

ITAFOS REPORTS Q1 2020 FINANCIAL RESULTS AND OPERATIONAL HIGHLIGHTS

TORONTO, ON – May 28, 2020 – Itafos (TSX-V: IFOS) (the “**Company**”) reported today its Q1 2020 financial results and operational highlights. The Company’s financial statements and management’s discussion and analysis for the three months ended March 31, 2020 are available under the Company’s profile at www.sedar.com and on the Company’s website at www.itafos.com. All dollar values are in thousands of US Dollars except as otherwise noted.

Overall Highlights

For the three months ended March 31, 2020, the Company’s financial highlights were as follows:

- generated adjusted EBITDA of \$(186), representing a 109% decrease year-over-year primarily due to significant and continued downward pressure on diammonium phosphate (“**DAP**”) New Orleans (“**NOLA**”) prices to which MAP sales prices are linked;
- incurred net loss of \$18,289, representing a 37% increase year-over-year primarily due to significant and continued downward pressure on DAP NOLA prices to which MAP sales prices are linked, higher depreciation and depletion at Itafos Conda and higher foreign exchange loss due to depreciation of the Brazilian Real against the US Dollar;
- issued 5,000,000 shares to lenders of the secured term credit facility (the “**Facility**”) in exchange for, among other things, eliminating additional interest of 1% per annum payable in cash for each quarter that the Company’s consolidated secured leverage ratio is equal to or greater than 4.00:1.00 at the end of such quarter;
- drew an additional \$585 under the initial tranche of the secured working capital facility (the “**Revolving Facility**”) at Itafos Conda with an additional tranche of \$10,000 remaining available to be committed and drawn by Itafos Conda subject to agreement on certain terms and conditions; and
- advanced aggressive corporate-wide cost savings and deferral of spending initiatives.

For the three months ended March 31, 2020, the Company’s business highlights were as follows:

- continued strong operational performance at Itafos Conda with overall production volumes of 138,896t, representing largely consistent performance year-over-year;
- generated adjusted EBITDA of \$8,295 at Itafos Conda, representing a 28% decrease year-over-year primarily due to significant and continued downward pressure on DAP NOLA prices to which MAP sales prices are linked;
- incurred net income of \$955 at Itafos Conda, representing a 82% decrease year-over-year primarily due to higher depreciation and depletion and significant and continued downward pressure on DAP NOLA prices to which MAP sales prices are linked;
- demonstrated sustained environmental, health and safety excellence at Itafos Conda and Itafos Arraias including no reportable injuries or environmental releases;
- implemented corporate-wide risk mitigation measures to address potential impacts to employees, contractors and operations as a result of the novel strain of coronavirus (“**COVID-19**”) resulting in no confirmed cases recorded amongst employees and contractors and no material impact to operations;
- advanced activities related to extending Itafos Conda’s mine life through permitting and development activities at Husky 1/North Dry Ridge (“**H1/NDR**”), including securing support for the project by the Idaho legislature via House Joint Memorial #11 as well as additional letters of support from local and state officials;
- advanced activities related to optimizing Itafos Conda’s EBITDA generation potential, including completing the micronutrient addition to granulation project and advancing the zinc micronutrient product development, by-product recovery anhydrous hydrogen fluoride and precipitated silica (“**AHF/PS**”) initiatives and on-site ammonia production project;

- safely completed the idling of Itafos Arraias following best practices including completion of associated employee and contractor terminations and monetization of remaining inventory and raw materials to partially offset costs associated with the idling;
- completed third party reviews of the restart requirements associated with Itafos Arraias' mine and beneficiation plant and secured important long-term tax incentives for Itafos Arraias; and
- advanced the development of Itafos Farim including updating the in-pit geotechnical report, selecting the preferred mining contractor and completing third party reviews of the mine dewatering design and flood study.

For the three months ended March 31, 2020, the Company's other highlights were as follows:

- announced the appointment of Dr. Mhamed Ibnabdeljalil as Chief Executive Officer;
- announced the appointment of Anthony Cina as Chairman of the Company's Board of Directors;
- announced the appointment of Rory O'Neill and Ricardo De Armas to the Company's Board of Directors, as designated by CLF;
- issued 1,900,412 shares (net of 400,182 shares withheld to pay applicable taxes) due to vesting under the Company's restricted share unit plan (the "**RSU Plan**");
- cash settled 100,928 RSUs for \$39 due to vesting under the Company's RSU Plan; and
- granted 5,009,348 RSUs under the Company's RSU Plan, including 621,279 RSUs granted to directors, 2,081,980 RSUs granted to management and 2,306,089 RSUs granted to employees and contractors.

Subsequent to the three months ended March 31, 2020, the Company issued 11,347 shares (net of 3,653 shares withheld to pay applicable taxes) due to vesting under its RSU Plan.

Financial Highlights

For the three months ended March 31, 2020 and 2019, 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 March 31,</i>	
	2020	2019
Revenues	\$ 75,361	\$ 73,178
Operating loss	(12,243)	(6,010)
Net loss	(18,289)	(13,331)
Adjusted EBITDA	(186)	2,146
Maintenance capex	\$ 1,919	\$ 5,186
Growth capex	1,406	3,016
Basic loss per share	\$ (0.10)	\$ (0.09)
Fully diluted loss per share	\$ (0.10)	\$ (0.09)

For the three months ended March 31, 2020 and 2019, the Company's financial highlights were explained as follows:

- revenues were up year-over-year primarily due to higher sales volumes at Itafos Conda, which was partially offset by significant and continued downward pressure on DAP NOLA prices to which MAP sales prices are linked;
- net loss was up year-over-year primarily due to significant and continued downward pressure on DAP NOLA prices to which MAP sales prices are linked, higher depreciation and depletion at Itafos Conda and higher foreign exchange loss due to depreciation of the Brazilian Real against the US Dollar;
- adjusted EBITDA was down year-over-year primarily due to significant and continued downward pressure on DAP NOLA prices to which MAP sales prices are linked;
- maintenance capex was down year-over-year primarily due to the idling of Itafos Arraias; and
- growth capex was down year-over-year primarily due to reduced spend at Itafos Farim.

As at March 31, 2020 and 2019, the Company's financial highlights were as follows:

<i>(unaudited in thousands of US Dollars)</i>	March 31, 2020	December 31, 2019
Total assets	\$ 461,499	\$ 510,764
Total liabilities	335,061	368,505
Net debt	199,264	182,201
Adjusted net debt	152,130	136,900
Total equity	126,438	142,259

As at March 31, 2020 and December 31, 2019, the Company's financial highlights were explained as follows:

- total assets were down period-over-period primarily due to lower inventory at Itafos Conda and Itafos Arraias and higher depreciation and depletion at Itafos Conda, which was partially offset by fixed assets additions primarily at Itafos Conda;
- total liabilities were down period-over-period primarily due to lower trade and taxes payable at Itafos Conda;
- net debt and adjusted net debt were up period-over-period primarily due to lower cash and cash equivalents and paid-in-kind interest at corporate related to the Facility; and
- total equity was down period-over-period primarily due to higher net loss.

Itafos Conda Highlights

During Q1 2020, Itafos Conda continued its strong track record of environmental, health, and safety excellence with no reportable injuries and no environmental releases. Itafos Conda demonstrated robust performance by achieving a year-over-year increase in SPA production due to higher throughput from improved production efficiencies and higher railcar availability. The increase in SPA production resulted in lower MAP production year-over-year, which was largely offset by a second successful production run of Itafos Conda's new semi-specialty product, MAP+, resulting in largely consistent granular production year-over-year.

Itafos Conda's margins declined year-over-year primarily due to lower realized prices and higher depreciation and depletion. Overall fertilizer market prices remained depressed during Q1 2020, particularly granular products, after a sharp decline following Q1 2019 due to elevated inventories and delayed purchases resulting from unusually wet weather conditions in North America. The impact of lower prices during Q1 2020 was partially offset by lower input costs as ammonia and sulfur costs declined year-over-year and Q1 2019 included a spike in natural gas costs as a result of a supply disruption.

During Q1 2020, Itafos Conda advanced activities related to extending Itafos Conda's mine life through permitting and development activities at H1/NDR, including securing support for the project by the Idaho legislature via House Joint Memorial #11 as well as additional letters of support from local and state officials.

Also during Q1 2020, Itafos Conda advanced activities related to optimizing Itafos Conda's EBITDA generation potential, including completing the micronutrient addition to granulation project and advancing the zinc micronutrient product development, by-product recovery (AHF/PS) initiatives and on-site ammonia production project.

The Company is closely monitoring potential risks to Itafos Conda's employees, contractors and operations as a result of COVID-19. Itafos Conda has been deemed an essential business as part of the fertilizer and agriculture sector and therefore has not been forced to shut down operations on account of COVID-19. The Company is not currently projecting any material impact on Itafos Conda's operations as a result of COVID-19.

In response to COVID-19, the Company has implemented risk mitigation measures at Itafos Conda to address potential impacts to its employees, contractors and operations as follows:

- adopted temporary travel restrictions;
- established a daily COVID-19 emergency operations center to track and respond in real-time to regional and local developments;
- implemented measures to reduce on site presence and interaction of staff;
- increased cleaning and disinfecting measures;
- adopted new policies related to sick leave and isolation in case of symptoms;
- established ongoing dialogue with key business partners (customers, logistics providers, mining contractor, health insurance provider) to continually monitor situation;
- requalified supervisors and staff on applicable critical operations in the event of an outbreak;
- assessed business relief options.

Currently, there are no confirmed cases of COVID-19 amongst employees or contractors at Itafos Conda.

For the three months ended March 31, 2020 and 2019, 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 March 31,</i>	
	2020	2019
Production volumes (t)		
MAP	90,548	98,755
MAP+	5,275	—
SPA	40,265	35,533
MGA	583	30
APP	2,225	5,427
Total production volumes	138,896	139,745
Sales volumes (t)		
MAP	107,772	76,877
MAP+	2,653	—
SPA	39,231	33,444
MGA	513	30
APP	1,647	2,448
Total sales volumes	151,816	112,799
Realized price (\$/t)		
MAP	\$ 295	\$ 449
MAP+	\$ 364	\$ —
SPA	\$ 941	\$ 1,006
MGA	\$ 945	\$ 967
APP	\$ 451	\$ 473
Revenues (\$)		
MAP	\$ 31,832	\$ 34,486
MAP+	\$ 966	\$ —
SPA	\$ 36,906	\$ 33,633
MGA	\$ 485	\$ 29
APP	\$ 743	\$ 1,157
Total revenues	\$ 70,932	\$ 69,305
Revenues per tonne P ₂ O ₅	\$ 728	\$ 933
Cash costs per tonne P ₂ O ₅	\$ 632	\$ 760
Adjusted EBITDA	\$ 8,295	\$ 11,456
Maintenance capex	\$ 1,919	\$ 2,573
Growth capex	\$ 1,924	\$ 488

For the three months ended March 31, 2020 and 2019, Itafos Conda's business highlights were explained as follows:

- MAP production volumes were down year-over-year primarily due to higher SPA and MAP+ production;
- MAP sales volumes were up year-over-year primarily due to higher product lifting resulting in lower MAP inventory levels at the end of Q1 2020;
- MAP realized prices were down year-over-year primarily due to significant and continued downward pressure on DAP NOLA prices to which MAP sales prices are linked;
- MAP+ production volumes were up year-over-year primarily due production runs during Q1 2020 whereas the product had not yet been introduced during Q1 2019;
- SPA production volumes were up year-over-year primarily due to higher throughput from improved production efficiencies;
- SPA sales volumes were up year-over-year primarily due to higher production and improved railcar availability;
- SPA realized prices were down year-over-year primarily due to market pricing as a result of overall fertilizer market conditions;
- revenues per tonne P₂O₅ were down year-over-year despite higher sales volumes primarily due to significant and continued downward pressure on DAP NOLA prices to which MAP sales prices are linked;
- cash costs per tonne P₂O₅ were down year-over-year primarily due to reduced input costs from improved mining rates and lower raw material costs;
- maintenance capex was down year-over-year primarily due to replacement of mining equipment during Q1 2019; and
- growth capex was up year-over-year primarily due increased activities related to extending Itafos Conda's mine life through permitting and development activities at H1/NDR and completion of the micronutrient addition to granulation project.

Itafos Arraias Highlights

On November 21, 2019, the Company announced its decision to idle Itafos Arraias and suspend the previously announced repurpose plan at Itafos Arraias as part of a disciplined approach to capital allocation considering the continued downward pressure on global fertilizer prices and the additional capital requirements to complete the Repurpose Plan. For the three months ended March 31, 2020, the Company safely completed the idling of Itafos Arraias following best practices to protect and preserve the value of the underlying assets. Following receipt of approval from the labor union, the Company completed the employee layoffs and contractor terminations at Itafos Arraias associated with the idling. Notwithstanding the idling of Itafos Arraias, the Company will continue to employ personnel that are necessary for the care and maintenance of the assets and will continue to maintain all licenses and permits in good standing and compliance with existing regulations. In addition, the Company successfully monetized inventory and raw materials at Itafos Arraias to partially offset costs associated with the idling.

In parallel with its decision to idle Itafos Arraias, the Company engaged the services of Golder Associates Inc. and Jesa Technologies LLC to conduct third party reports on Itafos Arraias' mine and beneficiation plant, respectively. The third party reports, which were completed in January 2020, confirm that restarting Itafos Arraias' mine and beneficiation plant is feasible and outline the respective timing and capex requirements.

In February 2020, Itafos Arraias secured important long-term tax incentives. As Itafos Arraias is domiciled in Brazil, the business is subject to a federal tax rate of 34%, composed of a federal corporate income tax of 25% and other taxes of 9%. The location of Itafos Arraias' assets makes it eligible to participate in a regional development program administered by the *Superintendência do Desenvolvimento da Amazônia* ("**SUDAM**"). Created in 1966 to promote development of the Amazon region in Brazil, SUDAM offers tax incentives that allow eligible companies to reduce the federal tax rate of 34% to 15.25% by means of a 75% discount to the federal corporate income tax of 25%. In February 2020, SUDAM accepted Itafos Arraias' application, granting Itafos Arraias the tax incentives for a period of ten years with an opportunity to extend thereafter.

The Company is closely monitoring potential risks to Itafos Arraias' employees, contractors and operations as a result of COVID-19. Itafos Arraias has been deemed an essential business as part of the fertilizer and agriculture sector and therefore has not been forced to shut down operations or care and maintenance activities on account of COVID-19. The Company is not currently projecting any material impact on Itafos Arraias' operations or care and maintenance activities as a result of COVID-19.

In response to COVID-19, the Company has implemented risk mitigation measures at Itafos Arraias to address potential impacts to its employees, contractors and operations and care and maintenance activities as follows:

- adopted temporary travel restrictions;
- temporarily closed the São Paulo office and implemented measures to facilitate employees working from home;
- cancelled all non-critical site visits and implemented measures to safely continue critical activities (e.g., tailings dam inspections);
- increased safety measures related to screening site visitors;
- increased cleaning and disinfecting measures; and
- adopted new policies related to sick leave and isolation in case of symptoms.

Currently, there are no confirmed cases of COVID-19 amongst employees or contractors at Itafos Arraias.

For the three months ended March 31, 2020 and 2019, 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 March 31,</i>	
	2020	2019
Production volumes (t)		
SSP	3,879	6,563
SSP+	1,113	8,591
PK compounds	—	—
Total production volumes	4,992	15,154
Excess sulfuric acid production volumes (t)	—	8,794
Sales volumes (t)		
SSP	25,429	7,133
SSP+	2,459	5,903
PK compounds	—	—
Total sales volumes	27,888	13,036
Excess sulfuric acid sales volumes (t)	5,213	8,794
Realized price (\$/t)		
SSP	\$ 138	\$ 165
SSP+	\$ 184	\$ 229
PK compounds	\$ —	\$ —
Excess sulfuric acid	\$ 90	\$ 153
Revenues (\$)		
SSP, net	\$ 3,508	\$ 1,174
SSP+, net	\$ 453	\$ 1,351
PK compounds	\$ —	\$ —
Total revenues	\$ 3,961	\$ 2,525
Excess sulfuric acid revenues (\$)	468	1,348
Revenues per tonne P ₂ O ₅	\$ 1,063	\$ 1,139
Cash costs per tonne P ₂ O ₅	\$ 2,157	\$ 4,339
Adjusted EBITDA	\$ (4,959)	\$ (6,417)
Maintenance capex	\$ —	\$ 2,602
Growth capex	\$ —	\$ 587

For the three months ended March 31, 2020, and 2019, Itafos Arraias' business highlights were as follows:

- SSP and SSP+ production volumes were down year-over-year primarily due to the idling of Itafos Arraias;
- SSP and SSP+ sales volumes were up year-over-year primarily due to an aggressive program to monetize the remaining finished goods and raw materials inventories to partially offset costs associated with the idling of Itafos Arraias;
- SSP and SSP+ realized prices were down year-over-year primarily due to significant and continued downward pressure on fertilizer prices;
- excess sulfuric acid production and sales volumes were down year-over-year primarily due to the idling of Itafos Arraias;
- excess sulfuric acid realized prices were down year-over-year primarily due to lower global sulfur prices and an oversupply of the local sulfuric acid market;
- revenues per tonne P₂O₅ were down year-over-year primarily due to significant and continued downward pressure on fertilizer prices;
- cash costs per tonne P₂O₅ were down year-over-year primarily due to the idling of Itafos Arraias; and
- maintenance capex and growth capex were down year-over-year primarily due to the idling of Itafos Arraias.

Financial Outlook

The Company is closely monitoring potential risks to its operations as a result of COVID-19, including factors that could impact production or demand for its products. Despite near-term uncertainties, the Company is not currently projecting any material impact on its operations or financial outlook as a result of COVID-19. In response to COVID-19, the Company has implemented working practices at its businesses and projects to address potential impacts to its employees, contractors and operations and will take further measures in the future, if required.

The Company reiterated its previously issued financial outlook for 2020 as follows:

<i>(in thousands of US Dollars)</i>		Low		High
Adjusted EBITDA	\$	10,000	\$	20,000
Maintenance capex		15,000		25,000
Growth capex		5,000		10,000
Adjusted net debt		170,000		180,000

The Company's financial outlook is explained as follows:

- adjusted EBITDA outlook considers latest third party outlook for pricing and key inputs at Itafos Conda, continuation of the idling of Itafos Arraias, development and exploration expenses and corporate costs;
- maintenance capex outlook considers planned plant maintenance at Itafos Conda;
- growth capex outlook considers unlevered capex related to Itafos Conda's mine life extension initiatives related to H1/NDR; and
- adjusted net debt considers the projected balance as at December 31, 2020 and does not include potential additional financing.

Business Outlook

The Company is executing its strategy by focusing on:

- extending Itafos Conda's current mine life through advancing permitting and development of H1/NDR;
- optimizing Itafos Conda's EBITDA generation potential;
- evaluating strategic alternatives for Itafos Arraias;
- securing project financing and evaluating strategic alternatives for Itafos Farim;
- maintaining the integrity of the concessions and evaluating strategic alternatives for Itafos Paris Hills, Itafos Santana, Itafos Mantaro and Itafos Araxá;
- advancing aggressive corporate-wide cost savings and deferral of spending initiatives; and
- advancing initiatives related to capital raising.

About Itafos

The Company is a pure play phosphate and specialty fertilizer platform with an attractive portfolio of strategic businesses and projects located in key fertilizer markets, including North America, South America and Africa.

The Company's businesses and projects are as follows:

- 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 ammonium polyphosphate (“**APP**”) located in Idaho, US;
- Itafos Arraias¹ – a vertically integrated phosphate mine and fertilizer business with production and sales capacity of approximately 500kt per year of single superphosphate (“**SSP**”), SSP with micronutrients (“**SSP+**”) 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 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 at www.itafos.com.

¹ Itafos Arraias previously produced and sold PK compounds as part of the repurpose plan, which was enabled by purchasing higher grade phosphate rock from third parties.

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;
- **"Adjusted net debt"** as net debt adjusted for deferred financing costs and related party debt and debentures;
- **"Realized price"** as revenues divided by sales volumes;
- **"Revenues per tonne P₂O₅"** as revenues divided by sales volumes presented on P₂O₅ basis;
- **"Cash costs"** as cost of goods sold less net realizable value adjustments, depreciation, depletion and amortization; and
- **"Cash cost per tonne P₂O₅"** as cash costs divided by sales volumes presented on P₂O₅ basis.

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 and on the Company’s website at www.itafos.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. The Company 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 NEWS RELEASE.

For further information, please contact:

Itafos Investor Relations
investor@itafos.com
www.itafos.com