by the Company on September 11, 2019, to make the promissory note non-convertible and increase the availability by US\$21,000,000 (the "Amended CLF Promissory Note" and together with the Private Placement, the "Transaction"). At closing, the Company intends to borrow US\$5,000,000 of the available US\$21,000,000, with the balance of US\$16,000,000 remaining available to be drawn by the Company at its sole discretion through December 31, 2020. An availability fee of 4% per year shall apply on undrawn amounts during the availability period with such fee to be capitalized and added to principal on a quarterly basis.

Other than the changes specified in this news release, all other terms of the Amended CLF Promissory Note shall remain unchanged. In this regard, the Amended CLF Promissory Note shall (i) remain subordinate to the Company's existing senior credit facility and subject to the terms of subordination incorporated thereunder, (ii) continue to accrue an interest rate of 15% per year, (iii) continue to be payable on demand no earlier than six months after the date on which the Company's existing senior credit facility is paid in full, and (iv) continue to add interest to and increase the outstanding principal balance on a quarterly basis.

Closing of the Transaction is subject to various conditions, including, without limitation, satisfaction of any regulatory requirements and receipt of the approval of the TSX Venture Exchange.

Related Party Transaction

CLF is a "related party" to the Company under Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions* ("MI 61-101") by virtue of CLF's shareholdings being in excess of 10% of the Company's issued and outstanding share capital. Accordingly, the completion of the Private Placement and the entering into of the Amended CLF Promissory Note each constitute a "related party transaction" under MI 61-101. 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 Subsection 5.7(1)(a) as it relates to the Private Placement and the amendment to make the Amended CLF Promissory Note non-convertible and Subsection 5.7(1)(f) as it relates to the increase in availability under the Amended

CLF Promissory Note.

United States Securities Legislation

In accordance with United States securities legislation, the Subject 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 Subject Shares are issued. Concurrently, in accordance with applicable Canadian securities legislation, the Subject Shares will be subject to a statutory hold period of four months plus a day from the date the Subject Shares are issued.

This news release does not constitute an offer of securities for sale in the US. The securities being offered have not been, nor will they be, registered under the United States Securities Act of 1933, as amended, and such securities may not be offered or sold within the US absent US registration or an applicable exemption from US registration requirements. Hedging transactions involving the Shares may not be conducted unless in compliance with the United States Securities Act of 1933, as amended.

About Itafos

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

For more information, or to join the Company's mailing list to receive notification of future news releases, please visit the Company's website, www.Itafos.com.

Forward-Looking Information

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. Forward-looking information in this news release includes, but is not limited to, statements with respect to: the intended use of proceeds; the amount which the Company intends to borrow under the Amended CLF Promissory Note; and the timing and conditions to closing of the Transaction. 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 including, without limitation, not obtaining the approval of the TSX Venture Exchange for the Transaction. Although the Company 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 the Company's Management Discussion and Analysis and other disclosure documents available under the Company's 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.

NEITHER THE TSX VENTURE EXCHANGE NOR ITS REGULATION SERVICES PROVIDER (AS THAT TERM IS DEFINED IN THE POLICIES OF THE TSX VENTURE EXCHANGE) ACCEPTS RESPONSIBILITY FOR THE ADEQUACY OR ACCURACY OF THIS RELEASE.

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