

ITAFOS REPORTS Q2 2019 FINANCIAL RESULTS AND OPERATIONAL HIGHLIGHTS

TORONTO, ON – August 15, 2019 – Itafos (TSX VENTURE: IFOS) (the “**Company**”) reported today its Q2 2019 financial results and operational highlights. The Financial Statements and Management’s Discussion and Analysis for the quarter ended June 30, 2019 are available under the Company’s profile at www.sedar.com and under the Investors – Financial Statements page of the Company’s website, www.itafos.com. All dollar values are in US Dollars.

“Our operational results were driven by continued strong performance at Itafos Conda and advancement of the repurpose plan at Itafos Arraias on schedule. Difficult global market conditions globally impacted our financial results, which were otherwise in line with expectations. Overall, we achieved several key milestones during the quarter including record May MAP production at Itafos Conda and securing a multi-year agreement with the OCP Group to supply high quality phosphate rock to Itafos Arraias. Finally, we remain focused on advancing our key development initiatives, including extending the mine life of Itafos Conda and developing our world-class phosphate rock project at Itafos Farim,” said Mhamed Ibnabdeljalil, interim CEO of Itafos.

Financial Highlights

For the three and six months ended June 30, 2019 and 2018, the Company’s financial highlights were as follows:

<i>(unaudited in thousands of US Dollars except for per share amounts)</i>	<i>For the three months ended June 30,</i>		<i>For the six months ended June 30,</i>	
	2019	2018	2019	2018
Revenues, net	\$ 103,072	\$ 67,187	\$ 176,250	\$ 125,303
Operating income (loss)	\$ (14,079)	\$ 8,605	\$ (20,089)	\$ 11,246
Net income (loss)	(21,597)	4,736	(34,928)	56,060
Adjusted EBITDA	(1,398)	12,120	(470)	21,532
Maintenance capex	\$ 11,861	\$ 20,045	\$ 17,047	\$ 21,790
Growth capex	3,164	7,121	6,180	14,233
Basic loss per share	\$ (0.15)	\$ 0.03	\$ (0.25)	\$ 0.41
Fully diluted income (loss) per share	\$ (0.15)	\$ 0.03	\$ (0.25)	\$ 0.41

For the three and six months ended June 30, 2019 and 2018, the Company’s financial highlights were explained as follows:

- revenues were up year-over-year primarily due to higher MAP and SPA sales volumes at Itafos Conda and revenue contributions from Itafos Arraias during H1 2019, which had not achieved commercial production during H1 2018;
- net income (loss) was down year-over-year primarily due to a gain on the fair valuation of Itafos Conda and a gain from investments in associates related to the GB Minerals Ltd. Arrangement during Q1 2018;
- adjusted EBITDA was down year-over-year primarily due to increased input costs at Itafos Conda and constrained production due to implementation of the repurpose plan (the “Repurpose Plan”) at Itafos Arraias during H1 2019, which had not achieved commercial production during H1 2018;
- maintenance capex was down year-over-year primarily due to a partial planned plant turnaround at Itafos Conda during H1 2019 compared to a full planned plant turnaround at

- Itafos Conda during H1 2018; and
- growth capex was down year-over-year primarily due to the capitalization of costs at Itafos Arraias during H1 2018 ahead of achieving commercial production, which were partially offset by growth capex primarily related to development of Itafos Farim during H1 2019.

As at June 30, 2019 and December 31, 2018, the Company's financial highlights were as follows:

<i>(unaudited in thousands of US Dollars)</i>	June 30, 2019	December 31, 2018
Total assets	\$ 566,575	\$ 576,419
Total liabilities	330,249	304,640
Net debt	159,884	152,088
Total equity	236,326	271,779

As at June 30, 2019 and December 31, 2018, the Company's financial highlights were explained as follows:

- total assets were down period-over-period primarily due to decreases in receivables and inventory at Itafos Conda and increases in depreciation of assets in service during H1 2019, which were partially offset by an increase in property, plant and equipment related to the application of IFRS 16 during H1 2019;
- total liabilities were up period-over-period primarily due to increases as a result of the recognition of lease liabilities related to the application of IFRS 16 and increases in long-term provisions due to additions to asset retirement obligations at Itafos Conda during H1 2019;
- net debt was up period-over-period primarily due to paid-in-kind interest expense at corporate and additional equipment financing at Itafos Conda during H1 2019; and
- total equity was down period-over-period primarily due to an increase in deficit due to the net loss and a decrease in share capital due to the repurchase of shares through the Normal Course Issuer Bid during H1 2019.

Itafos Conda Highlights

Itafos Conda continued its strong operational performance with overall production volumes up year-over-year. In addition, Itafos Conda sustained environmental, health and safety excellence with no reportable injuries or chemical releases. Unusually cold and wet weather conditions across key growing regions affected short-term fertilizer buying patterns in the US and caused many growers to defer fertilizer purchases. These developments have increased the fertilizer industry's inventories to near historic highs, putting significant downward pressure on realized phosphate fertilizer prices in the short-term. SPA production and sales were constrained due to finished product rail car and sulfuric acid availability, which were impacted by weather and logistical challenges and correspondingly resulted in a shift to incremental MAP production. Margins were compressed year-over-year primarily due to higher input costs, most notably purchased sulfuric acid, ore and natural gas. The higher inputs costs were related to sulfuric acid contract repricing in 2019, higher ore feed costs driven by increased mining costs and a spike in natural gas price driven by a supply disruption due to an off-site pipeline explosion in late 2018. In addition, Itafos Conda completed a partial planned plant turnaround during H1 2019 and a full planned plant turnaround during H1 2018.

For the three months and six months ended June 30, 2019 and 2018, Itafos Conda's business highlights were as follows:

<i>(unaudited in thousands of US Dollars except for volumes and prices)</i>	<i>For the three months ended June 30,</i>		<i>For the six months ended June 30,</i>	
	2019	2018	2019	2018
Production volumes (t)				
MAP	92,248	80,814	191,003	173,684
SPA	36,998	34,335	72,531	67,550
MGA	581	—	611	—
APP	21,107	11,938	26,534	11,938
Sales volumes (t)				
MAP	121,886	75,690	198,763	161,864
SPA	34,195	32,342	67,639	58,497
MGA	1,231	—	1,261	—
APP	18,900	11,938	21,348	11,938
Realized price (\$/t)				
MAP	\$ 402	\$ 427	\$ 415	\$ 415
SPA	\$ 997	\$ 918	\$ 1,001	\$ 904
MGA	\$ 555	\$ —	\$ 565	\$ —
APP	\$ 472	\$ 432	\$ 472	\$ 432
Revenues (\$)				
MAP	\$ 48,067	\$ 32,333	\$ 82,553	\$ 67,242
SPA, net	\$ 34,082	\$ 29,696	\$ 67,715	\$ 52,903
MGA, net	\$ 683	\$ —	\$ 712	\$ —
APP, net	\$ 8,925	\$ 5,158	\$ 10,082	\$ 5,158
Adjusted EBITDA	\$ 10,369	\$ 16,889	\$ 21,825	\$ 30,263

For the three and six months ended June 30, 2019 and 2018, Itafos Conda's business highlights were explained as follows:

- MAP production volumes were up year-over-year primarily due to a shift to incremental MAP production as a result of SPA production constraints during H1 2019 and shortened Q1 2018 related to acquisition timing;
- MAP sales volumes were up year-over-year despite delayed spring demand as a result of poor weather conditions during H1 2019 primarily due to the long-term MAP offtake agreement;
- MAP realized prices were down year-over-year primarily due to pressure on DAP NOLA pricing as a result of challenging global market conditions in H1 2019 as pricing under the long-term MAP offtake agreement is linked to DAP NOLA;
- SPA production volumes were up year-over-year but below expectations primarily due to SPA production constraints during H1 2019 and shortened Q1 2018 related to acquisition timing;
- SPA sales volumes were up year-over-year primarily due to greater demand during Q1 2019 and shortened Q1 2018 related to acquisition timing;
- SPA realized prices were up year-over-year primarily due to favorable SPA market conditions relative to dry fertilizers during H1 2019;
- revenues were up year-over-year primarily due to higher year-over-year MAP and SPA sales volumes during H1 2019, which were partially offset by lower year-over-year MAP sales pricing during Q1 2019; and

- Adjusted EBITDA was down year-over-year primarily due to SPA production constraints, challenging global market conditions as well as higher ore, natural gas and sulfuric acid input costs during H1 2019.

Itafos Arraias Highlights

The Company is focusing on implementing the Repurpose Plan at Itafos Arraias to optimize its finished fertilizer production with a multi-product portfolio of higher grade SSP, micronutrient SSP and value-added premium PK compound products. The Repurpose Plan is expected to significantly enhance Itafos Arraias' competitive positioning and profitability while reducing its operational and environmental risk profile. To enable the Repurpose Plan, the Company intends to procure higher grade phosphate rock from third parties and, once operational, from Itafos Farim. During Q2 2019, Itafos Arraias entered into a multi-year contract to purchase higher grade phosphate rock from the OCP Group, with the first delivery of rock expected during Q3 2019. In addition, Itafos Arraias purchased, received and processed higher grade phosphate rock from other third parties during Q2 2019.

In addition, the Company has advanced other aspects of the Repurpose Plan, including activities related to third party phosphate rock logistics, site preparation and product portfolio transition. Third party phosphate rock delivery is in progress, new equipment is being commissioned and approvals have been received to sell the new products. Also in connection with advancing implementation of the Repurpose Plan, the Company idled Itafos Arraias' existing mines, tailings dam and the beneficiation plant. Notwithstanding, Itafos Arraias will maintain all licenses and permits in good standing and comply with existing regulations.

Itafos Arraias' production and sales volumes increased quarter-over-quarter as a result of the implementation of the Repurpose Plan. Brazilian buyers continued to curtail purchases of locally produced phosphate fertilizer volume in favor of imported product, taking advantage of US oversupply. Despite lower MAP CFR Brazil prices, Itafos Arraias' realized prices of SSP and SSP+ remained strong, largely driven by the shift in selling of higher grade SSP during Q2 2019 and a strong premium for sulfur-based products. For the three and six months ended June 30, 2018, Itafos Arraias had not yet achieved commercial production.

For the three and six months ended June 30, 2019 and 2018, Itafos Arraias' business highlights were as follows:

<i>(unaudited in thousands of US Dollars except for volumes and prices)</i>	<i>For the three months ended June 30,</i>		<i>For the six months ended June 30,</i>	
	2019	2018	2019	2018
Production volumes (t)				
SSP	19,948	—	26,511	—
SSP+	32,055	—	40,646	—
Excess sulfuric acid	10,600	—	19,394	—
Sales volumes (t)				
SSP	14,917	—	22,050	—
SSP+	27,310	—	33,213	—
Excess sulfuric acid	10,600	—	19,394	—
Realized price (\$/t)				
SSP	\$ 220	\$ —	\$ 202	\$ —
SSP+	\$ 250	\$ —	\$ 246	\$ —
Excess sulfuric acid	\$ 113	\$ —	\$ 131	\$ —
Revenues (\$)				
SSP, net	\$ 3,290	\$ —	\$ 4,464	\$ —
SSP+, net	\$ 6,825	\$ —	\$ 8,176	\$ —
Excess sulfuric acid, net	\$ 1,200	\$ —	\$ 2,548	\$ —
Adjusted EBITDA	\$ (7,102)	\$ (2,098)	\$ (14,738)	\$ (4,069)

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

- SSP and SSP+ production and sales volumes were lower than expected primarily due to implementation of the Efficiency Improvement Plan and subsequent implementation of the Repurpose Plan during H1 2019;
- SSP and SSP+ realized prices remained strong primarily due to the shift in selling higher grade SSP during Q2 2019 and strong premium for sulfur-based products, despite challenging global market conditions that impacted pricing for phosphate products during H1 2019;
- excess sulfuric acid production and sales volumes were limited by Itafos Arraias' sulfuric acid plant turnaround, which was successfully completed during Q1 2019 and an oversupplied market during H1 2019 limited spot sales opportunities; and
- excess sulfuric acid realized prices were slightly lower than expected due to an oversupplied market during H1 2019.

For the three and six months ended June 30, 2019 and 2018, Itafos Arraias' business highlights were as follows:

- revenues were up year-over-year due to recognition of revenue during H1 2019 whereas during H1 2018 Itafos Arraias had not yet achieved commercial production; and
- Adjusted EBITDA was down year-over-year primarily due to recognition of cost of goods sold during H1 2019 whereas during H1 2018 Itafos Arraias had not yet achieved commercial production.

Outlook

The Company is executing its strategy by focusing on:

- extending Itafos Conda's current mine life through advancing permitting of Itafos Paris Hills and Itafos Husky 1/North Dry Ridge and other alternatives;
- optimizing Itafos Conda's EBITDA generation potential;
- implementing the Repurpose Plan to optimize Itafos Arraias' finished fertilizer production with a multi-product portfolio of higher grade SSP, micronutrient SSP and value-added premium PK compound products; and
- finalizing permitting, negotiating offtake agreements, finalizing works contractors and procurement packages and securing project financing for Itafos Farim; and
- maintaining the integrity of the concessions and evaluating strategic alternatives for Itafos Santana, Itafos Mantaro and Itafos Araxá.

Additional details are available under the Company's profile at www.sedar.com and on the Company's website, www.itafos.com.

About Itafos

Itafos 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. 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 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 and 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 excess sulfuric acid located in Tocantins, Brazil. Itafos owns and is developing Itafos Paris Hills, a high-grade phosphate mine project located in Idaho, US, Itafos Farim, a high-grade phosphate mine project located in Farim, Guinea-Bissau, 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 press releases, please visit the Company's website, www.itafos.com.

Non-IFRS Financial Measures

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

The Company defines:

- “EBITDA” as earnings before interest, taxes, depreciation, depletion and amortization;
- “Adjusted EBITDA” as EBITDA adjusted for non-cash, extraordinary, non-recurring and other items unrelated to the Company’s core operating activities;
- “Total capex” as additions to property, plant and equipment and mineral properties adjusted for additions to asset retirement obligations, additions to right of use assets and capitalized interest;
- “Maintenance capex” as that portion of total capex relating to maintenance of ongoing operations of the Company;
- “Growth capex” as that portion of total capex relating to development of growth opportunities of the Company;
- “Net debt” as debt and debentures less cash and cash equivalents and short-term investments;
- “Realized price” as revenues, net divided by sales volumes.

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. 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 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.

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