

Itafos Announces Borrowing of Convertible Unsecured Subordinated Debt in the Amount of US\$15,000,000

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TORONTO, Sept. 11, 2019 - [Itafos](#) (TSX VENTURE: IFOS) (the "Company") announced today that it has borrowed US\$15,000,000 from CL Fertilizers Holding LLC ("CLF") in the form of convertible unsecured subordinated debt. The debt is evidenced by an unsecured and subordinated promissory note issued by the Company in favor of CLF in the principal amount of US\$15,000,000 (the "CLF Promissory Note").

The proposed CLF Promissory Note is subordinate to the Company's existing senior credit facility and subject to the terms of subordination incorporated thereunder. The CLF Promissory Note has an interest rate of 15% per year and is payable on demand no earlier than six months after the date on which the Company's existing senior credit facility is paid in full. The interest is added to and increases the outstanding principal balance of the CLF Promissory Note on a quarterly basis. The proceeds of the CLF Promissory Note are expected to be used to fund the general working capital and capital expenditure needs of the Company and its subsidiaries. The outstanding principal and interest under the CLF Promissory Note will automatically convert into shares of the Company in connection with any future equity issuances through which the Company raises US\$7,500,000 or more in cash (an "Equity Issuance").

Upon an Equity Issuance, the outstanding principal amount of the CLF Promissory Note will be converted into the number of shares of the Company at the conversion price equal to the greater of (a) the volume-weighted average price of each share received by the Company in connection with such Equity Issuance and (b) the market price of the shares of the Company as of the date of the CLF Promissory Note. Also upon an Equity Issuance, the accrued and unpaid interest owing on the CLF Promissory Note as of the date of such Equity Issuance will be converted into the number of shares of the Company at the conversion price equal to the greater of (a) the volume-weighted average price of each share received by the Company in connection with such Equity Issuance and (b) the market price of the shares of the Company as of the date of such Equity Issuance.

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 its shareholding being in excess of 10% of the Company's issued and outstanding share capital. Accordingly, the issuance by the Company to CLF of the CLF Promissory Note constitutes a "related party transaction" under MI 61-101. The issuance of the CLF Promissory Note by the Company to CLF 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).

The CLF Promissory Note, and any shares into which it may convert upon an Equity Issuance, are subject to resale restrictions in accordance with applicable law, including a four month hold period in accordance with TSX Venture Exchange policies.

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.

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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For further information, please contact:

[Itafos](#) Investor Relations
investor@[Itafos.com](#)
www.Itafos.com

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