



# Acquisition of Conda Phosphate Operations

## Transaction Overview

November 2017

# Cautionary statements and forward-looking information

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## FORWARD-LOOKING INFORMATION

This news release contains forward-looking information (“FLI”) regarding future events or the future performance of Itafos and Conda Phosphate Operations. Generally, FLI can be identified by expressions of belief, expectation or intention, and often contain words such as “anticipates”, “believes”, “expects”, “estimates”, “intends”, “plans”, “could”, “may”, “might”, “should”, “would” or variations of such words. FLI is based on various assumptions, including with respect to fertilizer market growth, reserves and resources, mine life, production, operating costs, product sales and pricing, capital expenditures, financing sources and use of funds, operations and financial performance and business prospects and opportunities, including with respect to the acquisition of Conda Phosphate Operations. While Itafos considers these assumptions to be reasonable based on information currently available, such assumptions may prove to be incorrect as FLI is subject to various risks and uncertainties that could cause actual events or results to differ materially from those projected. These risks and uncertainties include, but are not limited to: variations from Itafos’ assumptions regarding the matters mentioned above; changes in the agriculture, fertilizer, commodity, raw material, energy, transportation and financial market conditions and prices; fluctuations in currency exchange rates; changes in government policy and in environmental and other governmental regulation; inability to obtain necessary permits and licenses; timing and outcome of current and pending government and third party claims or lawsuits; ability to attract and retain skilled employees with relevant industry expertise; imprecision in mineral reserves and resources estimates; certainty of supply of raw materials; intermittency of operations and production; increases in production costs; ability to sell product; credit risk of offtake counterparties; ability to effectively finance, close and integrate any future developments and/or acquisitions including with respect to Conda Phosphate Operations; catastrophic events such as fires, floods, explosions, release of hazardous chemicals and seismic events; insurance and uninsured risks, as well as other risks and uncertainties reported by Itafos from time to time in its Management’s Discussion and Analysis filed with the securities regulatory authorities in Canada and available at [www.sedar.com](http://www.sedar.com). FLI should not be read as a guarantee of future events or results. You are cautioned not to put undue reliance on FLI. Itafos does not undertake any obligation to publicly update or revise any FLI except as required by applicable securities laws.

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## NON-IFRS MEASURES

There are a number of non-IFRS measures used in this presentation, including EBITDA (calculated to be earnings before interest, income taxes, provincial mining and other taxes, depreciation, amortization and other non-cash expenses). Itafos’ calculation of non-IFRS measures may not be comparable to other companies.

## MINERAL RESOURCES

This presentation uses mineral reserve and resource classification terms that comply with reporting standards set forth in Canadian National Instrument (“NI”) 43-101 for all public disclosure of scientific and technical information concerning mineral projects by Canadian registered issuers. NI 43-101 standards differ significantly from standards set forth by the United States Securities and Exchange Commission (“SEC”). Therefore, information regarding mineralization presented herein may not be directly comparable to similar information disclosed by companies in accordance with SEC standards. For instance, mineral reserve estimates contained in this presentation may not qualify as “reserves” under SEC standards. You are cautioned not to assume that any part or all of the mineral resources identified as “Mineral Resource,” “Measured Mineral Resources,” “Indicated Mineral Resources” and “Inferred Mineral Resources” in this presentation will ever be converted into mineral reserves as defined in NI 43-101, be upgraded to a higher category, or be economically or legally mineable.

## QUALIFIED PERSON

Carlos Guzman, a Qualified Person under NI 43-101, has reviewed the technical content of Itafos-Arraias. Please refer to the technical report entitled “Updated Technical Report Itafos-Arraias SSP Project, Tocantins State, Brazil” dated March 27, 2013 and other technical reports of Itafos and its affiliates available at [www.sedar.com](http://www.sedar.com).

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# Executive Summary



# Acquisition of Agrium's Conda Phosphate Operations, a North American vertically integrated fertilizer business

## Key highlights

- On November 7, 2017 Itafos announced that it signed, and on January 12, 2018 Itafos announced that it closed, a definitive arm's length asset purchase agreement with Agrium Inc. ("Agrium") to acquire Agrium's Conda Phosphate Operations ("CPO"), a North American vertically integrated phosphate fertilizer business
- CPO, located in Conda, Idaho, produces approximately 550kt per year of mono-ammonium phosphate ("MAP"), super phosphoric acid ("SPA"), ammoniated polyphosphate ("APP") and merchant grade phosphoric acid ("MGA") serving the North American fertilizer market
- Transaction includes (i) environmental protocol agreements, (ii) long-term strategic ammonia supply and MAP off-take agreements and (iii) other services agreements including a long-term SPA tolling services agreement, a phosphate ore supply agreement and a transition services agreement as described in the following slide
- Transaction expected to be funded through a combination of an equity rights issuance launched on November 21, 2017 backstopped by Castlake, Itafos' largest shareholder, and modest levels of debt while maintaining conservative credit metrics and capital structure targets
- Formal integration plan and business plan in place and designed to implement a successful closing of the transaction and a disciplined transition of ownership to ensure CPO continues to operate safely, responsibly, reliably and efficiently as a long-term and competitive fertilizer market participant
- Transaction closing was subject to customary closing conditions, including (i) approval of the U.S. Federal Trade Commission, (ii) approval of the TSX Venture Exchange ("TSXV") and (iii) approvals to transfer contracts, permits and other acquired assets

**Acquisition of CPO is a unique investment opportunity consistent with Itafos' corporate strategy and is immediately transformational**

# Robust transaction and commercial structure with a “your watch, our watch” construct for allocation of liabilities

## Asset Purchase Agreement

- Itafos acquiring from Agrium all the assets required to operate CPO for a purchase price of US\$66,500,000, subject to an inventory adjustment at closing
- Transaction includes real property, equipment, inventory, permits, mining rights, contracts, customer and supplier lists, etc.
- Transaction excludes cash, accounts receivable, accounts payable, certain past liabilities and a “your watch, our watch” construct for environmental liabilities which will be allocated as described in the Protocol Agreements below

## Protocol Agreements

- Defines the “your watch, our watch” construct for environmental liabilities and establishes responsibilities and how the parties will cooperate with each other on these matters
- Environmental Remediation: Environmental compliance activities and gypsum stack closure - *Agrium responsible and in the case of gypsum stack closure parties will share costs based on proportionate contribution of gypsum to gypsum stack*
- Lanes Creek: Mine abandonment and reclamation - *Itafos responsible and parties will share costs based on proportionate amount of phosphate ore mined from Lanes Creek*

## Other Agreements

- Ammonia Supply Agreement: Agrium will sell 100% of ammonia required at CPO at a market reference price (DAP NOLA) times a multiplier
- MAP Offtake Agreement: Agrium will buy 100% of MAP produced at CPO at a market reference price (DAP NOLA) plus a premium
- Phosphate Ore Supply Agreement: Agrium will sell remaining phosphate ore from the North Rasmussen mine, if any, to CPO at cost
- Tolling Agreement: Agrium will convert SPA to APP for CPO in Canada at a market price
- Transition Services Agreement: Agrium will provide transition services to CPO at cost

# Acquisition of CPO is an unique investment opportunity consistent with Itafos' corporate strategy...

**Improving mid to long-term phosphate fundamentals with opportunity to enter market at a low point in the cycle**

- Phosphate is a critical agricultural nutrient, well positioned to benefit from agriculture and food megatrends
- Phosphate supply/demand balance expected to stabilize in the mid-term driven by solid global phosphate fundamentals and positive demand outlook
- Attractive entry into North American fertilizer market at low point in the cycle with phosphate fertilizer prices expected to gradually increase over the mid-term as demand outgrows recent supply capacity additions

**Experienced management team and employees with relentless focus on safety, reliability, cost control and optimization**

- All existing employees of CPO will be retained with only a small number of additional employees being recruited to replace functions currently carried out by Agrium
- Highly experienced management team with successful safety and operating track record consistently delivering safe, responsible, reliable and efficient production performance
- Key members of CPO team have been in place for over 15 years and are intimately familiar with CPO and all aspects of its operations

**Vertically integrated North American phosphate fertilizer business with consolidated operations and infrastructure**

- Vertically integrated producing asset base benefiting from consolidated operations and infrastructure and security of key raw material inputs
- Phosphate ore mining will be conducted by a 3<sup>rd</sup> party operator on a cost plus basis
- Sulfuric acid will be produced at CPO (~40%) and purchased from 3<sup>rd</sup> parties (~60%), together with sulfur, at a price tied to sulfur and sulfuric acid price benchmarks
- Ammonia will be purchased from Agrium at a price tied to phosphate price benchmark

## .... and is immediately transformational

### Strategically located assets in attractive domestic markets for MAP, SPA and APP

- Sales plan focused on selling MAP, SPA and APP to crop retailers who re-sell to end users
- Logistics advantage with strategically located assets to target key end markets vs. other phosphate fertilizer production (imports or domestic)
- MAP will be sold to Agrium at a price tied to phosphate price benchmark delivered at CPO
- SPA and APP are high value products and will be sold to crop retailers who formulate their own liquid blends delivered at crop retailers respective locations

### Low cost supply of phosphate ore with potential to integrate Itafos-Paris Hills to extend CPO useful life

- CPO has an expected mine life through 2023, however, multiple options in place to extend mine life and resulting CPO useful life at comparable cost
- Develop Husky 1 and North Dry Ridge mines, located in close proximity to existing mines
- Integrate with Itafos-Paris Hills, located approximately 35 miles from CPO and owned 100% by Itafos
- Increase purchase of 3<sup>rd</sup> party phosphate ore from other local sources

### Compelling economic and risk profile with transformational impact to Itafos

- Adds immediate operational and financial scale while diversifying geographic mix (i.e., North America), fertilizer product mix (i.e., MAP, SPA, APP and MGA) and single-business operations risk (i.e., multiple operating businesses)
- Accretive across per share financial metrics with significant increases to estimated run-rate product volumes (~120%), revenues (~340%) and EBITDA (~215%)
- Enhances management depth and platform flexibility which further supports strategic objectives including implementation of organic and new growth opportunities

# Building a leading publicly traded and vertically integrated “pure-play” phosphate fertilizer business

## Key highlights



Operating

Near-term Pipeline

Mid-term Pipeline

	100%	100%	100%	100%	100%	100%	100%
	<b>Itafos-CPO Operations</b>	<b>Itafos-Arraias Operations</b>	<b>Itafos-Paris Hills Project</b>	<b>GBL-Farim Project</b>	<b>Itafos-Santana Project</b>	<b>Itafos-Araxá Project</b>	<b>Itafos-Mantaro Project</b>
				31.3%  TSXV GBL 			
	<i>Operational integrated phosphate rock mine and MAP, SPA and APP fertilizer business located in Idaho</i>	Operational integrated phosphate rock mine and SSP fertilizer business located in Brazil	High grade phosphate rock mine project located in Idaho (approximately 35 miles from CPO)	High grade phosphate rock mine project located in Guinea Bissau	High grade integrated phosphate rock mine and SSP production project located in Brazil	Unique rare earth oxide mine project located in Brazil	Large phosphate rock mine project located in Brazil near key infrastructure
<i>Under Review</i>		91.7Mt of resources <sup>1</sup> at 4.8% P <sub>2</sub> O <sub>5</sub>	104.1Mt of resources <sup>1</sup> at 25.5% P <sub>2</sub> O <sub>5</sub>	143.2Mt of resources <sup>1</sup> at 28.2% P <sub>2</sub> O <sub>5</sub>	87.0Mt of resources <sup>1</sup> at 10.0% P <sub>2</sub> O <sub>5</sub>	28.3Mt of resources <sup>1</sup> at 8.0% P <sub>2</sub> O <sub>5</sub>	415.8Mt of resources <sup>1</sup> at 9.1% P <sub>2</sub> O <sub>5</sub>
<i>550kt per year of MAP, SPA, APP</i>		500kt per year of SSP	1.0Mt per year of phosphate rock	1.3Mt per year of phosphate rock	500kt per year of SSP	Pending feasibility	Pending feasibility
<i>Under Review</i>		19 year mine life	19 year mine life	19 year mine life	25 year mine life	32 year mine life	Pending feasibility

Owner and operator of attractive long-term and strategic phosphate businesses located in key fertilizer markets

Source: Itafos Estimates



<sup>1</sup> Resources inclusive of reserves, measured and indicated resources and inferred resources; Itafos-Paris Hills resources include lower zone and upper zone resources; See [www.sedar.com](http://www.sedar.com) and November 2017 Corporate Presentation for additional information

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## Appendix: Conda Phosphate Operations



# Conda Phosphate Operations Overview

## Key highlights

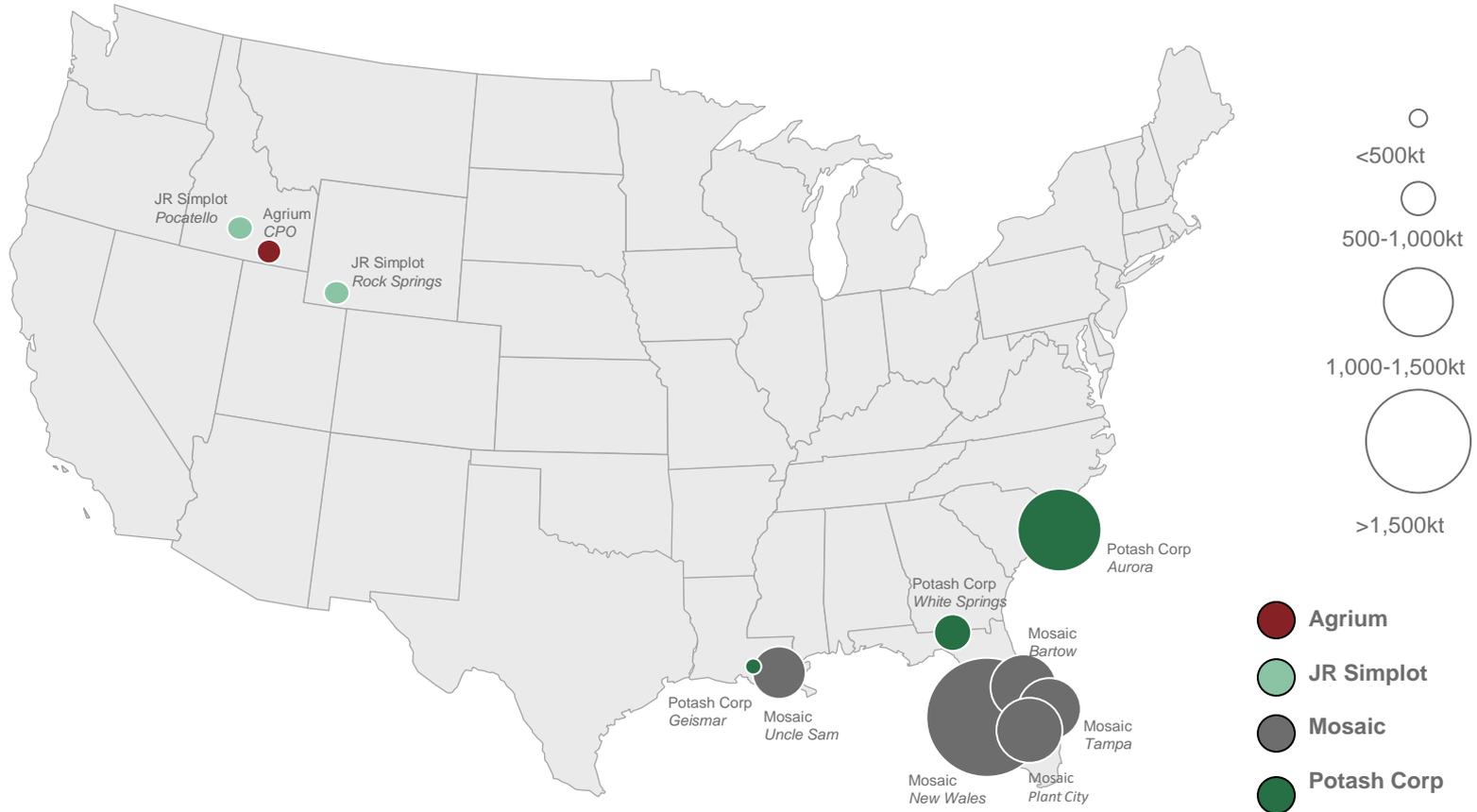
- Vertically integrated phosphate fertilizer business located in Conda, Idaho, north of the community of Soda Springs, Idaho, approximately 50 miles southeast of Pocatello, Idaho
- Produces approximately 550kt per year of MAP, SPA, APP and MGA serving the North American fertilizer market
- Owns phosphate ore mines located approximately 15 miles north of CPO with a combined reserve life through 2023 and ability to extend mine life and resulting CPO useful life through various alternatives
- Phosphate ore will be conventionally open pit mined by a 3<sup>rd</sup> party operator on a cost plus basis and transported by truck and rail to CPO site
- Sulfuric acid will be produced at CPO (~40%) and purchased from 3<sup>rd</sup> parties (~60%), together with sulfur, on a price tied to sulfur and sulfuric acid price benchmarks
- Ammonia will be purchased from Agrium on a price tied to phosphate price benchmark
- Total of 275 employees and over 250 contractors (mostly from 3<sup>rd</sup> party mining operator)

Product	Gross production	Net saleable product	Key highlights
Phosphoric Acid	350kt	0	<ul style="list-style-type: none"> <li>▪ Intermediary product</li> </ul>
MAP	340kt	340kt	<ul style="list-style-type: none"> <li>▪ Produced by reacting ammonia with phosphoric acid</li> <li>▪ Solid granule fertilizer used on crops such as wheat and barley</li> </ul>
SPA	162kt	140kt	<ul style="list-style-type: none"> <li>▪ Produced by concentrating phosphoric acid to a level of 68-72% phosphate</li> <li>▪ Liquid fertilizer used to make liquid ammonium phosphate fertilizer products (e.g., APP), known for easy and precise applications to crops such as corn, soybeans, wheat, cotton and specialty crops</li> <li>▪ Approximately 22kt transferred to make APP</li> </ul>
APP	65kt	65kt	<ul style="list-style-type: none"> <li>▪ Produced by reacting ammonia with SPA</li> <li>▪ Liquid fertilizer used for ammonium phosphate fertilizer products</li> </ul>
MGA	168kt	2kt	<ul style="list-style-type: none"> <li>▪ Produced by concentrating phosphoric acid to a level of 52% phosphate</li> <li>▪ Majority is upgraded to SPA with minimal quantities sold to market</li> <li>▪ Liquid fertilizer used for various crop and industrial applications</li> </ul>

Source: Itafos Estimates

# Conda Phosphate Operations Location

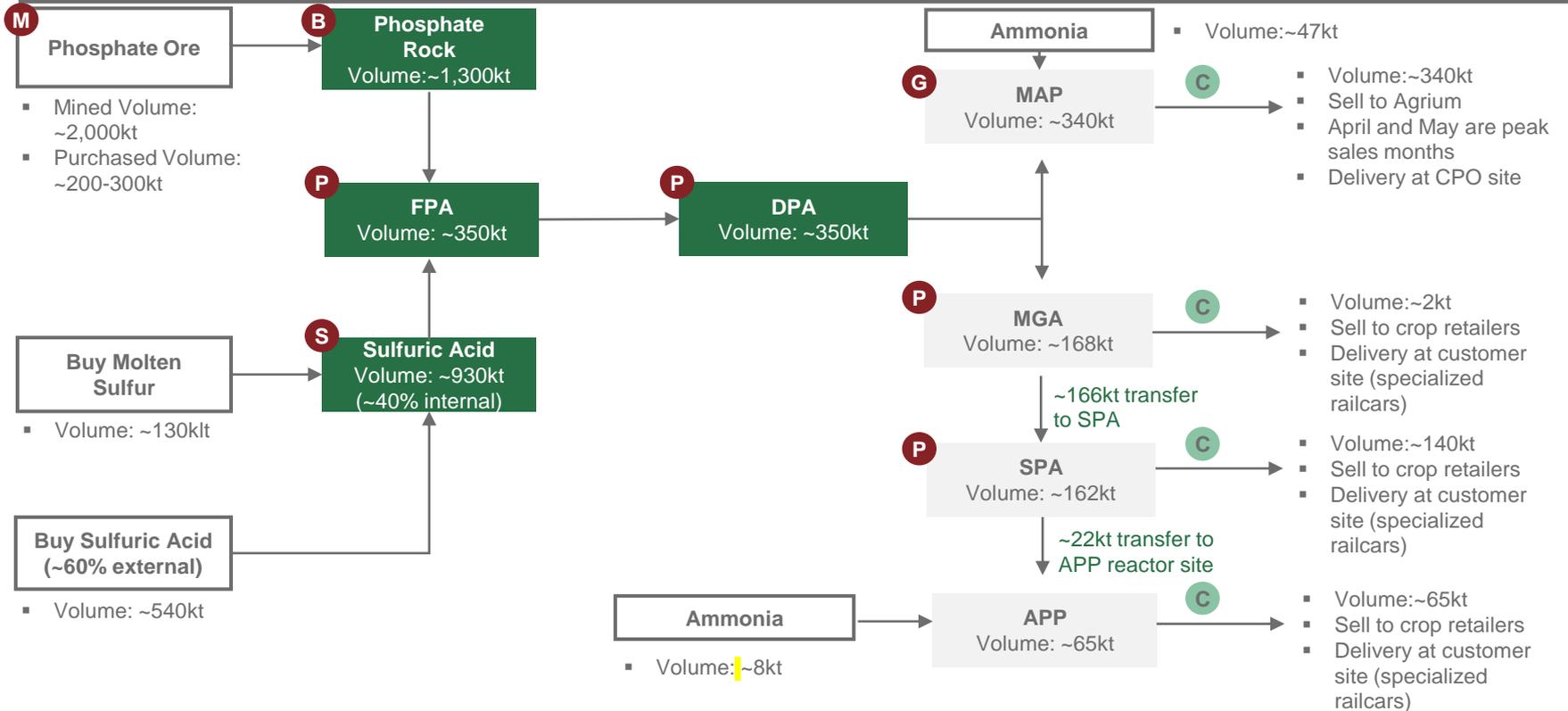
## Key highlights



- CPO production is geographically separate from the majority of production in the U.S. and closer to target key end markets
- Imports into U.S. are primarily into NOLA and require further distribution up the Mississippi river and then inward to West and East

Source: IFA

# Conda Phosphate Operations Process



Process	Key highlights
<b>M</b> Mine	Mined and/or purchased phosphate ore is transported from the mines to CPO facilities by truck and rail
<b>B</b> Beneficiation	Phosphate ore is washed in order to have its size reduced and to clear impurities
<b>S</b> Sulfuric Acid	Sulfuric acid is produced (and purchased) along with steam for use in phosphoric acid and granulation plants
<b>P</b> Phosphoric Acid	<ul style="list-style-type: none"> <li>Phosphate ore is converted to phosphoric acid, recovering phosphoric acid and removing gypsum solids</li> <li>Phosphoric acid is evaporated to concentrate phosphoric acid with evaporated phosphoric acid used to make SPA and MGA</li> </ul>
<b>G</b> Granulation	Phosphoric acid, sulfuric acid and ammonia are granulated and put through a dryer and screens to produce MAP
<b>C</b> Customer	Crop retailers who re-sell to end users

Source: Itafos Estimates