

ITAFOS REPORTS RECORD Q1 2022 RESULTS, UPDATES FULL-YEAR 2022 GUIDANCE

Q1 2022 Key Highlights

- revenues of \$149.9 million
- adjusted EBITDA of \$60.4 million
- net income of \$33.0 million
- basic earnings of C\$0.22/share
- free cash flow of \$54.4 million

Revised FY 2022 Guidance

- adjusted EBITDA guidance of \$210-230 million
- net income guidance of \$80-95 million
- basic earnings guidance of C\$0.55-0.65/share
- maintenance capex guidance of \$15-23 million
- growth capex guidance of \$15-22 million
- free cash flow guidance of \$150-165 million

CEO Commentary

“We are pleased to report record performance during the first quarter of 2022 in terms of safety and financial results along with continued strong operational performance. We recorded \$150 million of revenues and \$60 million of adjusted EBITDA for the quarter and continued strong production out of our Conda facility. In addition, we made great progress toward deleveraging our balance sheet, having paid down \$40 million of debt during the quarter,” said G. David Delaney, CEO of Itafos.

“We have updated our full-year guidance for 2022 to reflect the continued strength of the business and strong fundamentals in the agriculture and phosphate fertilizer markets. Finally, we remain focused on extending Conda’s current mine life through permitting and development of H1/NDR and evaluating strategic alternatives for our non-North American assets.”

HOUSTON, TX – May 12, 2022 – Itafos Inc. (TSX-V: IFOS) (the “Company”) reported today its Q1 2022 financial and operational highlights. The Company’s financial statements and management’s discussion and analysis and annual information form for the three months ended March 31, 2022 are available under the Company’s profile at www.sedar.com and on the Company’s website at www.itafos.com. All figures are in thousands of US Dollars except as otherwise noted.

Q1 2022 Market Highlights

DAP NOLA prices averaged \$794/st in Q1 2022 compared to \$498/st in Q1 2021, up 60% year-over-year driven by strong agriculture and phosphate fertilizer market supply and demand dynamics. Specific factors driving the year-over-year improvements in DAP NOLA were as follows:

- limited phosphate fertilizer supply capacity additions;
- strong phosphate fertilizer demand underpinned by global coarse grains and oilseeds at multi-year low stocks-to-use ratios and the highest prices in nearly a decade, supporting demand and fertilizer relative affordability;
- continued drawdown of global phosphate fertilizer inventory levels;
- increased restrictions and controls on exports of phosphates fertilizers from China; and
- disruptions to fertilizer and fertilizer raw materials supply from Russia following sanctions imposed by certain countries following the Ukraine invasion.

Q1 2022 Financial Highlights

The Company’s revenues, adjusted EBITDA, net income, basic earnings per share and free cash flow were all up in Q1 2022 compared to Q1 2021 as follows:

- revenues of \$149.9 million in Q1 2022 compared to \$90.1 million in Q1 2021;
- adjusted EBITDA of \$60.4 million in Q1 2022 compared to \$20.6 million in Q1 2021;
- net income of \$33.0 million in Q1 2022 compared to \$1.9 million in Q1 2021;
- basic earnings of C\$0.22/share in Q1 2022 compared to C\$0.01/share in Q1 2021; and
- free cash flow of \$54.4 million in Q1 2022 compared to \$14.7 million in Q1 2021.

The Company's total capex spend in Q1 2022 was \$5.3 million compared to \$2.8 million in Q1 2021 with the increase reflecting activities related to the initiative to produce and sell HFSA at Conda, timing of maintenance projects at Conda and the sulfuric acid restart at Arraias.

March 31, 2022 Net Debt and Liquidity Highlights

As at March 31, 2022, the Company had net debt of \$174.2 million compared to \$217.7 million at the end of 2021 with the decrease primarily due to principal payments under the Company's secured term loan (the "Term Loan") and Conda's secured working capital facility (the "Conda ABL") and higher cash and cash equivalents. The Company's net debt as at March 31, 2022 was comprised of \$37.0 million in cash and \$211.2 million in debt (gross of deferred financing costs). For the three months ended March 31, 2022, the Company repaid \$39.8 million of debt, including \$34.6 million of principal under the Term Loan and \$5.0 million cash drawn under the Conda ABL.

As at March 31, 2022, the Company had liquidity of \$44.2 million comprised of \$37.0 million in cash and \$7.2 million in Conda ABL undrawn borrowing capacity.

Q1 2022 Operational Highlights

EHS

- continued corporate-wide risk mitigation measures to address potential impacts to employees, contractors and operations as a result of the COVID-19 pandemic resulting in no material impact on operations;
- sustained EHS excellence, including no reportable environmental releases and one recordable incident, which resulted in a consolidated TRIFR of 0.39, representing a new Company record; and
- received national recognition during the 87th North American Wildlife and Natural Resources Conference as the Bureau of Land Management awarded the Conservation Leadership Partner Award to the Southeast Idaho Habitat Mitigation Fund, which was developed and funded by Conda.

Conda

- produced 89,096 tonnes P₂O₅ in Q1 2022 compared to 89,355 tonnes P₂O₅ in Q1 2021, which remained largely consistent;
- generated revenues of \$147,530 in Q1 2022 compared to \$90,142 in Q1 2021 with the increase primarily due to higher realized prices and slightly higher sales volumes;
- generated adjusted EBITDA of \$64,388 in Q1 2022 compared to \$24,122 in Q1 2021 with the increase primarily due to the same factors that resulted in higher revenues, which were partially offset by higher input costs;
- recorded net income of \$49,735 in Q1 2022 compared to \$14,764 in Q1 2021 with the increase primarily due to the same factors that resulted in higher adjusted EBITDA and higher other income due to a settlement with insurers on a business interruption claim related to the 2020 disruption in sulfuric acid supply, which were partially offset by higher income tax expenses;
- reached a settlement with insurers on a business interruption claim related to the 2020 disruption in sulfuric acid supply to Conda, which resulted in receipt of net insurance proceeds of \$8,675;
- posted incremental letters of credit of \$3,663 under the Conda ABL as collateral for surety bonds that guarantee obligations under existing operating and environmental permits;
- advanced activities related to the extension of Conda's mine life through permitting and development of H1/NDR, including progression of the NEPA EIS preparation and public engagement process; and
- advanced activities related to the optimization of Conda's EBITDA generation.

Q1 2022 Other Highlights

Also during Q1 2022, the Company:

- announced the resumption of sulfuric acid production and sales at Arraias during February 2022. Subsequent to the restart, the Company decided in March 2022 to conduct further maintenance activities at the sulfuric acid plant, which are expected to be completed in May 2022; and
- continued evaluation of strategic alternatives for non-North American assets.

Subsequent Events

Subsequent to March 31, 2022, the Company:

- announced the appointment of Stephen Shapiro and Isaiah Toback to the Company's Board of Directors. Mr. Toback replaces Rory O'Neill as a nominee to the Company's Board of Directors by its principal shareholder, CL Fertilizers Holding LLC ("CLF");
- purchased mining equipment at Conda in exchange for a note payable of \$3,930;
- reached a settlement agreement related to shared environmental and asset retirement obligations at Conda's Lanes Creek mine;
- granted 187,955 restricted share units ("RSUs") to management under its RSU plan; and
- received an assessment from the Dutch tax authorities of EUR 1,730 (approximately \$1,834) for 2016 income taxes related to its Dutch holding structure for the Company's Brazilian subsidiaries. The Company intends to defend and vigorously appeal the tax assessment.

Market Outlook

The Company expects the current strength in the global agriculture and phosphate fertilizer fundamentals to continue. Accordingly, the Company expects continued strength in pricing and volume fundamentals in the phosphate fertilizer markets during the remainder of H1 2022, followed by a moderate softening of prices during H2 2022.

Specific factors the Company expects to influence the continued strength in the global phosphate fertilizer markets during H1 2022 are as follows:

- low phosphate fertilizer inventory levels;
- no significant phosphate fertilizer supply capacity additions;
- stable phosphate fertilizer demand; and
- reduced phosphate fertilizer exports from Russia and China.

Specific factors the Company expects to influence the moderate softening of the global phosphate fertilizer markets during H2 2022 are as follows:

- return of global phosphate fertilizer inventory to historical levels;
- moderate decrease of phosphate fertilizer demand;
- increase of phosphate fertilizer supply from existing capacity maximizing run-rates; and
- moderate increase of phosphate fertilizer exports from Russia and China upon easing of sanctions and export restrictions, respectively.

The Company expects sulfur and sulfuric acid prices to remain at high levels globally due to solid demand from phosphates and metals consumers. The Company expects ammonia prices to also remain at high levels during 2022, for as long as the natural gas prices remain elevated and exports from Russia and Ukraine are significantly reduced.

Financial Outlook

The Company's revised guidance for 2022 is as follows:

*(in millions of US Dollars
except as otherwise noted)*

	H1 2022	H2 2022	FY 2022
Adjusted EBITDA	\$ 120-130	\$ 90-100	\$ 210-230
Net income	55-65	25-30	80-95
Basic earnings (C\$/share)	0.38-0.44	0.17-0.21	0.55-0.65
Maintenance capex	11-14	4-9	15-23
Growth capex	11-13	4-9	15-22
Free cash flow	90-95	60-70	150-165

The Company increased the lower end of its guidance range for FY 2022 as follows:

- adjusted EBITDA guidance of \$210-230 million (previously \$190-230 million) to reflect the Company's view of H2 2021 prices and input costs at Conda, including the current DAP NOLA prices (100% of Conda's MAP is sold under a long-term offtake agreement with pricing indexed to DAP NOLA on an average three-month trailing basis);
- net income guidance of 80-95 million (previously \$65-95 million) to reflect the revised adjusted EBITDA guidance;
- basic earnings guidance of C\$0.55-0.65/share (previously C\$/0.44-0.65/share) to reflect the revised adjusted EBITDA guidance;
- maintenance capex guidance of \$15-23 million (previously \$13-23 million);
- growth capex guidance of \$15-22 million (previously \$12-22 million); and
- free cash flow guidance of \$150-165 million (previously \$135-165 million) to reflect the revised adjusted EBITDA guidance.

In preparing its revised guidance for 2022, the Company increased its assumption for expected average DAP NOLA during 2022 to \$800-875/st (previously \$690-750/st).

Business Outlook

The Company continues to focus on the following key objectives to drive long-term value and shareholder returns:

- improving financial and operational performance;
- deleveraging the balance sheet;
- extending Conda's current mine life through permitting and development of H1/NDR;
- evaluating strategic alternatives for non-North American assets; and
- maintaining capital-lite investment approach.

About Itafos

The Company is a phosphate and specialty fertilizer company. The Company's businesses and projects are as follows:

- Conda – a vertically integrated phosphate fertilizer business with production 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;
- Arraias – a vertically integrated phosphate fertilizer business with production capacity of approximately 500kt per year of single superphosphate ("SSP"), SSP with micronutrients ("SSP+") and approximately 40kt per year of excess sulfuric acid (220kt per year gross sulfuric acid production capacity) located in Tocantins, Brazil;
- Farim – a high-grade phosphate mine project located in Farim, Guinea-Bissau;
- Santana – a vertically integrated high-grade phosphate mine and fertilizer plant project located in Pará, Brazil; and
- Araxá – a vertically integrated rare earth elements and niobium mine and extraction plant project located in Minas Gerais, Brazil.

In addition to the businesses and projects described above, the Company also owns Paris Hills (Idaho, US) and Mantaro (Junin, Peru), which are phosphate mine project that are in process of being wound down.

The Company is a Delaware corporation that is headquartered in Houston, TX. The Company's shares trade on the TSX Venture Exchange ("TSX-V") under the ticker symbol "IFOS". The Company's principal shareholder is CLF. CLF is an affiliate of Castllake, L.P., a global private investment firm.

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.

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.

Non-IFRS measures included in this news release are defined as follows:

- "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 portion of total capex relating to the maintenance of ongoing operations;
- "Growth capex" as portion of total capex relating to development of growth opportunities;
- "Cash growth capex" as growth capex less accrued growth capex;
- "Free cash flow" as cash flows from operating activities, which excludes payment of interest expense, plus cash flows from investing activities less cash growth capex;
- "Net debt" as debt less cash and cash equivalents plus deferred financing costs (does not consider lease liabilities); and
- "Liquidity" as cash and cash equivalents plus undrawn committed borrowing capacity.

Reconciliations of non-IFRS measures to the most directly comparable IFRS measures are included in the Company's management's discussion and analysis available under the Company's profile at www.sedar.com and on the Company's website at www.itafos.com.

Other Defined Terms

Other defined terms included in this news release are as follows:

- Coronavirus disease 2019 ("COVID-19");
- Diammonium phosphate ("DAP") New Orleans ("NOLA"); and
- Environmental, Health and Safety ("EHS")
- Environmental Impact Statement ("EIS");
- Husky 1/North Dry Ridge ("H1/NDR");
- Hydrofluorosilicic acid ("HFSA");
- National Environmental Policy Act ("NEPA");
- Total recordable incident frequency rate ("TRIFR").

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. Statements that address activities, events or developments that the Company believes, expects or anticipates will or may occur in the future include, but are not limited to, statements regarding estimates and/or assumptions in respect of the Company's financial and business outlook are 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, the duration and spread of the COVID-19 pandemic and its severity; uncertainties of estimates of capital and operating costs and production estimates; the ability of the Company to meet its financial obligations and minimum commitments, fund capital expenditures and comply with covenants contained in the agreements that govern indebtedness; fluctuations in foreign exchange or interest rates and stock market volatility; the continued supply of sulfuric acid to Conda from its primary supplier and those risk factors set out in the Company's annual information form 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.

This news release contains future oriented financial information and financial outlook information (together, "FOFI") about the Company's prospective results of operations, including statements regarding expected adjusted EBITDA, net income, basic earnings per share, maintenance capex, growth capex and free cash flow. FOFI is subject to the same assumptions, risk factors, limitations and qualifications as set forth in the above paragraph. The Company has included the FOFI to provide an outlook of management's expectations regarding anticipated activities and results, and such information may not be appropriate for other purposes. The Company and management believe that the FOFI has been prepared on a reasonable basis, reflecting management's reasonable estimates and judgements; however, actual results of operations and the resulting financial results may vary from the amounts set forth herein. Any financial outlook information speaks only as of the date on which it is made and the Company undertakes no obligation to publicly update or revise any financial outlook information except as required by applicable securities laws.

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For further information, please contact:

George Burdette
Itafos Investor Relations
investor@itafos.com
713-242-8446