



TSX-V: IFOS

ITAFOS ANNOUNCES SALE OF THE ARAXÁ PROJECT

HOUSTON, TX – August 5, 2024 – Itafos Inc. (TSX-V: IFOS) (“Itafos” or the “Company”) is pleased to announce that it has entered into an agreement (the “Agreement”) to sell its 100% interest in its Araxá project to a wholly-owned subsidiary of St George Mining Limited (“St George”) (ASX: SGQ). The sale is structured as a cash and equity transaction. The total purchase price is cash of USD\$21,000,000 and securities of St George (the “Transaction”). As a result of the Transaction, St George will indirectly acquire all of the outstanding securities of Itafos Araxá Mineracao E Fertilizantes S.A (“Itafos Araxá”).

David Delaney, Chief Executive Officer of Itafos, commented: “Today’s announcement of the divestiture of the Araxá asset continues to demonstrate our focus on delivering long term shareholder value through the focus on our core business. The sale of the Araxá Project has been structured as a cash and equity transaction. The structure allows Itafos to retain exposure in further upside in the Araxá asset as it is further derisked. This Transaction underlines our commitment to pursue strategic initiatives that enhance shareholder value as outlined on May 8th, 2024.”

Under the terms of the Agreement, St George will make a cash payment to Itafos of USD\$10,000,000 at closing of the Transaction and will make deferred cash payments of USD\$6,000,000 nine months after closing, and USD\$5,000,000 18 months after closing (collectively, the “Deferred Payments”). Upon closing of the Transaction, St George will also issue to Itafos (a) ordinary shares of St George (“SGQ Shares”) representing 10% of St George’s outstanding share capital immediately following closing, (b) 9,999,990 options to acquire SGQ Shares at an exercise price of AUD\$0.05, expiring three years from the date of issue and (c) 11,111,100 performance rights, convertible into SGQ Shares for no additional consideration upon satisfaction of (i) the closing of the Transaction and (ii) St George reporting an Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC) compliant inferred resource of no less than 25Mt @ 3.5% total rate earth oxide (“TREO”) at a cut-off of 2% TREO within five years from the date of issue.

The closing of the Transaction is subject to the completion (or waiver) of certain conditions by November 3, 2024, including: St George undertaking a capital raise of at least AUD\$20,000,000; St George receiving approval of its shareholders for the Transaction; and the parties executing and registering certain security documents to grant security to Itafos over the assets of St George and Itafos Araxá until such time as the Deferred Payments have been received by Itafos. Additionally, in the event that St George fails to make a Deferred Payment within five business days of its due date, Itafos will be granted a call option whereby it may acquire the shares of Itafos Araxá for consideration of USD\$1.00.

The Transaction is expected to close in late Q3 or early Q4 2024. Use of proceeds will be considered by Management and the Board upon completion of the Transaction.

The Araxá project is a planned vertically integrated rare earth elements and niobium mine and extraction plant project located in Minas Gerais, Brazil. Araxá is 100% owned by Itafos and is currently being maintained as a development project option. Araxá is expected to initially have production capacity of 8.7kt per year of rare earth oxides and 0.7kt per year of niobium oxide to serve international markets. The Araxá project concession area covers approximately 226 hectares close to existing infrastructure.

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 located in Idaho, US with production capacity as follows:
 - approximately 550kt per year of monoammonium phosphate (“MAP”), MAP with micronutrients (“MAP+”), superphosphoric acid (“SPA”), merchant grade phosphoric acid (“MGA”) and ammonium polyphosphate (“APP”); and
 - approximately 27kt per year of hydrofluorosilicic acid (“HFSA”);
- Arraias – a vertically integrated phosphate fertilizer business located in Tocantins, Brazil with production capacity as follows:
 - approximately 500kt per year of single superphosphate (“SSP”) and SSP with micronutrients (“SSP+”); and
 - approximately 40kt per year of excess sulfuric acid (220kt per year gross sulfuric acid production capacity);
- 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 plan project located in Minas Gerais, Brazil.

The Company is a Delaware corporation that is headquartered in Houston, TX. The Company’s shares trade on the TSX-V under the ticker symbol “IFOS”. The Company’s principal shareholder is CL Fertilizers Holding LLC (“CLF”). CLF is an affiliate of Castlelake, 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.

Forward-Looking Information

Certain information contained in this news release constitutes forward-looking information (“**FLI**”), including statements with respect to the Transaction and any information related to: the estimated closing date of the Transaction; the ability of the parties to satisfy the closing conditions and receive any applicable regulatory approvals to complete the Transaction, and the Company’s ownership in St George. All information other than information of historical fact may constitute 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.

The FLI contained in this news release is based on the opinions, assumptions and estimates of management set out herein, which management believes are reasonable as at the date the statements are made. Those opinions, assumptions and estimates are inherently subject to a variety of risks and uncertainties and other known and unknown factors that could cause actual events or results to differ materially from those projected in the FLI. These include the Company’s expectations and assumptions with respect to the following: commodity prices; operating results; safety risks; changes to the Company’s mineral reserves and resources; risk that timing of expected permitting will not be met; changes to mine development and completion; foreign operations risks; changes to regulation; environmental risks; the impact of adverse weather and climate change; general economic changes, including inflation and foreign exchange rates; the actions of the Company’s competitors and counterparties; financing, liquidity, credit and capital risks; the loss of key personnel; impairment risks; cybersecurity risks; risks relating to transportation and infrastructure; changes to equipment and suppliers; adverse litigation; changes to permitting and licensing; geo-political risks; loss of land title and access rights; changes to insurance and uninsured risks; the potential for malicious acts; market volatility; changes to technology; changes to tax laws; the risk of operating in foreign jurisdictions; and the risks posed by a controlling shareholder and other conflicts of interest. Readers are cautioned that the foregoing list of risks, uncertainties and assumptions is not exhaustive.

Although the Company has attempted to identify crucial factors that could cause actual actions, events or results to differ materially from those described in the FLI, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that FLI will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. The reader is cautioned not to place undue reliance on FLI. The Company undertakes no obligation to update forward-looking statements if circumstances or management’s estimates, assumptions or opinions should change, except as required by applicable securities law. Additional risks and uncertainties affecting the FLI contained in this news release are described in greater detail in the Company’s current Annual Information Form and current Management’s Discussion and Analysis available under the Company’s profile on SEDAR+ at www.sedarplus.ca and on the Company’s website at www.itafos.com. The FLI included in this news release is expressly qualified by this cautionary statement and is made as of the date of this news release.

NEITHER THE TSX-V NOR ITS REGULATION SERVICES PROVIDER (AS THAT TERM IS DEFINED IN THE POLICIES OF THE TSX-V) ACCEPTS RESPONSIBILITY FOR THE ADEQUACY OR ACCURACY OF THIS NEWS RELEASE.

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