

TSXV: IFOS



April 2017



**Integrated Producer of Phosphate Fertilizers**  
**Near Term Production and Development Upside**

# Cautionary statements and forward looking information

This presentation and the documents incorporated by reference herein contains “forward-looking information” within the meaning of applicable Canadian securities legislation. Forward-looking statements appear in a number of places in this presentation and include statements and information regarding the intent, beliefs or current expectations of the officers and directors of the company (referred to herein as “Itafos”). Except for statements of historical fact relating to Itafos, information contained herein may constitute forward-looking information, including any information as to Itafos’ strategy, plans or future financial or operating performance. Such forward-looking statements involve known and unknown risks and uncertainties that may cause Itafos’ actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Generally, forward-looking information can be identified by the use of forward-looking terminology such as “plans”, “expects”, “is expected”, “estimates”, “intends”, or variations of such words and phrases or statements that certain actions, events or results “may”, “could”, “would”, “might” or “will be taken”, “occur” or “be achieved”. Forward-looking statements may relate to Itafos’ future outlook, future growth, and anticipated events or results and may include statements regarding Itafos’ future business strategy, plans and objectives. Itafos has based these forward-looking statements largely on its current expectations and projections about future events. These forward-looking statements were derived utilizing various assumptions, and while Itafos considers these assumptions to be reasonable, based on information currently available, such assumptions may prove to be incorrect. Accordingly, you are cautioned not to put undue reliance on these forward-looking statements. Forward-looking statements should not be read as a guarantee of future events or results.

In particular, forward-looking information included in this presentation includes, without limitation, statements with respect to: Itafos’ operations and production at the Itafos-Arraias SSP Operations, Itafos’ vision and goal to become a significant integrated producer phosphate fertilizer and related products, Itafos’ current estimate of mine life and its potential increase, Itafos’ expectations related to resources and reserves, Itafos’ ability to resume exploration and evaluation efforts towards increasing the mine life at the Itafos-Arraias SSP Operations and respective recommissioning and expansion strategy; Itafos’ expectations for future financing sources and use of funds; Itafos’ production capacity and sales expectations for SSP at the Itafos-Arraias SSP Operations, once operations have resumed; Itafos’ assessment of the Itafos-Arraias SSP Operations; Itafos’ ability to carry out its ultimate business plan; Itafos’ expectations around the growth of Brazilian and global fertilizer markets in the foreseeable future; Itafos’ expectations around the project design, economics, resource and reserve potential, technical feasibility, development timelines in relation to the advancement of its development projects; the underlying assumptions as well as forecasted market conditions stipulated in the feasibility studies or preliminary economic studies, as applicable, in relation to its development projects; and Itafos’ expectations in relation to the strategic initiatives in regards to its development projects.

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## Non-IFRS Measures

There are a number of non-IFRS measures used in this presentation, including EBITDA (earnings before interest, taxes, depreciation and amortization). For the purposes of this presentation, EBITDA is calculated to be earnings before interest, income taxes, provincial mining and other taxes, depreciation, amortization and other non-cash expenses. Itafos believes that these non-IFRS measures are appropriate measures of the operating performance of Itafos. Itafos' calculation of these measures may differ from the methodology used by other issuers and, accordingly, may not be comparable to such other issuers. Itafos believes that these measures are appropriate measures of Itafos' operating performance because they facilitate an understanding of operating performance without giving effect to certain non-cash and overhead expenses. None of these measures are equivalent to net income or cash flow from operating activities determined in accordance with IFRS.

Unless otherwise noted, all figures are expressed in United States dollars.

The information presented herein was approved by management of Itafos on April 1, 2017.

## Qualified Person

The Qualified Person (as defined in National Instrument 43-101 - *Standards of Disclosure for Mineral Projects* ("NI 43-101")) who has reviewed the technical content of Itafos-Arraias is Carlos Guzman, a Qualified Person under National Instrument 43-101. Mineral resources are not mineral reserves and by definition do not demonstrate economic viability. There is no certainty that all or any part of the mineral resource will be converted into mineral reserves. An "Indicated Mineral Resource" is that part of a Mineral Resource for which quantity, grade or quality, densities, shape and physical characteristics can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters, to support mine planning and evaluation of the economic viability of the deposit. An "Inferred Mineral Resource" is that part of a Mineral Resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. Without limitation, statements regarding potential mineralization and resources, exploration results, and future plans and objectives of Itafos are forward looking statements that involve various risks. Actual results could differ materially from those projected as a result of the following factors, among others: changes in the price of minerals, market conditions, risks inherent in mineral exploration, risks associated with development, construction and mining operations, the uncertainty of future profitability and uncertainty of access to additional capital. Please refer to the technical report entitled "Updated Technical Report Itafos-Arraias SSP Project, Tocantins State, Brazil" dated March 27, 2013 and the other technical reports of Itafos and its affiliates which have been filed under the their respective SEDAR profiles at [www.sedar.com](http://www.sedar.com).

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# **EXECUTIVE SUMMARY**

# Integrated producer of phosphate fertilizers



1

Completed restructuring and initial recapitalization of Itafos

2

Detailed technical and operational plan in place for successful recommissioning of Itafos-Arraias

3

High quality installed asset base in Brazil

4

Solid market and business fundamentals

5

Attractive development pipeline of long-term strategic phosphate assets

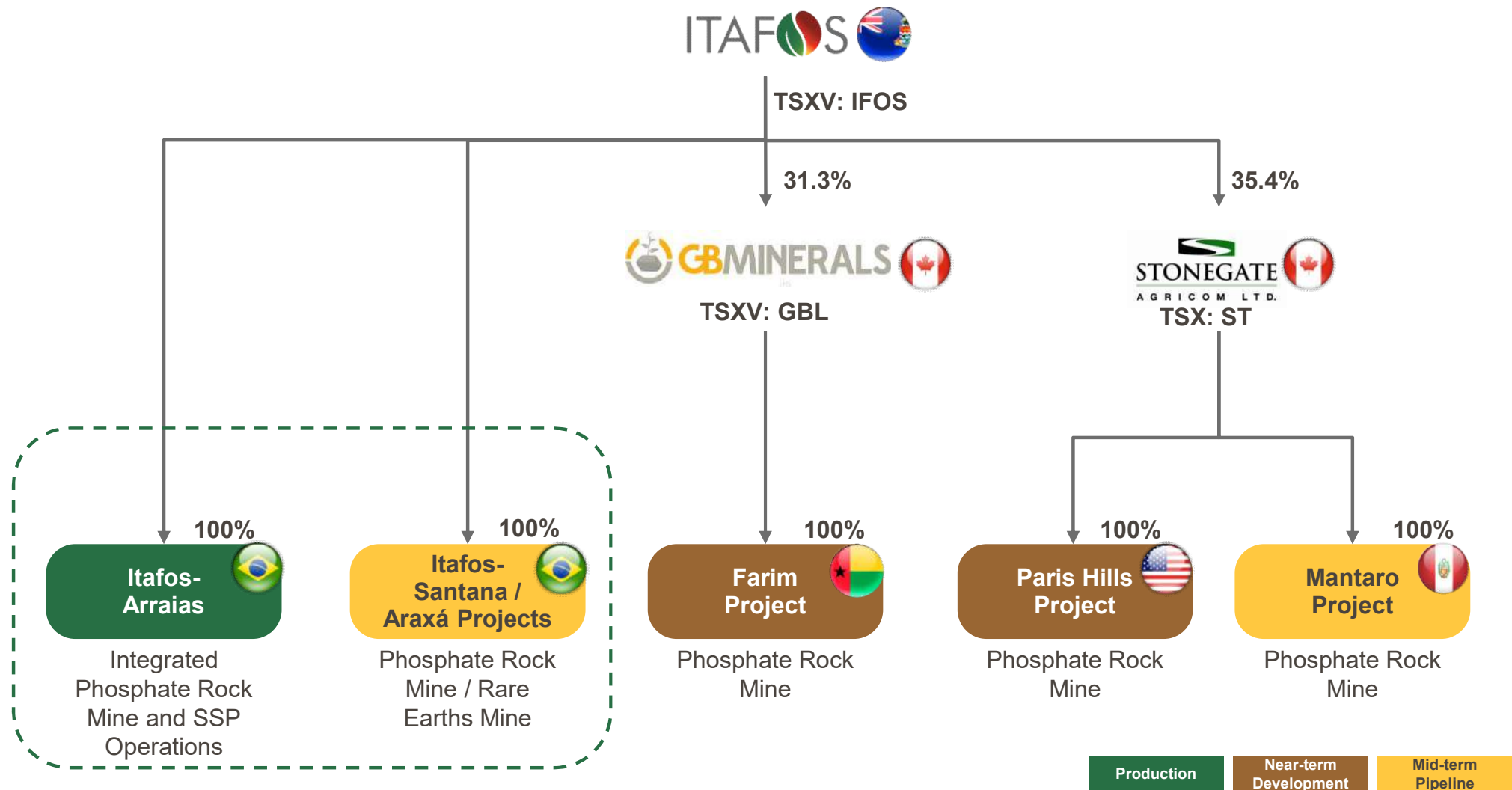
6

Near-term cash flow generation and valuation upside opportunity

7

Industry leading board of directors and highly experienced management team

# Simplified corporate structure



# Portfolio comprised of long-term strategic assets with near term production and development upside

## 1 Itafos-Arraias

- Single Super Phosphate (“SSP”)<sup>(1)</sup> production capacity of 510Ktpa with an expected commercial operations in 2017
- Vertically-integrated with an expected 19 year average mine life
- Well positioned to serve the MAPITOBA region, a key agriculture market in Brazil
- Strategic location provides for significant freight cost and marketing advantage

ITAFOS 

## 2 Farim Project

- Phosphate rock production of 1.3Mtpa (Definitive Feasibility Stage) with an expected commercial operations in 2019 after project permitting and financing are completed
- Expected 25 year average mine life
- Strategically located to serve the Atlantic Basin, the growing African market and the large Indian merchant traded rock market
- Lowest quartile of producers' cash cost curve

## 4 Santana Project

- Phosphate deposit located in Brazil and in close proximity to the largest fertilizer market of Mato Grosso State and animal feed market of Pará State

## 5 Araxá Project

- Rare earth elements, niobium and phosphate rock deposit located in Brazil

## 6 Mantaro Project

- Phosphate rock deposit located in Peru

## 3 Paris Hills Project

- Phosphate rock production of 1Mtpa (Pre Feasibility Stage) with an expected commercial operations 2 years after project permitting and financing are completed
- 19 year average mine life
- One of the highest grade phosphate deposits in the world
- Close proximity to producing finished fertilizer assets

Production

Near-term  
Development

Mid-term  
Pipeline

Diversification through asset characteristics, asset development stage and geography

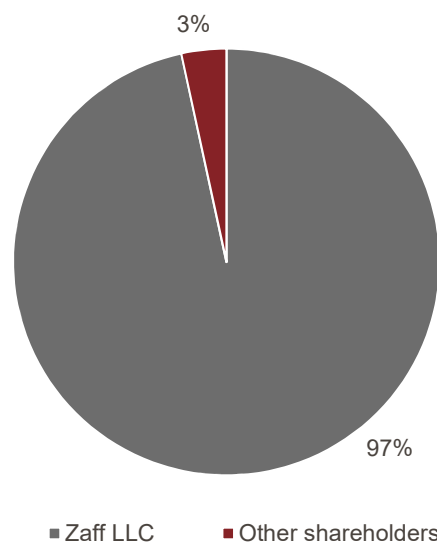
Source: Itafos information and estimates

(1) Itafos-Arraias SSP target NPK formulation 1:17:0



# Itafos shareholder summary and capitalization

## Post December 2016 private placement



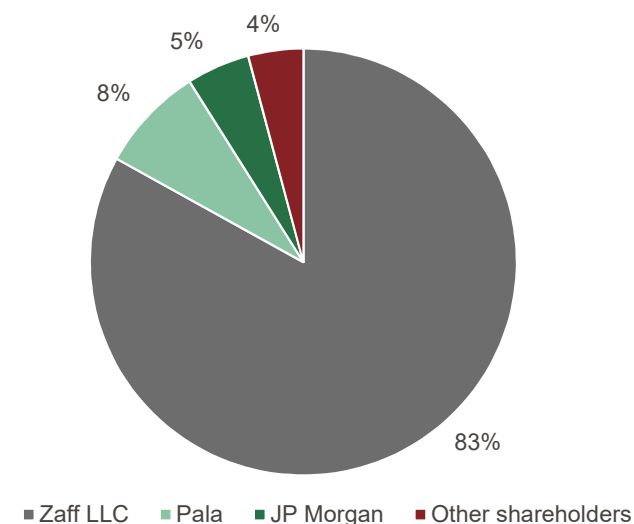
**Total Shares Outstanding: 57,528,838**

- C\$13.4mm private placement (gross)
- Completed at C\$2.50/share
- Issuance of 5,374,800 shares

## Summary of capitalization table

	Units	Current
Share Price (Mar. 21, 2017)	C\$/sh	2.1
Share Price <sup>(1)</sup> (Mar. 21, 2017)	US\$/sh	1.58
Shares Outstanding	mm	79.3
<b>Market Capitalization<sup>(1)</sup></b>	<b>US\$mm</b>	<b>125.3</b>
Cash <sup>(2)</sup>	US\$mm	21.3
Debt <sup>(2)</sup>	US\$mm	20.2
<b>Enterprise Value</b>	<b>US\$mm</b>	<b>124.2</b>

## Post March 2017 private placement<sup>(2)</sup>



**Total Shares Outstanding: 79,318,507**

- C\$45.4mm private placement (gross)
- Completed at C\$2.10/share
- Issuance of 21,789,669 shares

(1) FX rate of US\$:C\$ 1:1.33 as of March 21, 2017

(2) Pro-forma for private placement and planned new debt facility. Net debt as of Q4 2018

(3) C\$45.4mm mm private placement (gross) was completed at share price of C\$2.10/share



# **INVESTMENT HIGHLIGHTS**

# 1 Completed restructuring and initial recapitalization of Itafos

## Restructuring and initial recapitalization of Itafos

- On October 27, 2016, Itafos completed its restructuring in both Canada and Brazil (the “Restructuring”)
  - Itafos continued under the laws of the Cayman Islands
  - Zaff LLC transferred to Itafos its indirect interest in the secured and unsecured debt plus accrued interest owing by the Brazilian subsidiaries of Itafos to Zaff LLC or its affiliates, in exchange for shares of Itafos
  - Zaff LLC settled the interim financing provided to Itafos, as well as the funding provided to satisfy cash distributions to other unsecured creditors of Itafos under the Restructuring in exchange for shares of Itafos
  - Zaff LLC transferred to Itafos its indirect interest in GB Minerals Ltd. (“GBM”) and Stonegate Agricom Ltd. (“STA”) in exchange for shares of Itafos
- In December 2016 Itafos completed a non-brokered private placement of C\$13.4mm (gross) at C\$2.50/share
- In March 2017 Itafos completed a brokered private placement of C\$45.4mm (gross) at C\$2.10/share

## De-levered balance sheet

**Total debt  
approx.  
US\$317mm<sup>(1)</sup>**

- All outstanding secured and guaranteed funded debt of Itafos and its Brazilian subsidiaries (other than guaranteed debts owing to Banco Modal S.A.) was transferred by Zaff LLC to Itafos in exchange for shares of Itafos
- Certain outstanding unsecured funded debt of Itafos and its Brazilian subsidiaries were acquired by Itafos in exchange for shares of Itafos



**Pro-forma  
total  
debt approx.  
US\$7.0mm<sup>(2)</sup>**

**Significantly de-levered balance sheet with healthy equity capital base**

(1) Approx. total debt as of September 30, 2016; Excludes interim financing provided by Zaff LLC  
(2) Pro-forma total debt as of December 31, 2016; Excludes other liabilities such as accounts payables, etc.

2a

# Historical predecessor company's issues diligenced and plan in place to resolve

## Expenditure above budget

- Feasibility study of October 2010 estimated capex for the Itafos-Arraias operations at US\$195mm which was subsequently increased to US\$323mm in the November 2013 feasibility study
- By end of 2014 an estimated US\$544mm<sup>(1)</sup> of capex was spent after which Itafos-Arraias was put into care and maintenance
- Contributing factors include material delays in construction, replacement of civil contractor, inflation, among others

## Over leveraged

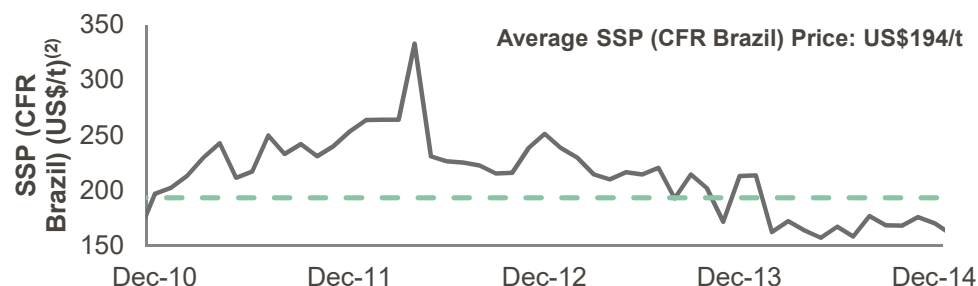
- Due to the increased expenditures above budget, additional funds were required and were financed primarily through debt
- Approx. US\$306mm of debt was accumulated as of December 31, 2014, primarily funded by local banks in Brazil

## Lack of working capital

- Lack of working capital to purchase consumables (e.g., sulphur, diesel, reagents, spare parts) lead to a lack of operational continuity
- Significant downtime in production and lack of cash generation to support working cash requirements and cost of debt

## Downturn in SSP pricing to historical lows

- SSP pricing was not high enough to service the high cost structure (e.g., debt service, employees, etc.)
- LoM average (FOB Arraias) SSP price used in the original feasibility study was US\$303/t



**Highly levered balance sheet, increased costs and downturn in macro-pricing conditions led to a lack of cash flow and the asset entering into care and maintenance at the end of 2014**

Source: Secex

(1) Includes US\$500mm for PPE and US\$44mm for exploration and evaluation of mine development; Assets put into care and maintenance in December 2014

(2) FOB Arraias pricing higher to account for inland logistics costs

## 2b Recommissioning of Itafos-Arraias does not require significant capital and is currently on schedule

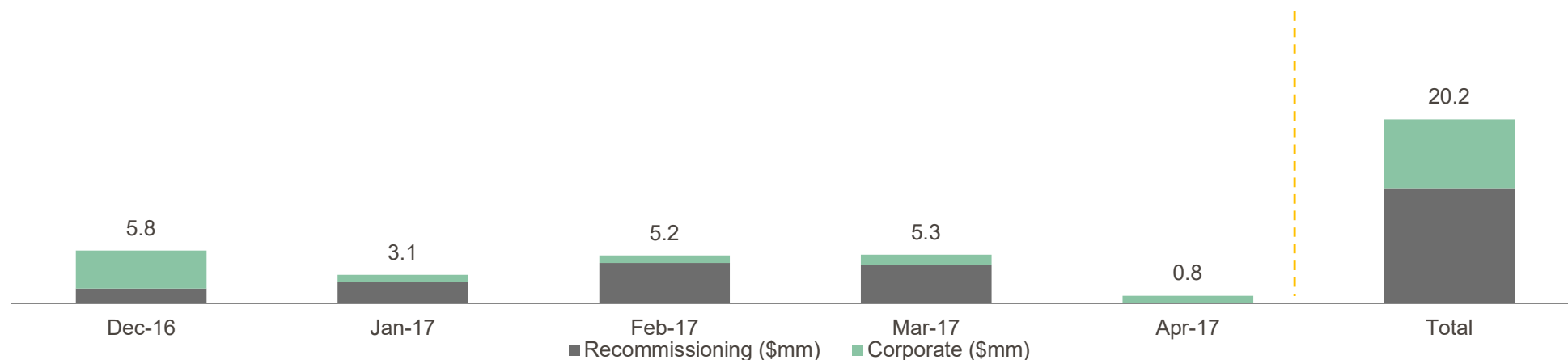
### Recommissioning highlights

- To bring the Itafos-Arraias operations back to production and repair the errors made in the previous construction process
- Production is expected to commence in Q2 2017 with prudent approach for post recommissioning ramp up
  - Additional capex and working capital required to complete post recommissioning ramp up
- Third party consultants including KEMWorks, Golder Associates Ltd, PR Plan, Kaizan, Paul Dekok and Ed Finch currently advising Itafos on recommissioning and post recommissioning ramp up plan
- Capacity utilization expected to be around 80% by Q4 2017

### Budget spend by area

Budget Spend by Area (Dec. 2016 - Apr. 2017)	Total (US\$mm)	% of Total Recomm.
Mine	0.9	7
Beneficiation	2.6	21
Chemical Plants	2.1	17
General	4.4	35
Recommission Labor	0.6	5
Contingency	1.9	15
<b>Total Recommissioning</b>	<b>12.6</b>	<b>100</b>
Corporate Costs <sup>(1)</sup>	3.2	
Corporate - Non-Recurring Restructuring <sup>(2)</sup>	4.5	
<b>Total Corporate</b>	<b>7.7</b>	
<b>Total Spend Over Forecast Period</b>	<b>20.2</b>	

### Path to production



**Budget, schedule and overall project management plan in place, supported by experienced third party consultants**

Source: Itafos information and estimates

(1) Includes ongoing expenses such as legal, accounting and insurance

(2) Includes extrajudicial recovery settlement and outstanding legal fees



### 3 High quality installed asset base in Brazil

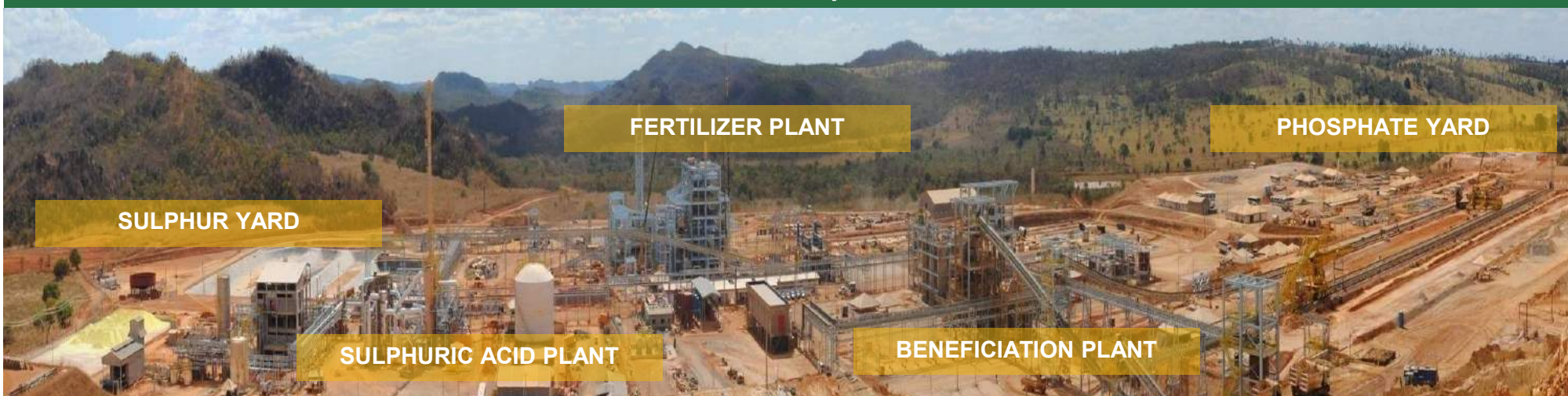
#### Itafos-Arraias highlights

- Producer of SSP and sulphuric acid
  - SSP production: 510Ktpa
  - Sulphuric acid production: 210Ktpa (allows for sale of excess sulphuric acid of 40Ktpa)
- Located in the fastest growing fertilizer consumption market
  - Property of 105,421 ha. located near the city of Arraias
- Vertically-integrated into phosphate rock mine with an expected 19 year average mine life
- Total capex spent to end of 2014 estimated at US\$544mm<sup>(2)</sup>

#### Itafos-Arraias resource overview<sup>(1)</sup>

	Mt	P <sub>2</sub> O <sub>5</sub> %
Proven	16.0	5.1
Probable	48.9	5.1
<b>Total Reserves</b>	<b>64.8</b>	<b>5.1</b>
Measured	20.8	4.8
Indicated	58.2	5.0
<b>M&amp;I Resources</b>	<b>79.0</b>	<b>4.9</b>
Inferred	12.7	3.9

#### Itafos-Arraias operations



**Fully integrated SSP production facility recommencing operations in Q2 2017**

Source: Itafos information and estimates

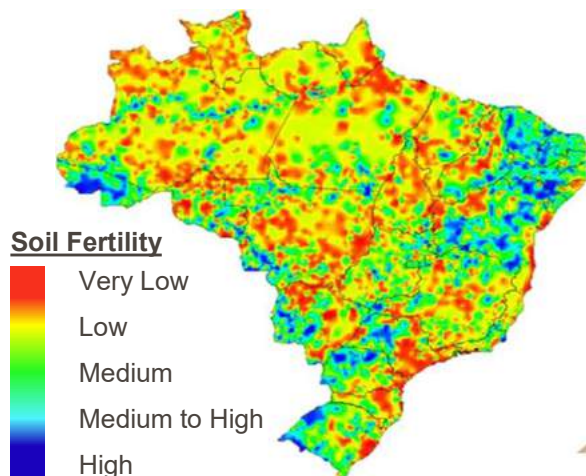
(1) Resources are inclusive of reserves; The effective date of the Mineral Resources Estimate is March 27, 2013; A cut-off grade of 2.8%, 2.8% and 1.5% was applied to the Near Mine, Canabrava and Domingos targets, respectively

(2) Includes US\$500mm for PPE and US\$44mm for exploration, evaluation of mine development; Assets put into care and maintenance in December 2014

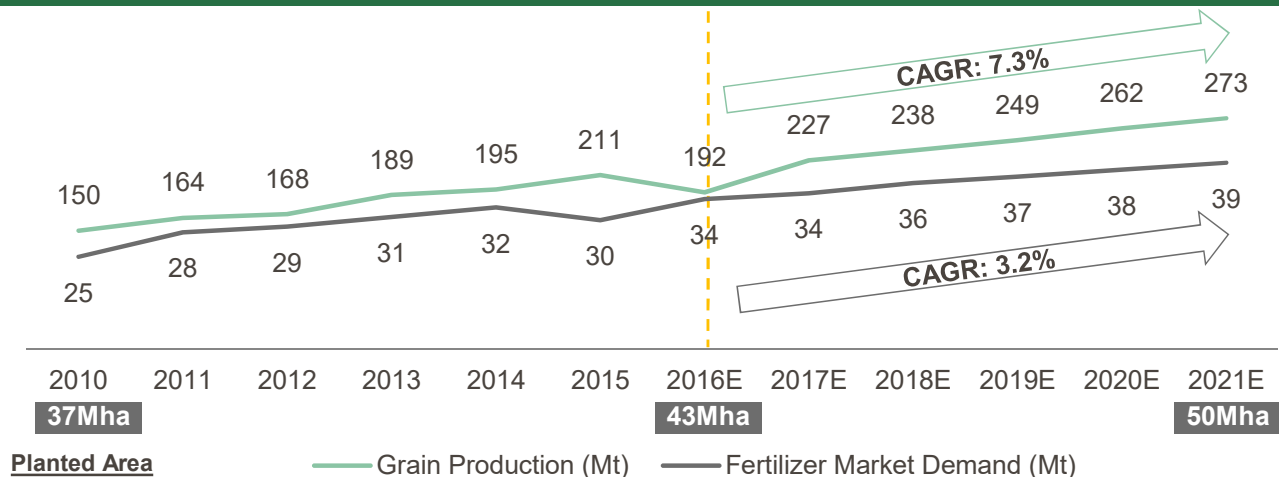
4a

# Brazil is a high fertilizer consumer and phosphate fertilizers are a key part of the demand

## Brazil soil fertility



## Fertilizers have been key solution to drive production growth



## SSP is a key product to improve soil fertility

- Cerrado region soils are low in Phosphorous ("P"), Sulphur ("S"), and Calcium ("Ca")
- SSP fertilizer has all 3 (P, S and Ca)
- Calcium sulfate (gypsum) in SSP helps improve root depth
- As a result, SSP demand has been stable between 5.2-5.6Mtpa (15-17% of Brazilian fertilizer demand)
- Expected to grow to approx. 6.5Mtpa in next 3-5 years

## Brazil is a key market for fertilizers

- 4th largest fertilizer consumer in the world (6% of world demand)
- Fastest growing Phosphate and Potash market in world
- Abundance of land and favorable climate have fueled agriculture growth
- High potential growth remains with 100Mha of grasslands

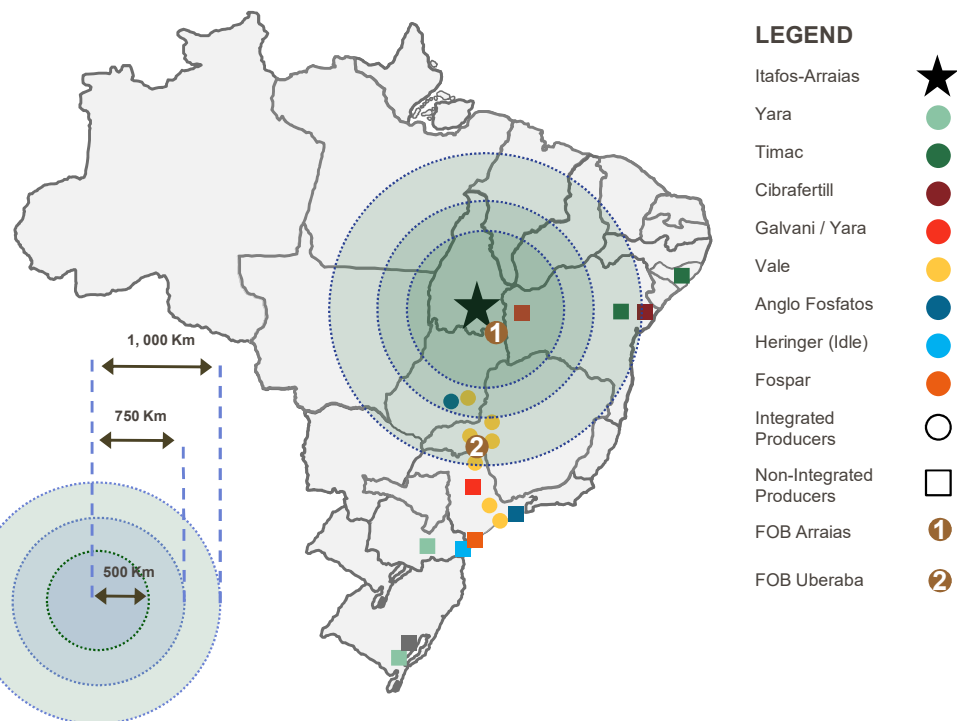
## Brazil a global leader in export of agri products

Product	Position	Export Share
 Sugar		47%
 Coffee		27%
 Beef		21%
 Soybeans		42%
 Corn		24%

**Brazil is a key market for fertilizers, with SSP playing an important role for future agricultural growth**

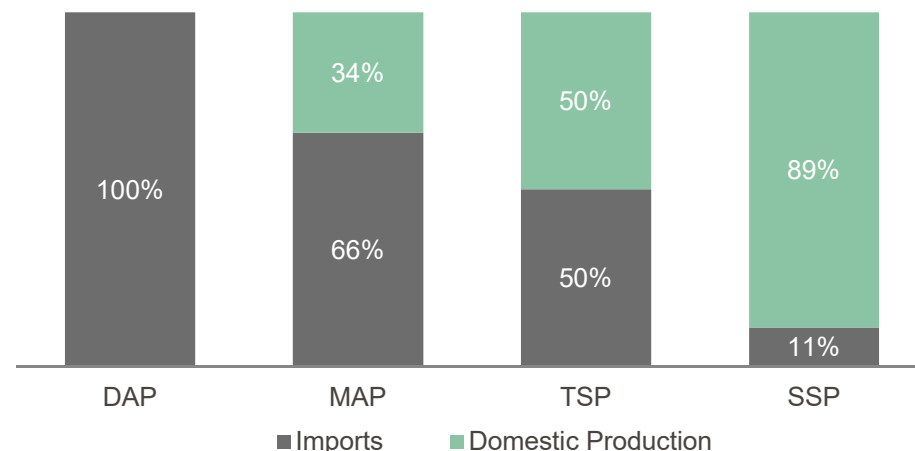
## 4b Itafos-Arraias adds competitive domestic supply to SSP market

SSP domestic capacity is scattered along coastal locations and in southern states

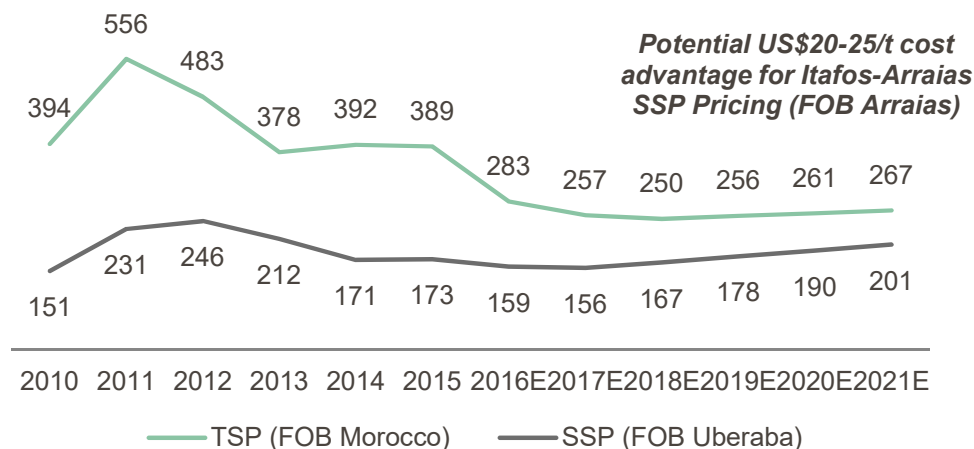


- Itafos-Arraias operations are vertically integrated
- Competitor operations in Central Brazil are generally not integrated
  - Transport in rock from their mines which are located more than 300km away from the granulation plant
- Expected to provide Itafos with a US\$20-25/t cost advantage<sup>(1)</sup>
- The higher logistics cost would be reflected in higher selling prices

Import competition for phosphate fertilizers play a role – less significant for SSP



Phosphate fertilizer prices: 2012 – 2021 (US\$/t)



**Significant and sustainable transportation cost competitive advantages due to facilities location**

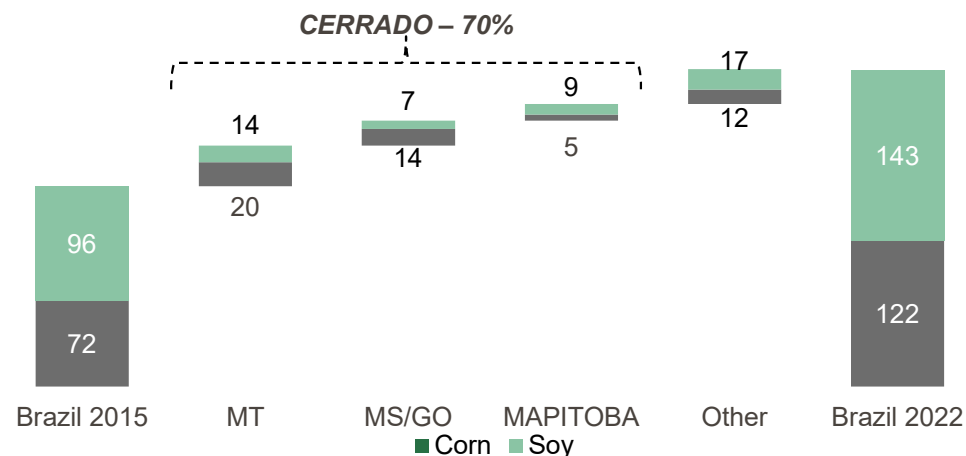
## 4c Significant volume opportunity inside target region

### Target region



- Cerrado region is a key producer of agricultural output
- Growth outlook remains robust, supported by large unplanted arable land and improving infrastructure
- Itafos-Arraias target region includes 7-8 states within Cerrado region (Bahia, Goiás, Mato Grosso, S. Piauí, Maranhão, Tocantins, Pará, Minas Gerais)
- These states consume 2.5Mtpa of SSP, of which 1.1Mt is within Itafos-Arraias target region

### Estimated agricultural production by state (Mt)



### SSP demand by region (Mt)

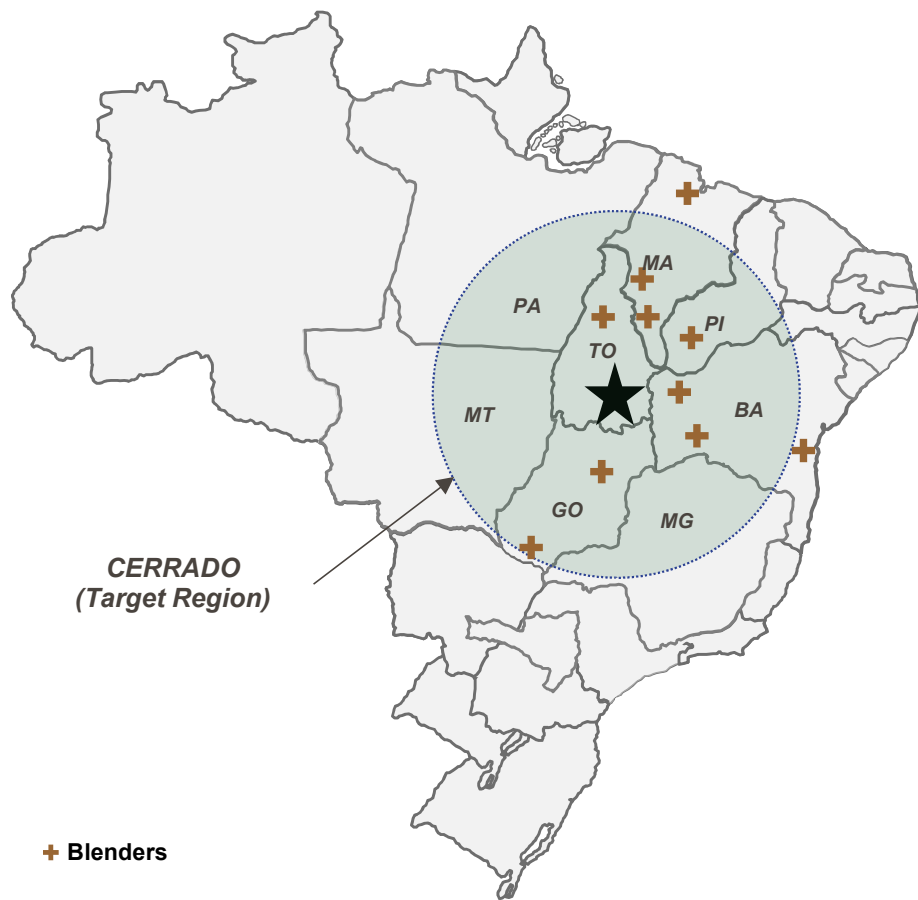
Region	2014	2015	2016
MAPITOBA	930	829	942
MT	1,170	1,128	1,086
Other	3,321	3,146	3,252
<b>Total Brazil</b>	<b>5,421</b>	<b>5,103</b>	<b>5,280</b>
<b>MA / PI / TO / BA (%)</b>	<b>17%</b>	<b>16%</b>	<b>18%</b>

**Target region includes key parts of Cerrado, a large and growing agricultural area – radius of 500-750km**

4c

# Currently focused on “industrial sales” to traders, blenders, distributors and large farm co-ops

## Target sales region

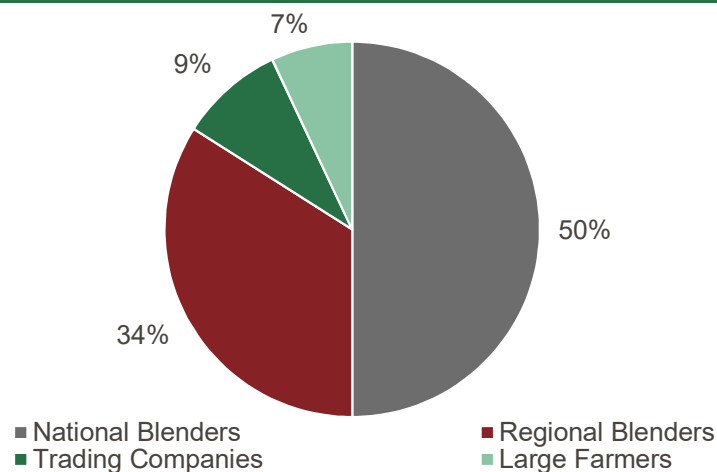


- Sales to selected retail clients is a second phase of the commercial strategy aimed to boost margins

## Sales strategy

- ✓ **Upstream sales strategy**
  - Strong relationship with main distributors helps to minimize “seasonality” impact
- ✓ **Low credit risk**
  - Focus on a few large customers expected to provide easier access and ability to pay cash for products
- ✓ **Lean sales team required**
  - Negotiations held by top managers and conducted on specific dates during the year which should facilitate efficient execution of sales

## Composition of offtakers








**Itafos-Arraias plans to sell to a number of high quality and reliable customers in the region**



## 5 Attractive development pipeline

### Manageable development, construction and financing plan

- Proven business development model
- Corporate and local management expertise engaged in front-end planning and execution
- Total contained  $P_2O_5$  resources: 100Mt<sup>(1)</sup>

	Farim Project 	Paris Hills Project 	Santana Project 	Araxá Project 	Mantaro Project 
Current Ownership	■ GBM (100%)	■ STA (100%)	■ Itafos (100%)	■ Itafos (100%)	■ STA (100%)
Stage	■ DFS	■ PFS	■ Exploration	■ Exploration	■ Exploration
Total Resources <sup>(1)</sup>	■ 143Mt at 28.2% $P_2O_5$	■ 34Mt at 30.0% $P_2O_5$	■ 87Mt at 10.1% $P_2O_5$	■ 28Mt at 8.0% $P_2O_5$	■ 416Mt at 9.1% $P_2O_5$
Product	■ Phosphate rock	■ Phosphate rock	■ SSP	■ Niobium and Phosphate rock	■ Phosphate rock
Estimated Commercial Operations Date	■ 2019	■ ~2 years after project permitting and financing are completed	■ NA	■ NA	■ NA

Near-term Development

Mid-term Development

Proven business development model with rigorous front-end planning to reduce risk and ensure long-term production pipeline and cash flows

Source: Itafos information and estimates

(1) Measured, indicated and inferred; Resources are inclusive of reserves; Paris Hills excludes Upper Zone; Mantaro excludes East and Far East zones

# 6 Near term cash flow generation and valuation upside opportunity

## Key points

- Commencement of Itafos-Arraias operations expected in Q2 2017
- Capacity utilization and related production expected to ramp up to about 80% by the end of Q4 2017
- Significantly de-levered balance sheet which together with strong equity capital base facilitates debt raising to close potential financing gaps
- Valuation upside opportunity supported by near-term de-risking of Itafos-Arraias and longer-term development pipeline

## Itafos-Arraias model assumptions

SSP Production	ktpa	510
Sulphuric Acid Production	ktpa	210
Long Term SSP Price (FOB Arraias)	\$/t	185
Long Term Sulphuric Acid Price (FOB Arraias)	\$/t	150
Long Term Cash Cost (inc. by-product credits)	\$/t	143
2017 Cash Cost (inc. by-product credits) <sup>(1)</sup>	\$/t	187
2017 Capital Expenditures <sup>(2)</sup>	\$mm	17
Annual Sustaining Capital Expenditures	\$mm	4
Tax Rate <sup>(3)</sup>	%	18.25%
Mine Life	years	19

## Sensitivity analysis: Itafos CY2018 EBITDA (US\$mm)

		SSP Price (FOB Arraias) (US\$/t)				
		175	185	195	205	215
FX (USD:BRL)	3.00	\$9	\$15	\$20	\$25	\$30
	3.35	\$16	\$21	\$26	\$32	\$37
	3.70	\$21	\$27	\$32	\$37	\$42
	4.05	\$26	\$31	\$36	\$42	\$47

## Sensitivity analysis: Share price (C\$/share)<sup>(4)(5)</sup>

		SSP Price (FOB Arraias) (US\$/t)				
		175	185	195	205	215
EV / EBITDA	6.0x	\$1.57	\$2.18	\$2.79	\$3.39	\$4.00
	7.0x	\$1.85	\$2.54	\$3.24	\$3.93	\$4.63
	8.0x	\$2.12	\$2.90	\$3.69	\$4.47	\$5.26
	9.0x	\$2.39	\$3.26	\$4.14	\$5.01	\$5.89

Attractive valuation profile given recent restructuring and recapitalization

Source: Itafos information and estimates

- (1) Cash costs include corporate and operating costs for the year (inc. of US\$3.2mm spent to April 2017)  
 (2) Includes US\$11.0mm of capex spent January 2017 – April 2017 and US\$6.3mm of post-recommissioning capex for 2017 (excludes US\$1.6mm spent in December 2016)  
 (3) Assumes an estimated 24% to 2018 and an estimated 18.25% from 2019 onwards

- (4) Assumes a fixed FX rate of USD:BRL 1:3.35; Assumes estimated net debt and shares outstanding as of Q4 2018. Excludes attributable market capitalization and upside from interest in GBM (31.3%) and STA(35.4%) which has potential of additional value of C\$0.30 – 0.40 per share (assumes share price held flat at C\$0.07 per share for GBL and C\$0.02 per share for STA as at January 11, 2017); USD:CAD 1:1.32 as of January 11, 2017  
 (5) Pro-forma EV / 2018 EBITDA of 6.3x at US\$185/t the share price is C\$2.30/share

## 7a Industry leading board of directors

### Brent de Jong *Chairman*

- Partner at Castlelake, responsible for the firm's investments in emerging markets
- Over 18 years of investment and asset management experience
- Previous experience includes CEO of **Zaff Capital LP** and senior roles at **Ashmore Investment Management** and **JP Morgan**

### David Delaney *Director*

- Strategic advisor at Paine & Partners LLC
- Over 25 years of operations, sales and marketing experience
- Previous experience includes senior roles at **Potash Corp** (COO and President of Marketing and Sales), **Arcadian Corp** and **Allied Chemical**

### Mhamed Ibnabdeljalil *Director*

- Founder and Managing Partner of **Spika Ventures LLC**
- Over 20 years of corporate development, commercial and R&D experience
- Previous experience includes senior roles at **OCP Group** (CCO and EVP), **Monodrive Inc.** and **Texas Instruments**

### José Manuel Ramos-Horta *Director*

- United Nations' special Representative
- Head of the **United Nations** Integrated Peacebuilding Office in Guinea Bissau (UNIOGBIS)
- **President East Timor** from 2007-2012
- Co-recipient of the 1996 **Nobel Peace Prize**

### Anthony Cina *Director*

- Vice President of Business Administration at Yamana Gold
- Over 25 years of business strategy, finance and administration experience
- Previous experience includes senior roles at **Itafos** (CFO from June 2009 through June 2012)

Industry leading board of directors with balanced mix of executive and board level skill sets

## 7b Experienced management team

### Brian Zatarain CEO

- Senior executive with over 19 years of hands-on and diverse corporate and business development, mergers and acquisitions, capital raising and investment management experience
- Previous experience includes senior roles at **Zaff Capital LP** (co-founder and Managing Director) and **AEI** (EVP and CRO)

### Ernesto Cordova CAO

- Senior executive with over 25 years of C-Level development, commercial and operations experience
- Previous experience includes senior roles at **AEI**, **Gas Natural**, **Enron**, **Constellation** and **Coastal** (CEO and Regional Managing Director)

### Rafael Rangel CFO

- Senior executive with over 25 years of finance, accounting and tax experience
- Previous experience includes senior roles at **Nova Directional, Inc.** (CFO) and **AEI** (VP of Transaction Accounting)

### Sarvin Patel Corporate Development and Finance

- Senior executive with over 15 years of business development, mergers and acquisitions, principal investing and risk management experience
- Previous experience includes senior roles at **Carval Investors** and **Cargill** (VP)

### Marten Walters Operations

- Senior executive with over 35 years of fertilizer industry experience and President of KEMWorks
- Previous experience includes overseeing the modernization and restructuring of fertilizer plants for: **Agrium**, **Ammophos**, **Cargill** (now Mosaic), **ICS** and **Simplot**

### Fernando Planchart Legal

- Senior legal counsel with over 15 years of cross border corporate, M&A and tax legal experience (both in-house and external)
- Previous experience includes senior roles at **AEI**, **Fox**, **Horan & Camerini** and **Macleod Dixon**

**Extensive commercial, financial, legal and technical expertise and understanding of local market dynamics**



# **APPENDIX: DEVELOPMENT PIPELINE ASSET OVERVIEWS**



# Farim Project

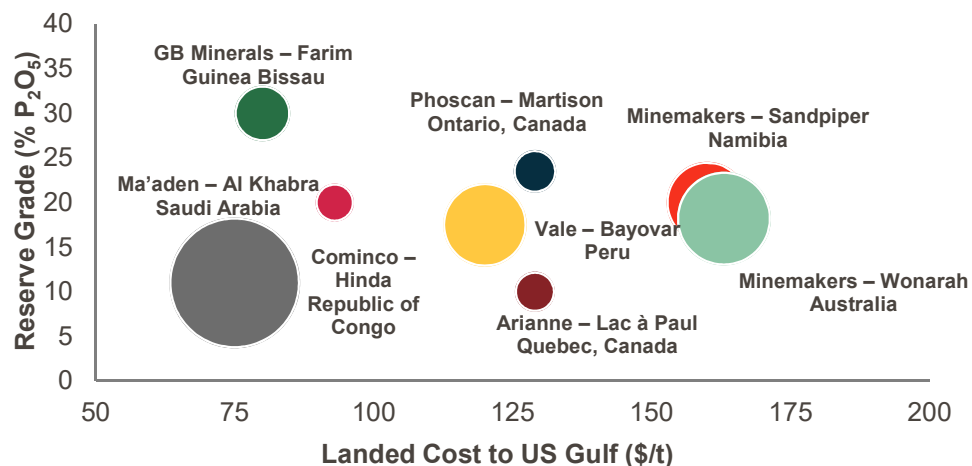
## Highlights

- The Farim Project is 100% owned by GBM and located in Farim, Guinea Bissau
- Estimated phosphate rock production of 1.32Mtpa with a 25 year average mine life
- One of the highest grade phosphate rock greenfield projects in the world
- Access to existing infrastructure
  - 70 km of paved road covers most of route from site to port
  - Port located at Ponta Chugue in the mouth of the Geba River is able to receive 35,000 DWT vessels

## Location



## Undeveloped phosphate rock projects comparison<sup>(1)</sup>



## Reserve and resources overview <sup>(2)</sup>

	Tonnage (Mt)	Grade (P <sub>2</sub> O <sub>5</sub> %)	P <sub>2</sub> O <sub>5</sub> (Mt)
Proven Reserves	44.0	30.0%	13.2
Measured Resources	105.6	28.4%	30.0
<b>M&amp;I Resources</b>	<b>105.6</b>	<b>28.4%</b>	<b>30.0</b>
Inferred Resources	37.6	27.7%	10.4
<b>Total Resources</b>	<b>143.2</b>	<b>28.2%</b>	<b>40.4</b>

**One of the highest grade undeveloped phosphate rock resources in the world**

Source: Itafos information and estimates

(1) Landed cost is equal to mine case costs plus freight cost

(2) Resources are inclusive of reserves; The effective date of the Mineral Resources Estimate is as of September 14, 2015

# Paris Hills Project

## Highlights

- The Paris Hills Project is 100% owned by STA and located in Idaho, USA
- Estimated phosphate rock production of 1Mtpa with a 19 year average mine life
- Located in close proximity to other phosphate mines and fertilizer plants owned by Agrium, Monsanto and Simplot
  - Substantial existing infrastructure to support project development

## Permitting process update

- Groundwater testing was conducted during the summer of 2015 and confirmed previous groundwater pumping assumptions used in the December 2012 feasibility study
- Management is currently working towards the submission of final applications for key environmental permits
  - Final permits for the development of the Lower Zone deposit are expected to be received in 2017 and 2018

## Location



## Reserve and resources overview <sup>(1)</sup>

	Tonnage (Mt)	Grade (P <sub>2</sub> O <sub>5</sub> %)	P <sub>2</sub> O <sub>5</sub> (Mt)
<b>Lower Zone</b>			
P&P Reserves	16.7	29.5%	4.9
<b>M&amp;I Resources</b>	<b>29.8</b>	<b>30.0%</b>	<b>8.9</b>
Inferred Resources	4.6	29.9%	1.4
<b>Total Resources</b>	<b>34.4</b>	<b>30.0%</b>	<b>10.3</b>
<b>Upper Zone</b>			
<b>M&amp;I Resources</b>	<b>60.3</b>	<b>22.7%</b>	<b>13.7</b>
Inferred Resources	9.4	22.6%	2.1
<b>Total Resources</b>	<b>69.7</b>	<b>22.7%</b>	<b>15.8</b>
<b>Total U&amp;L Resources</b>	<b>104.1</b>	<b>25.0%</b>	<b>26.1</b>

**Low capital intensity and operating cost located in a mining friendly jurisdiction**

# Santana Project

## Highlights

- The Santana Project is 100% owned by Itafos and located in Brazil
- Estimated phosphate rock production of 1.5Mtpa (to produce 0.3Mtpa of concentrate)
- Project to consist of SSP and sulphuric acid plants
  - SSP production of 500ktpa and 200ktpa of sulphuric acid
- One of the highest grade phosphate rock resources in Brazil
  - Provides flexibility to produce higher grade fertilizers (i.e. TSP, MAP, DCP)
- Located in one of the largest agricultural markets in Brazil: Mato Grosso and Pará
  - Mato Grosso is Brazil's largest soybean producer and largest consumer of fertilizer
  - Pará is a large beef producer in Brazil

## Location



## Reserve and resources overview <sup>(1)</sup>

	Tonnage (Mt)	Grade (P <sub>2</sub> O <sub>5</sub> %)	P <sub>2</sub> O <sub>5</sub> (Mt)
P&P reserves	45.5	12.9%	5.9
<b>Indicated</b>	<b>60.4</b>	<b>12.0%</b>	<b>7.3</b>
Inferred	26.6	5.6%	1.5
<b>Total Resources</b>	<b>87.0</b>	<b>10.1%</b>	<b>8.8</b>

One of the highest grade phosphate resources in Brazil

Source: Itafos information and estimates

(1) Resources are inclusive of reserves; The effective date of the Mineral Resources Estimate is as of October 28, 2013

# Araxá Project

## Highlights

- The Araxá Project is 100% owned by Itafos and located in Brazil
- 214 hectare property located in the southern part of Minas Gerais in Brazil
- Deposit holds high grade rare earth elements, niobium and phosphate deposits
  - One of the highest grade rare earth oxide (“TREO”) deposits in the world
  - Heavy rare earth oxides +  $Y_2O_3$  represent 2.4% of the TREO in the resource
- Access to excellent infrastructure near one of the largest Brazilian phosphate mines owned and operated by Vale
- Phase 2 pilot plant tests for bulk concentrate has been completed
  - Produced 200 kg of 98% TREO concentrate
- Non-core to phosphate operations; strategic alternatives under consideration

## Location



## Reserve and resources overview <sup>(1)</sup>

	Tonnage (Mt)	Grade (P <sub>2</sub> O <sub>5</sub> %)	P <sub>2</sub> O <sub>5</sub> (Mt)
Measured	1.3	7.9%	0.1
Indicated	5.0	8.5%	0.4
<b>M&amp;I Resources</b>	<b>6.3</b>	<b>8.4%</b>	<b>0.5</b>
Inferred	21.9	7.9%	1.7
<b>Total Resources</b>	<b>28.3</b>	<b>8.0%</b>	<b>2.3</b>

High grade rare earth elements, niobium and phosphate project with access to excellent infrastructure

Source: Itafos information and estimates

(1) Resources are inclusive of reserves; The effective date of the Mineral Resources Estimate is as of October 1, 2012

# Mantaro Project

## Highlights

- The Mantaro Project is 100% owned by STA and located in Peru, 250 km east of Lima
- Currently in care-and-maintenance
- Located at the southern end of a major copper, lead, zinc and silver mining belt in the Central Peruvian Altiplano
- Strategically located with access to key export markets
  - Access to Pacific ports for shipment to Asia and North America
  - Access to nearby infrastructure with road and rail located 10 km from the property and electrical power lines crossing the property
- Mineralization is observed in surface outcrops forming a faulted synclinal structure, extending over a length of greater than 30 km and a width of 3-5 km
  - Exposed as three roughly parallel exposures known as the West, East and Far East zones
  - Deposit exhibits near surface phosphate mineralization, which extends to depths of greater than 200 m below surface
- Ore beneficiation testing indicated that a marketable phosphate concentrate with grade of 28.8% - 32.5%  $P_2O_5$  could be produced using conventional processes
- Permitting activities have been delayed due to social unrest and political tensions in Peru, as well as the lack of working capital

## Location



## Reserve and resources overview <sup>(1)</sup>

	Tonnage (Mt)	Grade ( $P_2O_5\%$ )	$P_2O_5$ (Mt)
<b>West Zone</b>			
<b>M&amp;I Resources</b>	<b>39.5</b>	<b>10.0%</b>	<b>4.0</b>
Inferred Resources	376.3	9.0%	33.9
<b>Total Resources</b>	<b>415.8</b>	<b>9.1%</b>	<b>37.8</b>
<b>East and Far East Zones <sup>(2)</sup></b>			
East	425-435	9.0%	38.3-39.2
Far East	280-290	9.0%	25.2-26.1
<b>Total Resources</b>	<b>705-725</b>	<b>9.0%</b>	<b>63.5-65.3</b>

## Large-scale phosphate project located in Peru

Source: Itafos information and estimates

(1) Resources are inclusive of reserves; The effective date of the Mineral Resources Estimate is as of February 21, 2010

(2) The potential conceptual tonnage estimates of phosphate rock are in zones that are considered exploration targets at this stage; The potential quantity and grade are conceptual in nature, as there has been insufficient exploration to define a mineral resource; The target zones have been geologically mapped and exhibit surface mineralization widths similar to the zone on which measured, indicated and inferred mineral resources have been estimated





# **APPENDIX: RISK FACTORS**

# Risk factors

The operations of Itafos are speculative due to the high-risk nature of its business which is the exploration, development and operation of mining properties. These risk factors could materially affect Itafos' financial condition and/or future operating results and could cause actual events to differ materially from those described in forward-looking information relating to Itafos.

The following is a summary only of certain risk factors relating to Itafos. The risk factors listed below are not intended to be exhaustive and there may be additional risks that are not included. In the event that any of the risks described below occurs, Itafos' assets, liabilities, business, prospects, financial condition, results of operations and/or cash flows could be adversely affected. In that case, the trading price of the securities of Itafos could decline. Additional risks and uncertainties not currently known to Itafos, or that are considered immaterial, may also materially and adversely affect Itafos' business and operations.

## **Exploration, Development and Operating Risks**

Mining operations generally involve a high degree of risk. Itafos' operations are subject to all the hazards and risks normally encountered in the exploration, development and production of phosphate and potash fertilizer, including unusual and unexpected geologic formations, seismic activity, rock bursts, cave-ins, flooding, pit wall failure and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability. It is impossible to ensure that the exploration or development programs planned by Itafos will result in a profitable commercial mining operation. Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are: the particular attributes of the deposit, such as size, grade and proximity to infrastructure; mineral prices that are highly cyclical; and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection.

## **Risk in Retaining Senior Management, Directors and Key Employees**

Itafos' management and board of directors play a significant role in its success. The conduct of Itafos' business and the execution of its current strategic process, as well as its ultimate growth strategy, rely heavily on management and the Board and its future performance and development depend to a significant extent on the abilities, experience and efforts of its management team, board of directors and key employees. Itafos' ability to retain its management team, directors and key employees, or attract suitable replacements should key members leave, is dependent on the competitive nature of the employment market. The loss of services from key members of the management team, the Board or key employees could adversely impact Itafos' financial condition and prospects.

## **Labor, Employment and Workforce Matters**

While Itafos has had good relations with its employees, progress at its mining properties is dependent upon the efforts of Itafos' employees. Itafos has gone through a significant internal restructuring of its workforce and put its Itafos operations on care and maintenance. Additionally, its employees may be affected by changes in the scheme of labor relations that may be introduced by the relevant governmental authorities in Brazil. Itafos plans, subject to successful completion of the strategic review process, would be highly dependent on Itafos' ability to retain and to attract and train highly qualified and motivated employees.

## **Environmental Risks and Hazards**

All phases of Itafos' operations are subject to environmental regulation in Brazil. These regulations mandate, among other things, water quality standards and land reclamation and regulate the generation, transportation, storage and disposal of hazardous waste. Environmental legislation is evolving in a manner that will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees.

Environmental hazards may also exist on the properties on which Itafos holds interests that are unknown to Itafos at present and that have been caused by previous or existing owners or operators of the properties. Government environmental approvals and permits are currently, or may in the future be, required in connection with Itafos' operations. To the extent that such approvals are required and not obtained, Itafos may be curtailed or prohibited from proceeding with planned exploration or development of mineral properties. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions.

# Risk factors (cont'd)

## Global Financial Conditions

Global financial conditions have been characterized by increased volatility. Access to credit and financing has been negatively impacted as well as international capital markets. These factors may impact the ability of Itafos to obtain financing in the future on terms favourable to Itafos. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses.

## Uncertainty in the Estimation of Mineral Reserves and Mineral Resources

The calculation of mineral reserves, mineral resources and corresponding grades being mined or dedicated to future production are imprecise and depend on geological interpretation and statistical inferences or assumptions drawn from drilling and sampling analysis, which might prove to be unpredictable. Mineral resources that are not mineral reserves do not have demonstrated economic viability. Until mineral resources are actually mined and processed, the quantity of mineral resources and grades must be considered to be estimates only. In addition, due to the uncertainty which may attach to inferred mineral resources, there is no assurance that inferred mineral resources will be upgraded to indicated or measured mineral resources as a result of continued exploration. Any material change in the quantity of mineral reserves, mineral resources, grade or stripping ratio may affect the economic viability of Itafos' properties. In addition, there can be no assurance that all ore will be suitable for the projected recoveries.

## Commodity Prices

The profitability of Itafos' operations will be dependent upon the market price of fertilizer and grains commodities. These prices fluctuate widely and are affected by numerous factors beyond the control of Itafos. The level of interest rates, the rate of inflation, the world supply of fertilizer commodities and the stability of exchange rates can all cause significant fluctuations in prices. Such external economic factors are in turn influenced by changes in international investment patterns, monetary systems and political developments. The price of mineral commodities has fluctuated widely in recent years, and future price declines could cause commercial production to be impracticable, thereby having a material adverse effect on Itafos' business, financial condition and results of operations. Furthermore, mineral reserve and/or mineral resource calculations and life-of-mine plans using significantly lower mineral prices could result in material write-downs of Itafos' investment in mining properties and increased amortization, reclamation and closure charges.

## Write-downs and Impairments

Mining and mineral interests together with assets in the pre-commercial development stage are the most significant assets of Itafos and represent capitalized expenditures related to the development of mining properties and the value assigned to exploration potential on acquisition, and related plant and equipment. The costs associated with mining properties are separately allocated to exploration potential, mineral reserves and mineral resources and include acquired interests in production, development and exploration-stage properties representing the fair value at the time they were acquired. The values of such mineral properties are primarily driven by the nature and amount of material interests believed to be contained or potentially contained, in properties to which they relate. Itafos reviews and evaluates its mining interests for impairment when events or changes in circumstances indicate that the related carrying amounts may not be recoverable, which becomes more of a risk in the global economic conditions that exist currently. Impairment is considered to exist if the total estimated future undiscounted cash flows are less than the carrying amount of the assets. An impairment loss is measured and recorded based on discounted estimated future cash flows. Future cash flows are estimated based on expected future production, commodity prices, operating costs and capital costs. There are numerous uncertainties inherent in estimating mineral reserves and mineral resources. Differences between management's assumptions and market conditions could have a material effect in the future on Itafos' financial position and results of operation. In addition, with a weaker global economy, there is a greater risk surrounding inventory levels.

## Litigation Risks

All industries, including the mining industry, are subject to legal claims, with and without merit. Itafos is involved in current and threatened litigation and may become involved in legal disputes in the future. Defense and settlement costs can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, the resolution of any particular legal proceeding may have a material adverse effect on Itafos' financial position or results of operations.

# Risk factors (cont'd)

## Infrastructure

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants, which affect capital and operating costs. Unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect Itafos' operations, financial condition and results of operations.

## Currency Fluctuations

Currency fluctuations may affect Itafos' capital costs and the costs that Itafos incurs in its operations. The appreciation of the Brazilian Real against the Canadian dollar would increase the costs of phosphate production at such mining operations, which could materially and adversely affect Itafos' earnings and financial condition.

## Permitting and Licensing

Itafos' operations are subject to receiving and maintaining permits and/or licenses from appropriate governmental authorities. There is no assurance that delays will not occur in connection with obtaining all necessary renewals of permits and licenses for the existing operations, additional permits or licenses for any possible future changes to operations or associated with new legislation. Prior to any development on any of its properties, Itafos must receive permits or licenses from appropriate governmental authorities. There can be no assurance that Itafos will continue to hold all permits and licenses necessary to develop or continue operating at any particular property.

## Insurance and Uninsured Risks

Itafos' business is subject to a number of risks and hazards generally, including adverse environmental conditions, industrial accidents, labor disputes, unusual or unexpected geological conditions, ground or slope failures, cave-ins, catastrophic equipment failures, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods and earthquakes. Such occurrences could result in damage to mineral properties or production facilities, personal injury or death, environmental damage to Itafos' properties or the properties of others, delays in mining, monetary losses and possible legal liability. Although Itafos maintains insurance to protect against certain risks in such amounts as it considers being reasonable, its insurance will not cover all the potential risks.

## Land Title and Access Rights

The acquisition of title to mineral properties is a very detailed and time-consuming process. Title to, and access to the area of, mineral concessions may be disputed. Itafos believes it has taken reasonable measures to ensure proper title and access to its properties, as applicable. However, there is no guarantee that title to any of its properties or access rights will not be challenged or impaired. Third parties may have valid claims underlying portions of Itafos' interests, including prior unregistered liens, agreements, transfers or claims, including native land claims, and title or access rights may be affected by, among other things, undetected defects. In addition, Itafos may be unable to operate its properties as permitted or to enforce its rights with respect to its properties.

## Itafos' Mining Concessions or Exploration Permits May be Terminated in Certain Circumstances

Itafos' mining concessions or exploration permits may be terminated in certain circumstances. Under the laws of Brazil, mineral resources belong to the state and governmental concessions or permits, as applicable, are required to explore for, and exploit, mineral reserves. Itafos holds mining, exploration and other related concessions in the areas in which it operates and possesses development projects and prospects. The concessions or permits held by Itafos in respect of its operations, development projects and prospects may be terminated under certain circumstances. Termination of any one or more of Itafos' mining, exploration or other permits or concessions could have a material adverse effect on Itafos' financial condition or results of operations.

# Risk factors (cont'd)

## Competition

The mining industry is intensely competitive in all of its phases and Itafos competes with many companies possessing greater financial and technical resources than it. Competition in the fertilizer mining industry is primarily for: mineral rich properties that can be developed and produced economically; the technical expertise to find, develop, and operate such properties; the labor to operate such properties; and the capital for the purpose of funding the development of such properties. Such competition may result in Itafos being unable to acquire desired properties, to recruit or retain qualified employees or to acquire the capital necessary to fund its operations and develop its properties. Existing or future competition in the mining industry could materially adversely affect Itafos' prospects for mineral exploration and success in the future.

## Acquisitions and Integration

From time to time, Itafos examines opportunities to acquire additional mining assets and businesses. Any acquisition that Itafos may choose to complete may be of a significant size, may change the scale of Itafos' business and operations, and may expose Itafos to new geographic, political, operating, financial and geological risks. Itafos' success in its acquisition activities depends on its ability to identify suitable acquisition candidates, negotiate acceptable terms for any such acquisition, and integrate the acquired operations successfully with those of Itafos. Any acquisitions would be accompanied by risks. For example, there may be a significant change in commodity prices after Itafos has committed to complete a transaction and established a purchase price or an exchange ratio; Itafos may have difficulty integrating and assimilating the operations and personnel of any acquired companies, realizing anticipated synergies and maximizing the financial and strategic position of the combined enterprise, and maintaining uniform standards, policies and controls across the organization; the integration of the acquired business or assets may disrupt Itafos' ongoing business and its relationships with employees, customers, suppliers and contractors; and an acquired business or assets may have unknown liabilities which may be significant. In the event that Itafos chooses to raise debt capital to finance any such acquisition, Itafos' leverage would increase. If Itafos chooses to use equity as consideration for such acquisition, existing shareholders may suffer dilution. Alternatively, Itafos may choose to finance any such acquisition with its existing resources. There can be no assurance that Itafos would be successful in overcoming these risks or any other problems encountered in connection with such acquisitions.

## Governmental Regulation of the Mining Industry

The mineral exploration activities of Itafos are subject to various laws governing prospecting, development, production, taxes, labor standards and occupational health, mine safety, toxic substances and other matters. Mining and exploration activities are also subject to various laws and regulations relating to the protection of the environment. Although Itafos believes that its exploration activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner that could limit or curtail production or development of Itafos' properties. Amendments to current laws and regulations governing the operations and activities of Itafos or more stringent implementation thereof could have a material adverse effect on Itafos' business, financial condition and results of operations.

## Foreign Operations

Itafos holds mineral interests in Brazil that may be affected in varying degrees by political instability, government regulations relating to the mining industry and foreign investment therein, and the policies of other nations in respect of Brazil. Any changes in regulations or shifts in political conditions are beyond the control of Itafos and may adversely affect its business. Itafos' operations may be affected in varying degrees by government regulations, including those with respect to restrictions on production, price controls, export controls, income taxes, expropriation of property, employment, land use, water use, environmental legislation and mine safety. The regulatory environment is in a state of continuing change, and new laws, regulations and requirements may be retroactive in their effect and implementation. Itafos' operations may also be affected in varying degrees by political and economic instability, economic or other sanctions imposed by other nations, terrorism, military repression, crime, extreme fluctuations in currency exchange rates and high inflation.

# Risk factors (cont'd)

## Restrictions on Surface Right Acquisitions

Pursuant to the Brazilian Constitution and the Civil Law Code, foreign and domestic persons are equally able to own property in Brazil, provided that a foreign person must hold such property indirectly via a Brazilian subsidiary. As a result, ownership of property will be impacted equally whether held directly by domestic persons or indirectly by foreign persons as a result of any changes to the political climate, laws, regulations, taxes, or other factors affecting land ownership in Brazil. The Brazilian Government, through the Attorney General of the Federal Union, has recently imposed restrictions on the acquisition of rural lands by local entities controlled by foreigners (for clarity, these are in respect of surface rights and not mineral rights). However, these restrictions are still under discussion by the House of Representatives. Although the acquisition of surface lands are not mandatory for mining companies to carry out mining activities, such restrictions limit the ability of Itafos to proceed with the actual purchase of rural lands that may cover its mineral rights, if it so deems it commercially convenient. Therefore, for any properties that have been or are to be acquired after August 2010, Itafos has had to or needs to secure its surface rights through other legal instruments available under Brazilian Law, such as access agreements with surface owners or assignments of surface rights.

## Foreign Subsidiaries

Itafos is a holding company that conducts operations through its foreign subsidiaries and substantially all of its assets are held in such subsidiaries. Accordingly, any limitation on the transfer of cash or other assets between the parent corporation and the subsidiaries could restrict Itafos' ability to fund its operations efficiently. Any such limitations, or the perception that such limitations may exist now or in the future, could have an adverse impact on Itafos' valuation and stock price.

## Possible Conflicts of Interest of Directors and Officers

Certain of the directors and officers of Itafos also serve as directors and/or officers of other companies involved in natural resource exploration and development and, consequently, there exists the possibility for such directors and officers to be in a position of conflict. Itafos expects that any decision made by any of such directors and officers involving Itafos will be made in accordance with their duties and obligations to deal fairly and in good faith with a view to the best interests of Itafos and its shareholders, but there can be no assurance in this regard.

## Damage to Reputation

Damage to Itafos' reputation can be the consequence of a number of events. Reputation loss extends throughout all risk categories and may result in loss of investor confidence, loss of customer confidence, poor community relations and a decline in employee productivity. Reputation loss could interfere with Itafos' ability to execute its strategies. Reputation loss is a negative consequence resulting from these or other risks and can have a detrimental effect on Itafos' performance.

## Malicious Acts

Intentional and malicious acts of destruction to Itafos' property could hinder Itafos' development, production and future sales, and may also interrupt Itafos' supply chain. Itafos' facilities could be damaged, leading to a reduction in operational production capacity and efficiency. Employees, contractors and the public could also suffer substantial physical injury. The consequences of any such actions could damage Itafos' reputation, negatively affecting Itafos' performance.

## Weather

Anomalies in regional weather patterns can have a significant and unpredictable impact on the demand for the products and services engaged by Itafos' business, and may also have an impact on prices. Itafos' target customers will have limited windows of opportunity to complete required tasks at each stage of crop cultivation. Should adverse weather conditions prevail during these seasonal windows, Itafos could face the possibility of reduced revenue in a given season without the opportunity to recover until the following season.



# Risk factors (cont'd)

## **Climate Change**

The potential physical impacts of climate change on Itafos' business and operations are uncertain and may vary by geographic location. The impacts of climate change may include changes in rainfall patterns, water shortages, changing sea levels, changing storm patterns and intensities, and changing temperature levels that could adversely impact Itafos' costs and operating activities.

## **Stock Price Volatility**

Securities markets worldwide experience significant price and volume fluctuations in response to general economic and market conditions and their effect on various industries. This market volatility could cause the price of the shares of Itafos to decline significantly and without regard to Itafos' operating performance. In addition, in recent years stock markets across the globe have experienced significant price and volume fluctuations. These fluctuations may be unrelated to the operating performance of particular companies. These broad market fluctuations may cause declines in the market price of the shares of Itafos.