Itafos

IFOS-TSXV
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Fertilizers

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Company Report - Initiation of Coverage

Pure-Play Phosphate Producer with Robust Growth Pipeline. Initiating at OP2

Recommendation

We are initiating coverage on Itafos with an Outperform rating and a C$3.90 target price, representing a 53% total return from the stock's close on Apr-27-18.

Analysis

- **Pure-Play Phosphate Producer with Robust Growth Pipeline**—Itafos is uniquely positioned as a pure-play, integrated phosphate producer with a robust growth pipeline of strategically advantaged assets. As we describe herein, we believe the company has deftly capitalized on recent industry events to assemble a diverse, high-quality portfolio of strategic assets that boast solid baseline cash flow, risk-mitigating contracts, attractive end-markets, and robust long-term growth.
- **North America: Conda Deal Truly Transformational**—We view Itafos' recent $67 mln acquisition of Nutrien's (formerly Agrium) Conda Phosphate complex as truly transformational, adding strategic assets that not only de-risk the firm's broader platform, but also position it for future growth. More specifically, we see several key benefits stemming from this transaction including: 1) attractive baseload cash flow; 2) valuable geographic and economic diversification; 3) several risk-mitigating contract mechanisms; 4) a long-term, high-quality commercial partner; and, 5) the ability to unlock strategic value from Itafos' secondary portfolio of assets (i.e., Paris Hills).
- **Brazil: Resurrecting a Prized SSP Facility**—Itafos has made great strides toward resurrecting Arraias, the company's flagship single super phosphate (SSP) complex in the heart of Brazil's Cerrado region, one the world's most prolific agriculture growth frontiers. Here again, Itafos management seized on a unique opportunity, rescuing Arraias from an entrenched bankruptcy process, restructuring/recapitalizing the balance sheet, and, most recently, successfully recommissioning the plant with plans to reach a sustained operating rate of 80% by 2Q18.
- **Naturally Positioned to Capitalize on Further Industry Churn**—With further phosphate industry 'churn' (asset divestitures) still to come, in our view, we see Itafos as naturally positioned to capitalize on future growth opportunities that may arise, a view underpinned by the firm's strategic shareholder base and highly accomplished management team and board. For instance, recent commentary by Nutrien suggests the company will look to divest additional non-core phosphate assets in the future—a scenario we will continue to monitor closely.

Valuation

Our C$3.90 target price is based upon a blended valuation approach that includes a: 1) an 11.0x EV/EBITDA multiple applied to our 2019E operating EBITDA; a multiple at the upper end of its fertilizer industry peers reflective of its robust growth profile; and 2) an additional $0.60 in value attributed to the company's well-advanced Farim project (see Valuation and Recommendation section for details).

EPS	1Q Mar	2Q Jun	3Q Sep	4Q Dec	Full Year	Revenues (mln)	EBITDA (mln)
2017A	US$(0.09)	US$(0.10)	US$(0.10)	US$(0.06)	US$(0.37)	NA	US$(19)
2018E	(0.02)	0.01	0.00	0.00	(0.01)	307	32
2019E	NA	NA	NA	NA	0.05	342	37
2020E	NA	NA	NA	NA	0.16	372	54

Source: Raymond James Ltd., Thomson One

Outperform 2
C$3.90 target price

Current Price (Apr-27-18)	C$2.55
Total Return to Target	53%
52-Week Range	C$2.90 - C$1.14
Suitability	High Risk/Speculation

Market Data

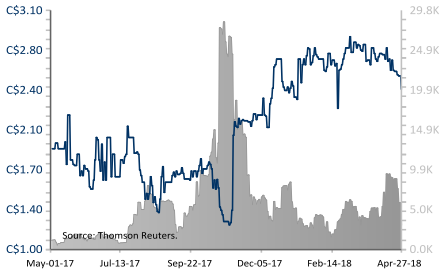
Market Capitalization (mln)	US$284
Current Net Debt (mln)	US$95
Enterprise Value (mln)	US$372
Shares Outstanding (mln, f.d.)	139.3
10 Day Avg Daily Volume (000s)	3
Dividend/Yield	US$0.00/0.0%

Key Financial Metrics

	2017A	2018E	2019E	2020E
P/E	NA	NA	NA	16.3x
EV/EBITDA	NA	11.8x	10.0x	6.9x
DAP Tampa (US$/MT)	US$355	US$381	US$375	US$410
SSP Brazil (US$/MT)	US$199	US$194	US$210	US$215

Company Description

Itafos is a vertically integrated phosphate based fertilizers and specialty products company with strategic assets located in key agricultural and fertilizer markets worldwide.



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Investment Highlights

- **Pure-Play Phosphate Producer with Robust Growth Pipeline**—Itafos is uniquely positioned as a pure-play, integrated phosphate producer with a robust growth pipeline of strategically advantaged assets. As we describe herein, we believe the company has deftly capitalized on recent industry events to assemble a diverse, high-quality portfolio of strategic assets that boast solid baseline cash flow, risk-mitigating contracts, attractive end-markets, and robust long-term growth opportunities.
- **Solid Management Team**—Itafos boasts a highly accomplished management team and Board, in our view, comprised of individuals with deep phosphate/fertilizer experience and strong regional/financial expertise. Put simply, we regard the management team as one of the company's greatest strengths, in many respects resembling that of a large-cap major (versus a small-cap junior). We believe it is this same depth of experience/credibility that's enabled Itafos to execute so well and capitalize on the unique industry opportunities surfacing over the past 18 months.
- **North America: Conda Deal Truly Transformational**—We view Itafos' recent $67 mln acquisition of Nutrien's (formerly Agrium) Conda Phosphate complex as truly transformational, adding strategic assets that not only de-risk the firm's broader platform, but also position it for future growth. More specifically, we see several key benefits stemming from this transaction including: 1) attractive baseload cash flow; 2) valuable geographic and economic diversification; 3) several risk-mitigating contract mechanisms; 4) a long-term, high-quality commercial partner (with future optionality); and 5) the ability to unlock strategic value from the firm's secondary portfolio of assets. Finally, and perhaps most importantly, we note that IFOS struck this deal at an attractive price – one that we see as accretive across all key metrics.
- **Brazil: Resurrecting a Prized SSP Facility**—Itafos has made great strides toward resurrecting Arraias, the company's flagship single super phosphate (SSP) complex in the heart of Brazil's Cerrado region, widely recognized as one the world's most prolific agriculture growth frontiers. Here again, Itafos management seized on a unique opportunity, rescuing Arraias from an entrenched bankruptcy process, restructuring/recapitalizing the balance sheet, and, most recently, successfully recommissioning the plant with plans to reach a sustained operating rate of 80% by 2Q18.
- **Guinea-Bissau: High-Grade, Low-Cost Export Opportunity**—Most recently, Itafos took steps to consolidate its interest in GB Minerals, owner of one of the world's lowest-cost, high-grade phosphate projects (Farim), by acquiring the 68.7% of the outstanding shares it didn't already own, paying C$32.3 mln in cash and 11.3 mln Itafos shares at $2.65/share (C$30 mln), for a total consideration of ~C$62.3 mln. Located in West Africa's Guinea-Bissau, we view GB's Farim project as an attractive bulk export growth opportunity with several near-term, de-risking catalysts that are likely to create additional value for Itafos shareholders.
- **Naturally Positioned to Capitalize on Further Industry Churn**—With further phosphate industry 'churn' (asset divestitures) still to come, in our view, we see Itafos as naturally positioned to capitalize on future growth opportunities that may arise, a view underpinned by the firm's strategic shareholder base and highly accomplished management team and board. For instance, recent commentary by Nutrien suggests the company will look to divest additional non-core phosphate assets in the future—a scenario we will continue to monitor closely.
- **Attractive Valuation with Torque to Phosphate Recovery**—Itafos appears attractively valued in our view, trading in line or below its larger industry peers despite boasting a more attractive growth profile. (See Valuation section for details). At the same time, we argue the market attributes little-to-no value to the company's Farim project despite several catalyst-rich milestones perched on the near-term horizon. Finally, we see significant torque in the outer years to further gains in phosphate prices.

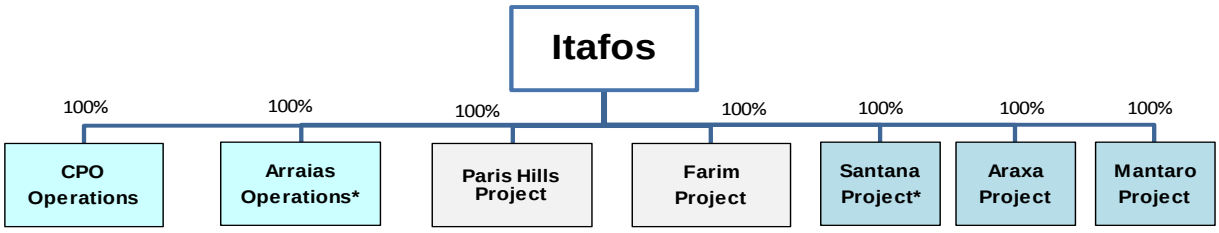
Company Overview

Itafos is a pure-play integrated producer of phosphate fertilizers with an attractive portfolio of growth-orientated assets. At present, the company's two primary production assets include its: 1) Conda Phosphate Operations (Conda)—a vertically-integrated producer of monoammonium phosphate (MAP), superphosphoric acid (SPA) and associated niche products located in southern Idaho; and 2) Arraias Phosphate Operations (Itafos Arraias)—a fully integrated producer of single super phosphate (SSP) located in the heart of Brazil's prolific Cerrado region.

At the same time, the company also maintains an attractive portfolio of well-advanced development assets that include high-grade phosphate deposits in Idaho (Paris Hills, in close proximity to Itafos Conda) and Guinea-Bissau (Farim); and several longer-term phosphate/rare-earth projects in Brazil (Santana and Araxa) and Peru (Mantaro). See Exhibit 1 for details. Itafos' largest shareholder is CL Fertilizer Holdings LLC (Castlelake L.P.) with a ~58% interest, a global investment firm managing more than $13 bln in assets as of March 2018.

Itafos is listed on the TSX Venture Exchange under the ticker IFOS.

Exhibit 1: Itafos Corporate Structure



	Operating Assets		Near-Term Pipeline		Medium-Term Pipeline		
Project Type	Fully integrated phosphate complex (MAP/SPA/APP)	Fully integrated phosphate complex (SSP, sulphuric acid).	High-grade, phosphate rock project	Low-cost, high-grade phosphate rock project	High-grade integrated SSP project.	Unique rare earth oxide project	Large phosphate rock project
Location	Southern Idaho, USA	Tocantins State, Brazil	Southern Idaho, USA (~35 miles from CPO)	Guinea Bissau	Northern Brazil	Southern Brazil	Western Peru
Resource	Under Review	91.7 Mt of resources at 4.8% P_2O_5	104.1 Mt of resources at 25.5% P_2O_5	143.2 Mt of resources at 28.2% P_2O_5	87.0 Mt of resources at 10.0% P_2O_5	28.3Mt of resources at 8.0% P2O5	415.8Mt of resources at 9.1% P2O5
Capacity	550kt per year of MAP, SPA, APP	500kt per year of SSP	1.0Mt per year of phosphate rock	1.3 Mt per year of phosphate rock	500kt per year of SSP	Pending Feasibility	Pending Feasibility
Life	Under Review	19 year mine life	19 year mine life	25 year mine life	32 year mine life	Pending Feasibility	Pending Feasibility

* Excludes non-voting preferred shares

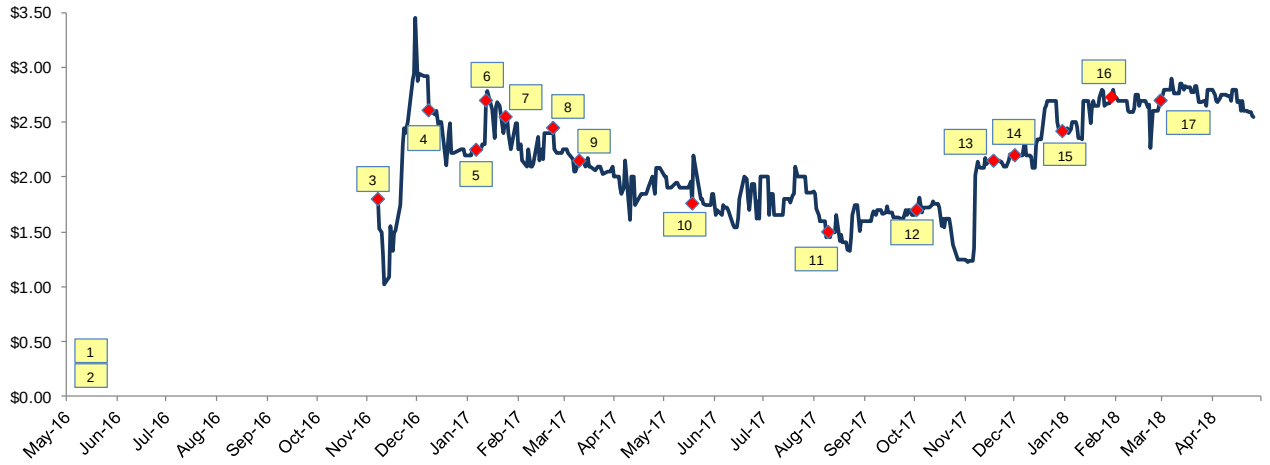
Source: Itafos, Raymond James Ltd.

Company History

Itafos has rapidly evolved over the past three years, deftly capitalizing on recent industry turmoil (depressed fertilizer prices/forced asset sales) to assemble a high-quality portfolio of strategic assets. Restructuring the firm's Brazilian (Arraias) unit was the firm's first major initiative, a process that saw management rescue and recapitalize the former MBAC Corporation (MBAC) from bankruptcy in 2015/16, followed by a subsequent turnaround plan that resulted in the recommissioning of the Arraias SSP Operations in August 2017. The company is planning on ramping up production to reach a sustained 80% operating rate through 2Q18, a key milestone towards supplying the growing Brazilian fertilizer market.

More recently, Itafos completed the purchase of Nutrien's (previously known as Agrium, before its merger with Potash Corp. of Saskatchewan) Conda phosphate operations in Idaho, USA. As we describe herein, this transaction added 550kt per year of in-production phosphate capacity serving the North American fertilizer market. In addition to the attractive financial terms for the transaction, Itafos has positioned itself as a truly diversified vertically-integrated phosphate fertilizer business serving some of the largest fertilizer markets in the world. Furthermore, as a testament to the financial backing provided by Castlelake, combined with management's desire to diversify the business into all aspects of the phosphate value-chain, Itafos owns 100% of the interests in various phosphate projects in the US, Brazil, Peru, and Guinea-Bissau (see Exhibit 1).

Exhibit 2: IFOS Timeline



Type	Date	Event	Event Description
Private Placement	5/5/2016	1	► MBAC enters into support agreement with Zaff LLC as part of its recapitalization
Delisting	5/13/2016	2	► MBAC shares are suspended from trading on TSX
Relisting	11/4/2016	3	► MBAC Fertilizer Announces Expected Trading on TSX Venture will commence 11/07/2016
Private Placement	12/8/2016	4	► MBAC Fertilizer Corp. announces that it has received CA$13.44 million in funding from Zaff LLC
Ticker/Name Change	1/6/2017	5	► MBAC Fertilizer Corp. announces it will change its name to Itafos and change its ticker to IFOS from MBC
Relisting	1/6/2017	6	► Shares commence trading on TSXV under new ticker IFOS
Private Placement	1/11/2017	7	► Itafos announced that it expects to receive $35 million in funding from Zaff LLC and other investors
Executive/Board change	1/17/2017	8	► Itafos announces executive appointments
Executive Change	2/20/2017	9	► Itafos announces management changes
Private Placement	3/9/2017	10	► Itafos announces that it has received $31.05 million in funding from Zaff LLC, Pala Investments and other Investors
Acquisition	5/19/2017	11	► Itafos enterd into an agreement to acquire all the issued and outstanding shares of Stonegate Agricom Ltd.
Loan/ Advance	8/14/2017	12	► Itafos receives US$5 million each from Pala Investments and Zaff LLC respectively to ramp up operations in Brazil.
Loan/ Advance	9/9/2017	13	► Itafos receives US$4.5 million from Zaff LLC respectively to ramp up operations in Brazil.
Acquisition	11/7/2017	14	► Itafos signs agreement to acquire Agrium's Conda Phosphate Operations for cash consideration of US$67 million
Private Placement	11/22/2017	15	► Itafos announces private placement to issue ~45.7 mln shares at CAD$2.10 to raise ~CAD$ 96 million
Merger	12/28/2017	16	► Itafos signs agreement to acquire all issued and outstanding shares of GB Minerals
Merger	2/28/2018	17	► Itafos completes acquisition of GB minerals for total consideration of C$32mln in cash and 11.3 mln Itafos shares

Source: Itafos, Raymond James Ltd.

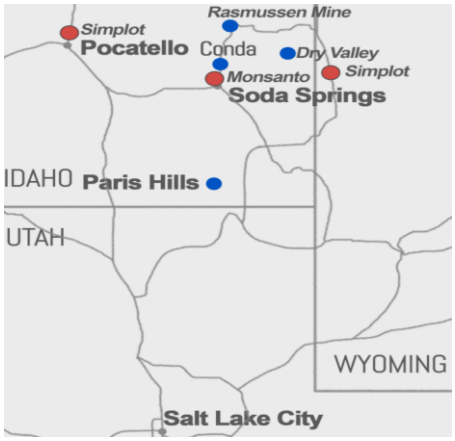
North America: Conda Deal Truly Transformational

As previously asserted, we view Itafos' $67 mln acquisition of Nutrien's Conda Phosphate Operations (Itafos Conda) in January 2018 as truly transformational, adding strategic assets that not only de-risk the firm's broader platform, but also position it for future growth. More specifically, we see key benefits of this transaction as including: 1) attractive baseload cash flow; 2) valuable geographic and economic diversification; 3) several risk-mitigating contract mechanisms; 4) complementary management expertise; 5) a long-term, high-quality commercial partner (with future optionality); and 6) the ability to unlock strategic value from the firm's tertiary portfolio of assets. Finally, and perhaps most importantly, we note that Itafos struck this deal at an attractive price – one that we see as accretive across all key metrics (EBITDA).

Conda Phosphate (Itafos Conda) Overview

Itafos Conda is a vertically integrated producer of phosphate fertilizers strategically located in southern Idaho, a region strongly advantaged with local/upstream rock supply and close relative proximity to key end-markets. The site employs ~275 direct employees with 250+ contractors also on site at any one time. Additional details include:

Exhibit 3: Itafos Conda Phosphate Operation and Local Facilities



Source: Itafos, Raymond James Ltd.

- **Forced Divestiture Creates Opportunity, Attractive Purchase Price**—Itafos announced the $67 mln purchase of Nutrien's Conda operations on November 7, 2017, a forced sale process triggered by US regulator concerns over the proposed AGU-POT merger (since completed, now called Nutrien) and the implied market concentration in superphosphoric acid. The deal officially closed on January 12, 2018. We estimate Itafos paid ~2.0x TTM EBITDA (~$30-35 mln) multiple for Conda, a price point that we regard as attractive, particularly in light of the $60 mln of inventory included in the purchase price. IFOS funded the transaction primarily through a C$96 mln private placement (issued on Nov-21-17), with the equity fully backstopped by IFOS's largest shareholder (Castlelake; see below for more detail).
- **Diverse Product Set with Strategic Value, Attractive Niche End-Markets—**Boasting annual headline capacity of approximately 550k tpy, Conda produces a basket of complex phosphate-based products including: 1) MAP (monoammonium phosphate)—a staple fertilizer used widely cross the Ag sector on crops such as wheat and barley; 2) SPA (super-phosphoric acid) — a highly concentrated liquid used primarily in the production of ammoniated polyphosphate (APP, see next); 3) APP (ammoniated polyphosphate)—a common liquid fertilizer; and, 4) merchant-grade phosphoric acid (MGA), a well-known fire retardant. See Exhibit 4 for highlights. In terms of strategic value, we highlight Itafos Conda's SPA capacity as particularly noteworthy, with Itafos Conda positioned as one of three major US producers of this high-value product—one of the key reasons it was under regulatory scrutiny during the Agrium-Potash Corp. merger.

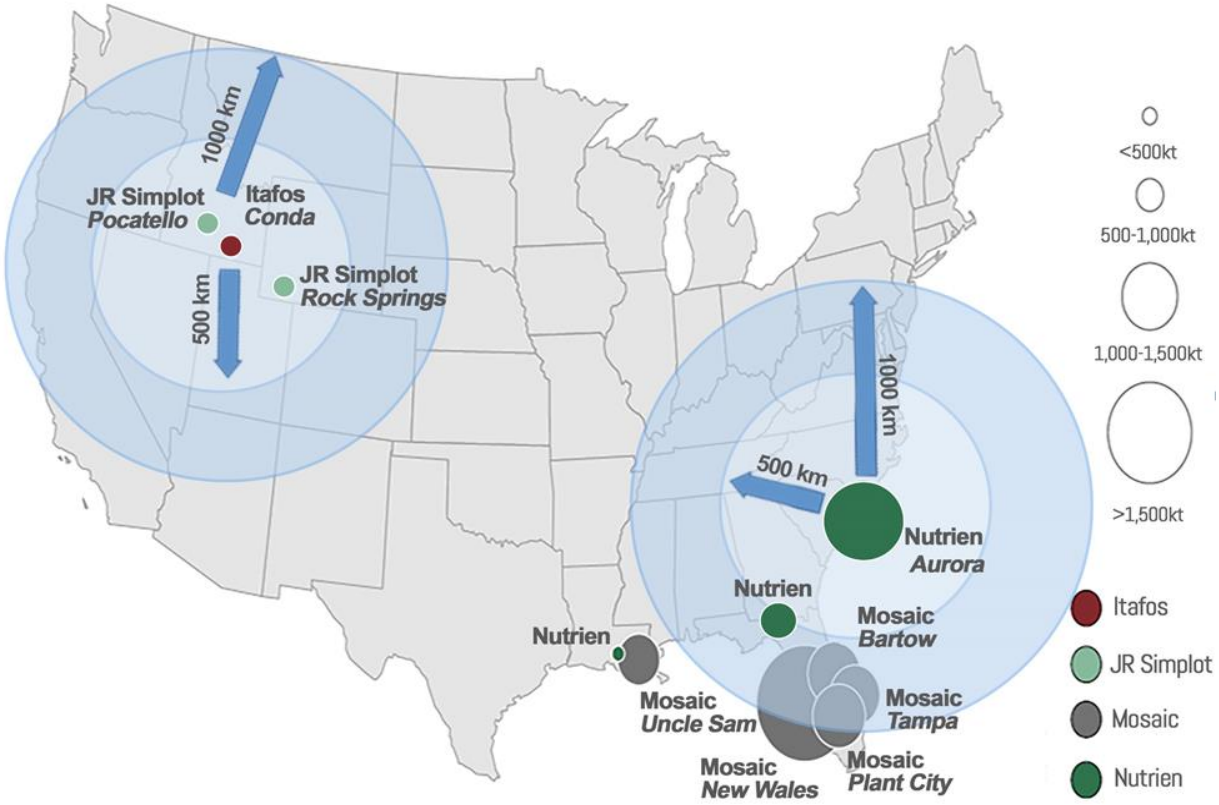
Exhibit 4: Conda Phosphate Operation Capacity by Product

Product	Gross Production	Net Saleable Product	Key Highlights
	000 mts	*000 mts*	
Phosphoric Acid	350	0	- Intermediary product; used for SPA production.
MAP (Monoammonium phosphate)	340	340	- Granulated fertilizer: Used on crops like wheat/barley.
SPA (Superphosphoric acid)	162	140	- Liquid fertilizer used to make Ammonium Phosphate products
APP (Ammonium polyphosphate)	65	65	- Liquid fertilizer used for Ammonium Phosphate products
MGA (Merchant grade acid)	168	2	- Majority upgraded into SPA
Total	1085	547	

Source: Itafos, Raymond James Ltd.

- **Unique Location Offers Advantaged Logistics, Premium Pricing**—Itafos Conda is strategically positioned in southern Idaho, a region well known for its quality phosphate reserves, robust logistical infrastructure, skilled employee base, and advantaged shipping opportunities to key consuming regions. Coupled with its diverse product offering (per above), we believe the site's unique location offers a healthy competitive advantage versus many of the industry's competing domestic players located in the US southeast (Florida, Georgia). Reflecting these same transportation differentials, we also expect Conda to enjoy very healthy price premiums over those players established in the south. See Exhibit 5.

Exhibit 5: Itafos Conda Regional Overview



Source: Itafos, Raymond James Ltd.

- **Attractive, Risk-Mitigating Commercial Contracts**—Importantly, Itafos secured an attractive basket of risk-mitigating commercial contracts as part of its Itafos Conda purchase agreement, including: 1) a MAP offtake agreement— wherein Nutrien will buy 100% of the MAP produced at a market reference price (DAP NOLA) plus a premium; 2) an ammonia supply agreement— wherein Nutrien will supply 100% of the ammonia input requirements at a designated price which is a percentage of DAP NOLA; and 3) a short-term phosphate ore agreement—wherein Nutrien will sell the remaining phosphate rock from its North Rasmussen mine to Itafos at cost (small, ~200k mts); and 4) a SPA tolling agreement—wherein Nutrien will convert SPA to APP at its Canadian facilities at a prescribed market price. While each of these contracts may seem modest in isolation, we view them collectively as a robust risk-mitigating package that will help insulate Itafos from traditional market volatility/risks. Finally, and perhaps most importantly, we'd be remiss if we didn't highlight that Nutrien has agreed to maintain the bulk of the site's legacy environmental exposure, a critical feature given the steep cost of asset retirement obligations in the phosphate business.

- **One Obvious Handicap: Limited Rock Life; Integration Key to Future**—While Itafos currently operates two fully integrated phosphate mines located ~15 miles from its Conda operation (Lanes Creek, Rasmussen), technical reports peg their remaining reserve life at approximately seven years based upon current production levels (expected to last until 2023).

  - **Several Options to Extend Life of Asset**—Fortunately, there are several attractive options to extend this timeline, including: 1) developing two local projects received as part of the transaction (Husky 1, North Dry Ridge), both still in permitting stage; 2) purchasing third-party rock from another operator in the region such as Monsanto; and/or 3) pursuing Paris Hills, Itafos' wholly-owned, high-grade deposit located approximately 35 miles from the current complex (see Exhibit 3 for more detail).

  - **Enter Paris Hills: Key to Long-term Sustainability (for Both Parties)**—We believe one of the critical factors supporting Itafos' bid for Conda was the company's control of Paris Hills, a large, high-grade phosphate deposit (formerly Stonegate Agricom) located within 35 miles of Itafos Conda's core processing facilities. While the development of this project will also require additional permitting and a healthy dose of capital to reach production (~$120 mln), it will also extend the life of the complex by nearly 20 years (or more) and introduce higher-grade/advantaged ore with lower implied processing costs. Put simply, we believe Itafos was in a unique position to unlock value from both assets. At the same time, sustaining Conda's operations was likely a key Nutrien objective, not only in terms of protecting its retail MAP supply, but also in its utility as a key nitrogen sink for its Alberta ammonia output. In this context, we expect Itafos management will soon provide additional clarity regarding their intentions to push ahead with Paris Hills, with construction likely to commence early next year.

Exhibit 6: Paris Hills – 'Lower Zone' Feasibility Study – Key Highlights

PARIS HILLS - FEASIBILITY STUDY HIGHLIGHTS (LOWER ZONE)				
Capital Expenditures ($mlns)			**Phosphate Reserves**	
Construction (Initial)	$121		Total Reserves (mlns MT)	16.7
Sustaining (Cumulative , yrs 3-25)	$134		Avg. Grade (%P205)	29.53%
Operating Highlights			**Annual Production (mlns MT)**	
Mine Life (yrs)	19		Year 1	320
Cash Cost (FOB Port, $/mt)	$70		Year 2	740
Assumed Rock Price	$165		Year 3+	900 - 980
NPV	**Pre-tax**	**After-tax**		
10% Discount Rate (%)	$477	$360		
IRR	45.9%	40.2%		

Source: Itafos, Raymond James Ltd.

Itafos Conda Outlook

As described, we believe the outlook for Itafos Conda is robust. In this context, key items and/or milestones we will be monitoring include:

- **Solid Baseload Cash Flow, Large Price Optionality**—With run-rate EBITDA currently pacing at ~$37 mln annually (2018E), we view the complex as a critical source of baseload cash flow and with large upside (optionality) as phosphate prices gradually recover (see our Phosphate Outlook section for more detail). In rough terms, we estimate that a $10/mt increase in DAP prices yields a $6.0 mln increase in annualized EBITDA (all else equal).
- **Acid Price Reset Will Create Noise in 2019** —Unfortunately, EBITDA margins are expected to take a hit in 2019 as the company's sulphuric acid contract resets with its key (sole source) external supplier—representing ~60% of the plant's acid input requirements (it produces 40% internally). This adjustment is expected to cost the site ~$12 mln in annual EBITDA, which is reflected in our 2019E estimates (see Financial Analysis section for additional color).
- **Optimization Efforts in Focus (Paris Hills Key)**—In the near-term, we expect Itafos to focus on Conda optimization efforts as they look to integrate the complex into the new company infrastructure. With the facility already running at near capacity, we expect much of this focus will be on cost-related initiatives and longer-term strategic projects designed to enhance the long-term value of this asset, most notably: (1) a final investment decision on Paris Hills, likely during 2019 in order to allow for ample development time and commissioning before the depletion of its existing ore reserves; and (2) we also expect the company to evaluate various sourcing alternatives for sulphuric acid, including both internal and external options, in order to gain better negotiation leverage vs. its current (sole source) supplier.

Exhibit 7: Conda 2020E EBITDA Price Sensitivity (US$ mlns)

		DAP Price (FOB NOLA US$/MT)						
		$380	$390	$400	$410	$420	$430	$440
Variable Cash Cost * ($/MT)	$320	34.8	41.0	47.2	53.3	59.5	65.7	71.9
	$330	29.4	35.6	41.8	48.0	54.2	60.4	66.6
	$340	24.1	30.3	36.5	42.7	48.8	55.0	61.2
	$350	18.8	24.9	31.1	37.3	43.5	49.7	55.9
	$360	13.4	19.6	25.8	32.0	38.2	44.3	50.5
	$370	8.1	14.2	20.4	26.6	32.8	39.0	45.2
	$380	2.7	8.9	15.1	21.3	27.5	33.7	39.8
	$390	(2.6)	3.6	9.7	15.9	22.1	28.3	34.5

** Fixed costs represent an additional ~$75-80/mt of cash costs.*

Source: Itafos, Raymond James Ltd.

Exhibit 8: Conda Key Milestones to Monitor

US / CONDA	
Key Milestones	**Status / Target**
► Nov-17: Announced acquisition of Conda Phosphate Operations	Complete
► Jan-18: Closed acquisition of Conda following regulatory review	Complete
► Identify cost/production optimization opportunities	Under Way
► Assess long-term rock supply opportunities	Under Way
► Final Investment Decision on LT Rock Supply (Paris Hills, Husky1, North Dry Ridge)	2019

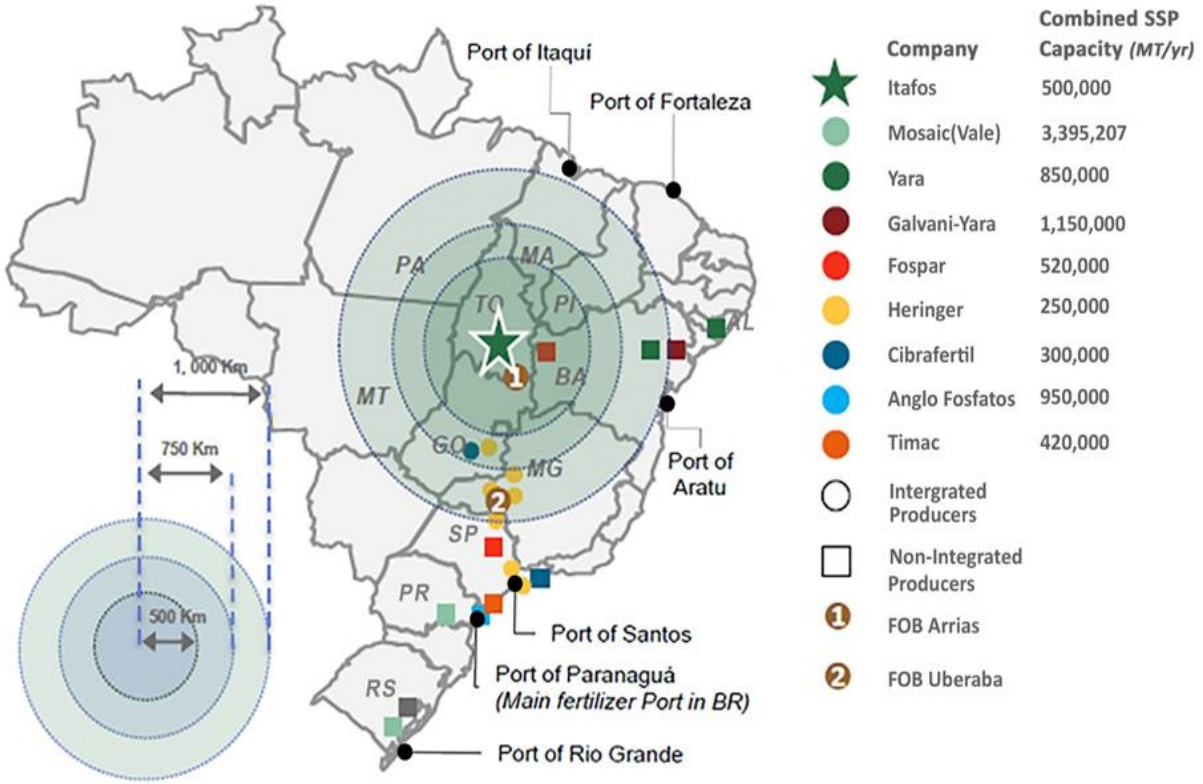
Source: Itafos, Raymond James Ltd.

Brazil: Resurrecting a Prized Asset in the Heart of the Cerrado

IFOS's Arraias phosphate complex is strategically located in the center of Brazil's Cerrado region, one of the fastest growing agricultural regions globally. Positioned as one of the few integrated producers of Super Single Phosphate (SSP) in central Brazil, Arraias boasts 500k tpy of nameplate SSP capacity, and an additional ~40k tpy of excess sulphuric acid capacity that is saleable to third parties. After a bankruptcy-induced shutdown back to 2015, Itafos has since recapitalized the company, taken control of the production complex, and executed on a detailed recommissioning plan – one that successfully saw the plant restart in August 2017, with plans to reach 80% operating capacity by late 2Q18.

- **Unrivalled, Strategic Positioning**—Itafos' Arraias Project is located in the southeast corner of Brazil's Tocantins state, ideally positioning the complex to serve the eight key states comprising the Cerrado. From a competitive standpoint, Arraias boasts a highly enviable geographic location, positioned close to many of the region's key consumers. Comparatively, much of the country's domestic SSP capacity is concentrated along coastal locations and the country's more traditional agricultural centers in southern Brazil. As one of the only vertically integrated producers in central Brazil, Arraias also boasts lower transportation and logistical costs (~US$20-25/t) versus a key competitor located in Bahia that trucks in rock dislocated mine sites as far as 300 km away from their processing/granulation plants. It is this same geographic positioning that we expect will underpin the ability for Arraias to realize higher realized prices versus the commonly cited domestic benchmark (FOB Uberaba -Southern Brazil).

Exhibit 9: Itafos Arraias Geographic Location and Domestic Competitors



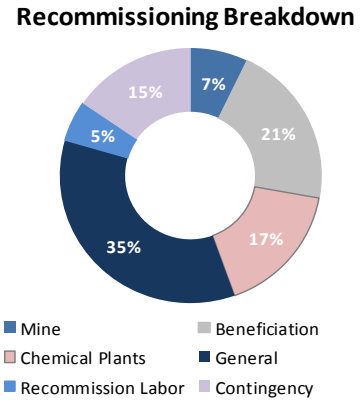
Source: Itafos, Agro Consult, Raymond James Ltd.

- **De-Risking Nearly Complete, Successful Recommissioning**—As indicated, Itafos has successfully executed on its Arraias recommissioning plan over the past 18 months, investing ~$20 mln to repair prior deficiencies and augment overall recovery rates. Given the glaring missteps by the site's former owners, this was no simple feat, in our view, and we credit much of Itafos' success on this project to its world-class operating team anchored by Paul Dekok, former President of Potash Corp's Phosphate division, and Martin Walters, one of the world's foremost chemical engineers in the phosphate industry (see their full bios in our Management section). See below for a brief recap of the recommissioning plan.

Exhibit 10: Arraias Recommissioning Timeline and Recapitalization Budget

Type	Date	Event Description
Started Recomissioning	Jan-17	Itafos took Arraias SSP Operations off care and maintenance and started recommissioning activities
Executive Appointment	Feb-17	Brian Zatarain, hired in October 2016 as CFO to lead restructuring and recapitalization efforts, was appointed CEO
Finalized Commisioning	Jul-17	Itafos finalized the recommissioning of the Arraias facility and produced 13,500 tons of beneficiated phosphate rock and 21,000 tons of granulated SSP through 3Q17.
Executive Appointment	Jul-17	Itafos appointed Paul Dekok as Head of Operations. Mr. Dekok is a senior executive with over 25 years of experience in the phosphate industry including as president of phosphate at Potash Corp.
Production Milestone	Aug-17	Itafos initiated its sales and marketing strategy and made its first sale of 500 tons of SSP to a local blender in Brazil

Budget Spend by Area Dec. 2016 - Apr 2017	Total (US$mm)
Mine	0.9
Beneficiation	2.6
Chemical Plants	2.1
General	4.4
Recommission Labor	0.6
Contingency	1.9
Total Recommissioning Expenditure	**12.6**
Corporate Costs	3.2
Corporate Non-Recurring Restructuring	4.5
Total Corporate	**7.7**
Total Spend Dec. 2016 - Apr. 2017	**20.3**



Source: Itafos, Raymond James Ltd.

Arraias Outlook

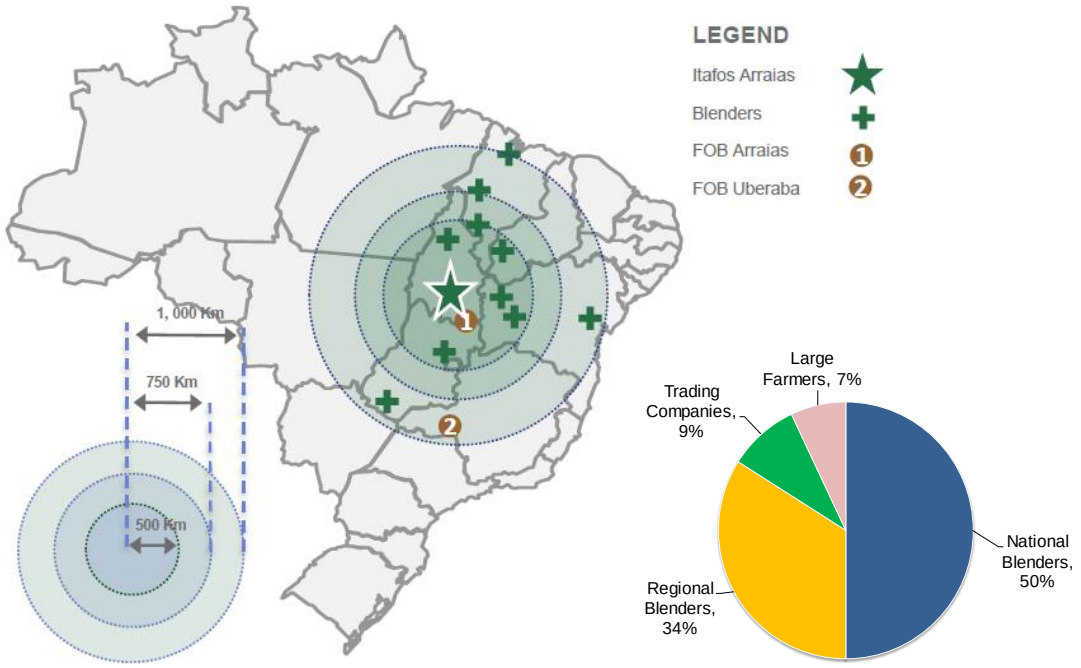
With Arraias now largely de-risked from an operational perspective, below we highlight several key aspects of the firm's Brazilian strategy expected to unfold throughout our forecast horizon:

- **80% Utilization Targeted by 2Q18**—Building on its prior operational milestones, management is now targeting sustained "80% utilization" by the end of 2Q18. For reference, IFOS's recommissioning plan originally targeted a utilization of "approximately 80%" by year-end 2017 as a means of testing the facilities output capability. By most accounts, we understand that the team hit this threshold on several occasions, but has had difficulties sustaining it there, particularly through an incredibly wet rainy season this winter. Management now expects to meet and sustain this same 80% target threshold in 2Q18, aligning well with Brazil's strongest seasonal buying pattern (per below).
- **Optimize, Optimize, Optimize (Cost Improvement Opportunities)**—Based upon our site visit and discussions with management, we believe there could be opportunities to lower Arraias' cash cost below RJL's estimate of the long-term target threshold ($145/mt). In particular, we note the company has been working on a number of initiatives throughout the complex, each with promising cost-saving potential, including: 1) reducing water pumping costs (very long distances at present); 2) reducing input/reagents costs through chemistry optimization; 3) potential back-haul opportunities related to the plant's inbound sulphur shipments; and 4) the opportunity to monetize the site's current tailings through a low-grade by-product

formulation. While it's difficult to peg the cost-saving effect of each initiative, we collectively view them as promising, with the potential to glean an additional $5-10/mt of cost savings over time - all upside versus our current estimates.

- **Commercial Strategy Poised to Unfold**—While the past 12 months have predominantly been operationally focused, we expect the next 12-18 months will add a strong commercial push—one aimed at leveraging Arraias' natural geographic advantages and optimizing netbacks. From a distribution standpoint, Itafos has already identified roughly half-dozen national and regional blenders within the closest, high-growth states (MA/PI/TO/BA, see map) as a core customer base—with several discussions already established and/or well advanced based upon management comments. At the same time, we also expect the company will, in select cases, pursue direct sales programs to larger farmers in target vicinity, an approach that should allow the company to capture upstream blending margin plus some of the associated transport netback. That said, we presume this direct approach will need to be delicately managed so as to not undercut the same regional blenders it will rely upon for distribution to smaller-scale buyers. To minimize this conflict, we surmise there may be opportunities for coordinated direct sales where IFOS and the local blender share in the upside of a direct shipment model (Itafos ships direct to the farmer under the blender's brand name)—particularly in cases where Arraias is closer to the farmer. Itafos also plants to displace imported SSP volume as it ramps up production closer to end-users in Brazil.

Exhibit 11: Arraias Position Relative to Regional Blenders & Customer Base Composition



Source: Itafos, Raymond James Ltd.

- **Seasonality Matters, 2Q/3Q Critical**—Inherent seasonal swings in fertilizer procurement are an important feature of the Brazilian end-market that Itafos must manage diligently, in our view. For context, Brazilian farmers typically procure approximately 70%-80% of their crop inputs summer-fall (late 2Q/early 3Q), with the balance falling into the residual months, including another small lift in January related to the country's second (safrinha) harvest. Itafos' decision to ramp-up to a sustained 805 operating rate through 2Q18 likely ties into the seasonal pattern in our view, as does its decision to target larger regional/national blenders in its sales strategy, the latter which can help mute some of the large seasonal swings.

- **Micro-nutrients Strategy**—As the company's sale strategy and commercial footprint evolves, we also see the opportunity for differentiation via the addition of micronutrients into the company's core SSP product, including elements such as Boron, Magnesium, and Zinc. While it's difficult to ascertain the exact magnitude of the price premium associated with micro-nutrients, we estimate there is a price premium opportunity in the range of $5-$15/mt.
- **Big Leverage to Phosphate Pricing Recovery**—Not surprisingly, Arraias also boasts significant leverage to a recovery in phosphate pricing. At full utilization, we estimate that Arraias would generate ~$15 mln in annualized EBITDA at current prices, with potential upside should the aforementioned cost initiatives described above bear fruit over time. More significantly, however, we highlight that every $10/mt increase in SSP pricing translates into approximately $4.5 mln of annual EBITDA, which is reflected in our $26 mln 2020E estimate (See Financial Analysis section for details).

Exhibit 12: Arraias Target Metrics and 2020E EBITDA Sensitivity

Itafos-Arraias Long-Term Model Assumptions		
Production		
SSP Production	ktpy	500
Sulphuric Acid (net sales)	ktpy	40
Prices		
Benchmark SSP (Brazil Inland, 18-20%, CFR)	$/mt	$215
Realized SSP Price	$/mt	$195
Sulphuric Acid	$/mt	$150
Cash Costs		
Variable Cost	$/mt	$110
Fixed Costs	$/mt	$35
Total Cash Cost (incl. byproduct credits)	$/mt	$145
CapEx		
Annual Sustaining Capex	$mlns	$4.0

Variable * Cash Cost ($/MT)	SSP Price (Brazil Inland, 18-20%, CFR) (US$/MT)						
	$185	$195	$205	$215	$225	$235	$245
$70	$ 30.8	$ 35.7	$ 40.7	$ 45.6	$ 50.5	$ 55.5	$ 60.4
$80	$ 25.8	$ 30.8	$ 35.7	$ 40.7	$ 45.6	$ 50.5	$ 55.5
$90	$ 20.9	$ 25.8	$ 30.8	$ 35.7	$ 40.7	$ 45.6	$ 50.5
$100	$ 15.9	$ 20.9	$ 25.8	$ 30.8	$ 35.7	$ 40.7	$ 45.6
$110	$ 11.0	$ 15.9	$ 20.9	$ 25.8	$ 30.8	$ 35.7	$ 40.7
$120	$ 6.0	$ 11.0	$ 15.9	$ 20.9	$ 25.8	$ 30.8	$ 35.7
$130	$ 1.1	$ 6.0	$ 11.0	$ 15.9	$ 20.9	$ 25.8	$ 30.8
$140	$ (3.9)	$ 1.1	$ 6.0	$ 11.0	$ 15.9	$ 20.9	$ 25.8

** Fixed costs represent an additional ~$35/mt of cash costs.*

Source: Itafos, Raymond James Ltd.

Exhibit 13: Arraias Key Milestones

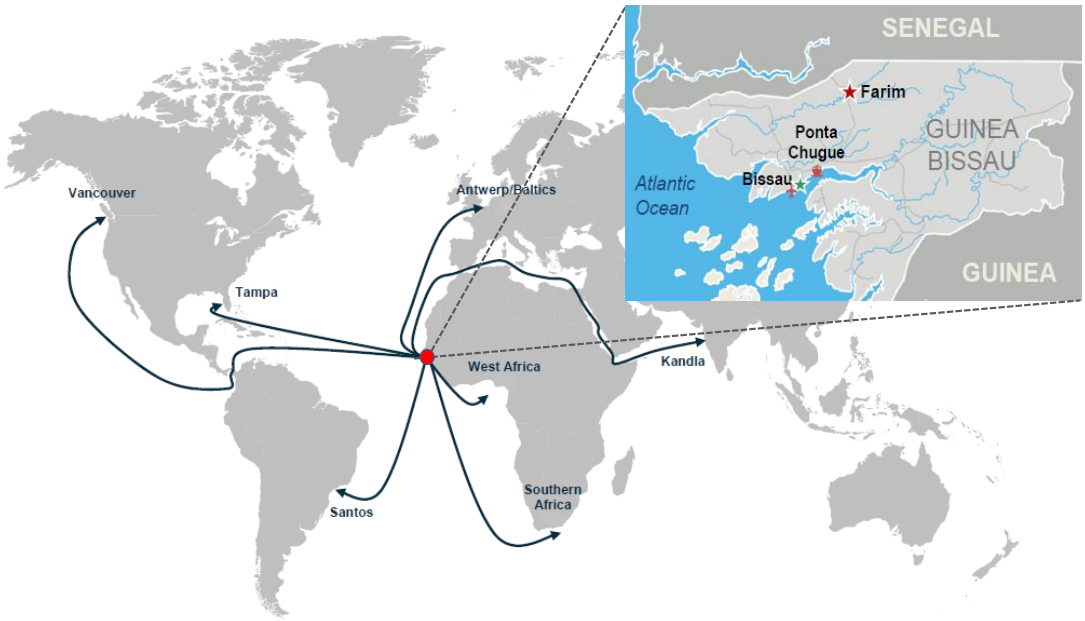
BRAZIL/ARRAIAS	
Key Milestones	**Status / Target**
► Jan-17: Restart of Arraias SSP operations - pulled off care & maintenance.	Complete
► Jul-17: Finalized recommissioning efforts, started commercial operations	Complete
► Aug-17: Announced first delivery of 500 mts of SSP to a local blender in Brazil	Complete
► 2Q18: Ramp-up to sustained 80% utilization rate.	2Q18
► Execute on high-return cost savings projects/opportunities.	Under Way

Source: Itafos, Raymond James Ltd.

West Africa: Farim Represents a High-Grade, Low-Cost Export Opportunity

Most recently, Itafos took steps to consolidate its interest in GB Minerals, owner of one of the world's lowest cost, high-grade phosphate projects named Farim. Positioned as one of the world's highest-grade, lowest-cost development projects globally, Farim stands out as an attractive standalone bulk shipment opportunity, in our view. While there are few synergies with the firm's existing operations/projects, and West Africa may raise an eyebrow, we still see the development of this asset as an attractive undertaking given its compelling resource profile and bulk shipment economics (see Exhibit 15 for highlights). In this context, we expect Itafos management will likely unveil key additional milestones for this project through 2H18 (per below).

Exhibit 14: Farim Geographic Location and Advantaged Shipping Routes



Source: Itafos, Raymond James Ltd.

- **Unrivalled, High-Grade (Premium) Resource**—By most accounts, Farim is one of the highest grade, undeveloped phosphate projects globally. More specifically, Farim's advanced technical report identifies: 1) 44.0 mln mts of proven and probable reserves with a 30.0% P2O5 grade profile; 2) the potential for 1.32 mln tpy of annual rock concentrate production at 34.1% P2O5; and 3) a 25-year mine life (with significant extension opportunities). Based upon the rock's premium grade profile (~2% over the benchmark grade) and relatively low deleterious (cadmium) content, Farim rock is expected to capture a premium price over the standard Moroccan benchmark – with the lattermost (cadmium) issue expected to become increasingly relevant over time (see below for more).
- **Compelling, Low-Cost Economics**—Farim's attractive resource attributes also translate into compelling, low-cost economics. Specifically, life-of-mine operating costs are estimated to average $52/mt, a value comfortably positioned in the lowest quartile of the global cost curve. At the same time, the project's up-front capital intensity is relatively low, with total development capex estimated at US$194 mln if mining activities are performed by Itafos, or approximately US$145 mln if mining is outsourced to outside contractors—which we expect will be the preferred approach.

- **Solid Infrastructure, Advantaged Export Economics**—Farim's attractive resource profile is further complemented by its close proximity to infrastructure and tidewater – in our view, a combination that positions the project with highly advantaged export opportunities. Since the feasibility study, additional technical work has helped further define/de-risk the project's transportation and logistical infrastructure, including the construction of initial access roads and final definition of optimal shipping routes from the proposed port facility.
- **Proposed EU Regulations to Limit Cadmium Content**—Farim's ultra-low Cadmium content, typically ranging from 6mg/kg to 6.9mg/kg with a maximum content at 10mg/kg, is expected to be a strong source of competitive advantage over time, in our view. For context, in October 2017, the EU parliament voted in favour of a proposal to reduce the allowable limits on Cadmium content in fertilizers, worrying about its impact on human health and the food supply chain. Specifically, proposed new regulations would entail a two-stage drop in allowable thresholds, from: 1) 60 mg/kg → 40 mg/kg after 6 years; and 2) 40 mg/kg → 20 mg/kg after 16 years. This evolution is significant, in our view, as it is expected that many of the world's largest phosphate rock suppliers in north/west Africa will have struggle to meet these thresholds—investments that also imply additional op costs ($20-$50/mt).

Exhibit 15: Farim Bankable Feasibility Study Highlights

GB MINERALS FARIM PROJECT - FEASIBILITY STUDY HIGHLIGHTS				
Capital Expenditures ($mlns)			**Phosphate Reserves**	
Construction (Initial)	$194		Total Reserves (mlns MT)	44
Sustaining (Cumulative , yrs 3-25)	$276		Avg. Grade (%P205)	30%
Operating Highlights			**Annual Rock Production (mlns mts)**	
Mine Life (yrs)	25.0		Year 1	1.30
Cash Cost (FOB Port, $/mt)	$52		Year 2+	1.75
Assumed Rock Price	$123			
NPV	**Pre-tax**	**After-tax**		
10% Discount Rate (%)	$497	$437		
IRR	34.9%	34.5%		

Source: GB Minerals, Raymond James Ltd.

Farim Outlook

Based upon the key attributes and progress described, we expect Itafos will continue to advance Farim through 2018, a value-creating process expected to include several key milestones:

- **Final permits**—While Farim is well advanced in terms of key technical studies, the company is still awaiting its final mining permit from the Guinea Bissau government.
- **Baseload Offtake Contracts, EPC Contract—**Based upon our recent discussions with management, we understand that Itafos is currently in discussions with several potential off-take partners, a process that is expected to yield a handful of firm contracts in 2H18. Given management's bullish long-term outlook on phosphate, we expect these off-takes will be limited to ~70% of the project's potential output, enough to satisfy potential lenders, while still leaving additional upside optionality to the company. Albeit on a parallel path, we also expect the company to ink an agreement with a major EPC firm over a similar timeframe.
- **Project-based Debt Financing, Final Investment Decision**—In 2H18, with firm offtakes in hand, we also expect the company will announce a project-based debt facility with one (or more) leading international development agencies, a final de-risking piece of the puzzle that should allow Itafos to subsequently make a positive final investment decision on the project.

Exhibit 16: Farim Key Milestones

GUINEA BISSAU / FARIM	
Key Milestones	**Status / Target**
► Sept-15: Bankable Feasibility Study complete & reviewed by third-party experts	Complete
► Sept-15: Enviro, Social, Impact Assessment (ESIA) complete to IFC guidelines/equator principles	Complete
► Nov-17: Resettlement Action Plan completed, pilot plant work advanced, samples provided to potential customers.	Complete
► Dec-17: Itafos & GB Minerals announce merger.	Complete
► Jan-18: Itafos & GB Minerals complete plan of arrangement; Itafos secures 100% of GB shares outstanding	Complete
► Development of road and other mine infrastructure	Under Way
► EPC contracts being negotiated with Wood Group	2H18
► Secure Off-take Agreements with Strategic Customers	2H18
► Secure Debt-financing package with International Agencies	2H18
► Final permitting expected from Govt. of Guinea Bissau	2H18

Source: GB Minerals, Raymond James Ltd.

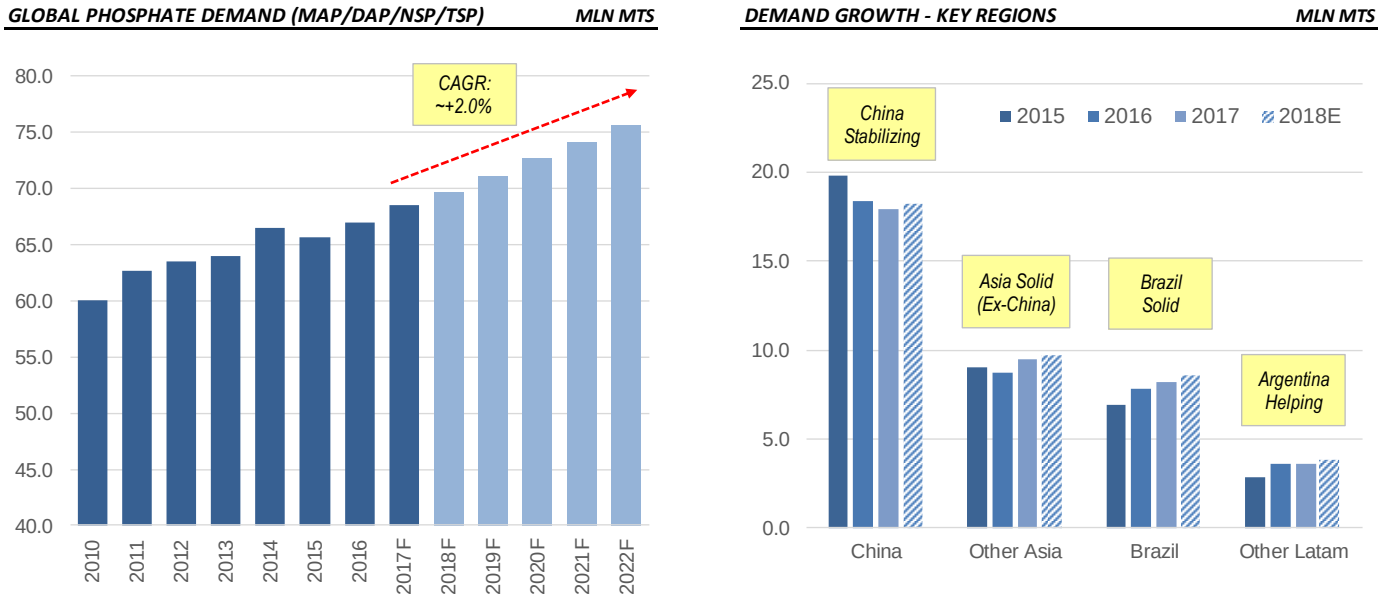
Phosphate Macro Outlook

While the long-term phosphate outlook appears increasingly solid, in our view, we continue to maintain a cautious near-term view based upon our expectation that key DAP/MAP benchmarks are prone to a pullback through this summer as new supply emerges. Key factors underpinning this outlook include:

Long-Term Outlook (Solid)

- **Demand Growth Solid**—Global phosphate demand is expected to demonstrate healthy growth over the next 3-5 years, advancing at a ~2.0% CAGR based upon solid underlying growth originating in key regions such as Brazil, Argentina, Africa, SE Asia, and India. In the more immediate term, we expect 2018 to slightly undercut this average (1.8%), owing in large part to: 1) outsized/above-average growth in 2017 (2.3%, see below); and 2) modest inventory/channel destocking associated with the recent surge in phosphate pricing (see Exhibit 17). Supporting variables contributing this outlook include:
  - **2017 Was a Big Year**—Global demand growth advanced ~2.3% y/y in 2017, demonstrably outpacing the 1.8% average pace recorded between 2010 and 2016. From a regional perspective, 2017 gains were fueled by several key regions, with Asia, ex-China (Pakistan, Thailand, Japan, Australia, NZ) accounting for more than half of the increase, while Brazil accounted for another 25% of the surge. North American shipments also gained modestly, landing in the high end of their historical range.
  - **2018 Growth to Moderate**—As suggested, we expect aggregate demand growth to moderate in 2018. Looking at the regional contributors, India is expected to have sizeable, 1H18 needs given its depleted inventories and supportive domestic Ag policies. Asia (Ex-China) is also expected to post additional gains, albeit a smaller lift versus last year. Brazil shipments are forecast to continue their upward trend powered by steady soybean prices and the likelihood of a bit weaker Real. In North America, shipments are projected to drop back to 9.5 million this year as a result of the big application season last fall as well as large year-end positioning for 2018.

Exhibit 17: Global Phosphate Demand Forecast & Demand Growth in Key Regions



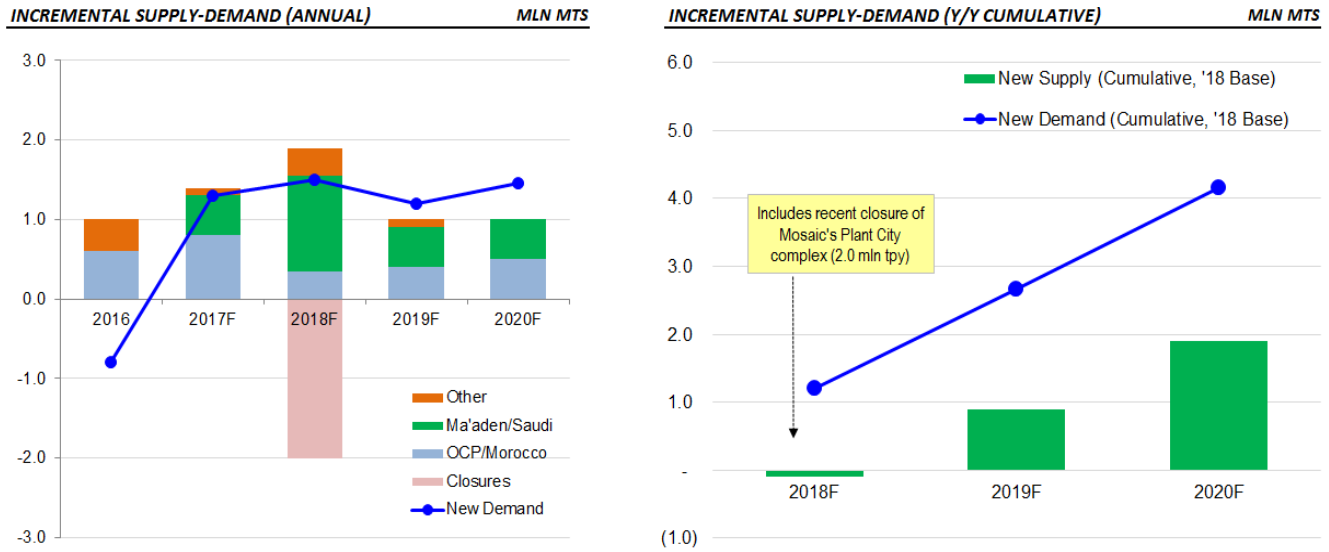
Source: Mosaic, CRU, Raymond James Ltd.

- **Net Supply Growth Expected to Fade**—At the same time, supply growth is expected to lag demand. Specifically, while new capacity is still expected to emerge from both OCP (Morocco) and Ma'aden (Saudi Arabia) through 2018/19, we expect the impact of this new tonnage to be blunted by the Dec-17 closure of Mosaic Co.'s Plant City complex (2.0 mln tpy). Even more encouraging, in our view, is the outlook in 2019 and beyond—where new capacity additions are forecasted to slow even further, with only modest incremental production expected out of OCP and Ma'aden (See Exhibit 18). We believe this bodes well for long-term prices.

  - **Moroccans and Saudis in Focus**—For several years, the market has closely followed the aggressive expansion plans (and associated delays) of two international players, namely: 1) the Ma'aden Wa'ad al Shamal Phosphate Company (Ma'aden), a Saudi Arabian JV enterprise; and 2) the Office Chérifien des Phosphates Group (OCP), the a Moroccan-based, state-owned enterprise widely recognized as one of the leading exporters of phosphate rock, phosphoric acid, and phosphate fertilizers in the world.

  - **More Capacity Coming** – After lengthy delays, Ma'aden finally commenced production last summer (Jul-2017), reportedly producing ~450k mts of DAP in 2017—roughly half the original volume planned. That said, production is expected to ramp up to 1.5-2.0 million tonnes through 2018 adding a sizeable dose of new supply to the market—with much of it likely bound for India. At the same time, while OCP's JPH 3 granulation plant reportedly commissioned last spring (2017), output was reportedly challenged due to downstream challenges with phosphoric acid production. Similarly, while JPH 4 was scheduled to start up late last year, industry publications indicate that commissioning is now expected in 2Q18. Collectively, we expect these two facilities to add ~1.5 mln mts of new supply in 2018 and an additional 0.9-1.0 mln mts in both 2019/2020. See below for more detail.

Exhibit 18: Global Supply-Demand Forecast (Annual and Cumulative, 2018-2020)



Source: Mosaic, CRU, Raymond James Ltd.

Near-Term Outlook (Cautious)

Notwithstanding our positive long-term view (per above), we remain cautious near-term owing to several variables that suggest phosphate prices are poised to track lower through the summer of 2018. As the chart below indicates, phosphate prices have enjoyed a robust surge over the past 6-8 months (starting Oct-17), largely owing to healthy demand and a series of supply-side disruptions that include recent plant closures (i.e., Plant City, per above), new capacity delays, and sharply lower 4Q17 Chinese exports. Looking forward, we expect benchmark prices will give back a portion of these gains in the coming months, before resuming their uptrend higher again. Supporting this view, we highlight:

- **Chinese Exports to Ramp (Again); Reinforce Pricing Seasonality**—While China's 2017 phosphate exports increased modestly y/y, exports during 4Q17 dropped sharply, falling by nearly 1.0 mln mts y/y in response to the Chinese government's sharp crackdown on coal and industrial air pollution, a push that's led to the closure and/or relocation of several phosphate production sites in China. Looking forward, however, with the impact of these same restrictions now fading, and China producers also shifting to international/export markets for demand (following its peak domestic season), we expect the global markets (India in particular) will become increasingly competitive through the coming summer months. In this context, we expect Chinese exports to ramp quite significantly through July, before turning seasonally lower again (alongside lower prices).
- **Raw Material Prices Already Falling**—As demonstrated in Exhibit 4, we also flag that key raw material inputs for phosphate production (Ammonia, Sulphur) have already turned lower this spring, a pattern that's historically pulled key benchmarks (i.e., DAP) lower in tandem.
- **Higher Production in Saudi/Morocco, Will Compete with Chinese Exports**—As previously noted, industry reports also suggest that OCP and Ma'aden will both add additional production through the upcoming spring/summer—incremental supply that will likely begin to clash with the seasonal resurgence in Chinese exports, thus lending additional near-term weight to the market, in our view.

Exhibit 19: DAP Price vs. Key Input Costs

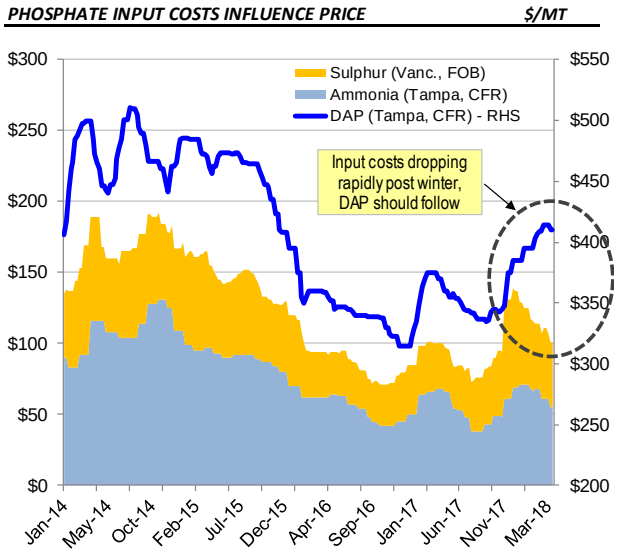
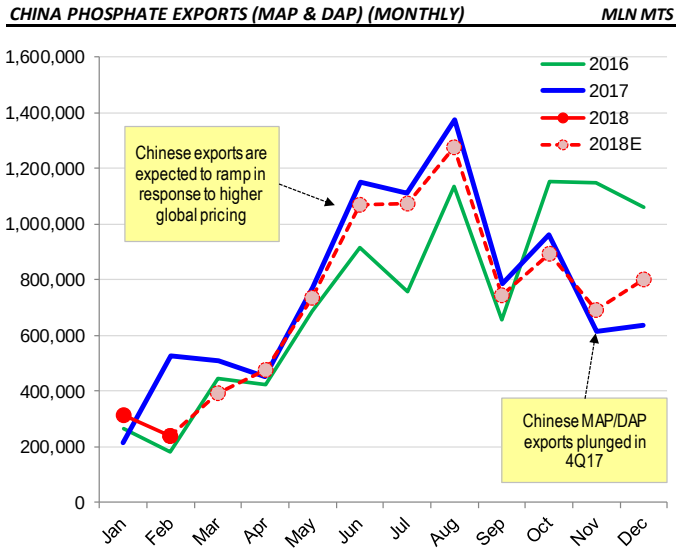
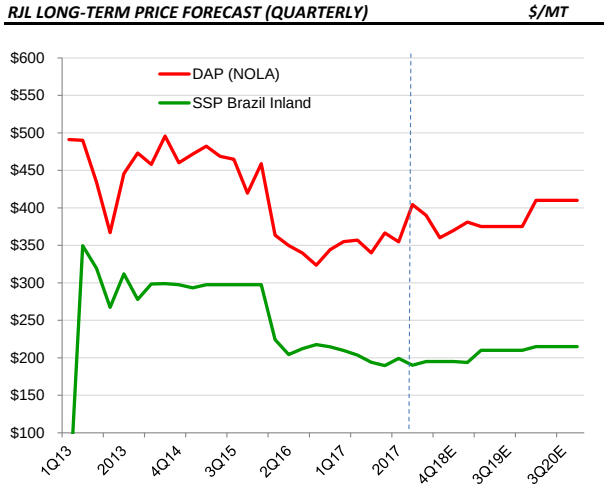


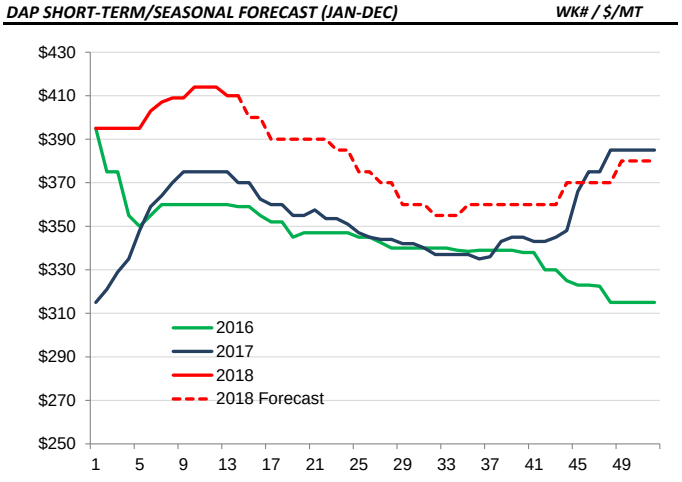
Exhibit 20: Chinese Phosphate Exports



Source: Mosaic, CRU, Raymond James Ltd.

Exhibit 21: RJL Long-term Price Forecasts (Annual) and Short-term Seasonal Forecast (Monthly)





Source: CRU, Raymond James Ltd.

Management Team

Itafos boasts a highly accomplished management team and Board, in our view, comprised of individuals with deep phosphate/fertilizer experience and strong regional/financial expertise. Put simply, we regard the management team as one of the company's greatest strengths, in many respects resembling that of a large-cap major (versus a small-cap junior). We believe it is this same depth of experience/credibility that's enabled Itafos to execute so well and capitalize on the unique industry opportunities surfacing over the past 18 months. Key members include:

Management Team

- **Brian Zatarain, CEO**—Mr. Zatarain is a senior executive with over 20 years of finance and investment management, and corporate and business development experience. Prior to joining Itafos, he co-founded Zaff Capital and was a managing director where he was responsible for investment origination, and exit strategy execution amongst other responsibilities. Prior to Zaff Capital, Mr. Zatarain was an executive vice president at AEI. Before joining AEI, Mr. Zatarain worked at Enron where he executed the equity spin-off of Enron's international businesses, and Coastal Corp. where he worked in roles that dealt with international energy infrastructure acquisitions.
- **George Burdette, CFO**—Mr. Burdette is a senior executive with over 12 years of corporate development, financial, commercial and investment management experience. Prior to joining Itafos, he was head of Americas project finance at First Solar where he was responsible for project financing and commercial initiatives in the U.S., Latin America, and South Africa.
- **Paul Dekok, Head of Operations**—Mr. Dekok is a senior executive with over 25 years of experience in the phosphate industry, most recently as the President of PED Quality Consulting where he provided consulting services to a variety of clients in the fertilizer and animal feed industries. Prior to that, Mr. Dekok worked at Potash Corporation as the President of Phosphates overseeing six phosphate operations and an animal feed operation.
- **Marten Walters, Head of Engineering**—Mr. Marten Walters is a Chemical Engineer and President of KEMWorks, a company specializing in Phosphate Project Development. He has more than 35 years of experience in the design, start-up, and operation of fertilizer and chemical plants. Mr. Walters has designed and started up phosphoric acid, granulation, and animal feed plants in many markets including Brazil. He was Project Manager for many beneficiation and fertilizer plant feasibility studies.
- **Sarvin Patel, Head of Corporate Development and Commercial**—Mr. Patel is a senior executive with over 15 years of principal investing, business development, and diverse finance experience. Prior to Itafos, Mr. Patel held senior roles at Carval Investors and Cargill, where he was responsible for portfolio analysis and investment activities related to emerging markets, and business development within the food ingredients platform, respectively.

Board of Directors

- **Brent De Jong, Director and Chairman**—Mr. de Jong is a Partner at Castlelake, responsible for the firm's investments in emerging markets. He joined Castlelake in 2016 with over 20 years of investment experience, having worked on more than 200 investments across 43 countries. Mr. de Jong has developed expertise in emerging markets in a variety of sectors including, energy, telecom natural resources, and real estate. Prior to joining Castlelake, Mr. de Jong was the chief executive officer of Zaff Capital LP. Mr. de Jong also worked at Ashmore Investment Management where he founded and led AEI, a US$10 billion emerging market energy infrastructure company.
- **Dr. Mhamed Ibnabdeljalil, Director**—Dr. Ibnabdeljalil, is the Founder and Managing Partner at Spika Ventures LLC, a strategic advisory and corporate development firm focused on natural resources and basic materials including fertilizers . Dr. Ibnabdeljalil has broad sector expertise in basic materials, chemicals, and industrials. He served as the EVP and Chief Commercial Officer of OCP Group S.A., a global leader in the phosphate industry, and led the corporate and strategic restructuring of OCP and reshaped its role in the phosphate fertilizer sector.

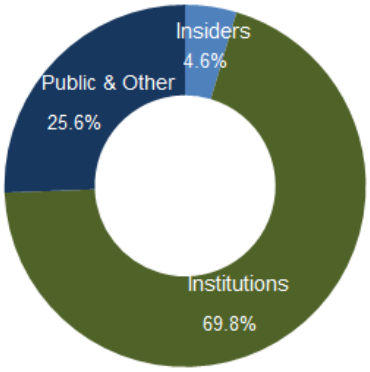
- **David Delaney, Director**—Mr. Delaney previously served as CEO of Plaman Corp., and a Strategic Advisor at Paine & Partners, a private equity firm that focuses on the large and growing food and agribusiness sectors. Most recently, Mr. Delaney was the EVP and Chief Operating Officer of Potash Corp. responsible for overseeing operations across the company. Prior to this, as President of Sales at Potash, Mr. Delaney led the centralization of the global sales function and had oversight of all PotashCorp's Sales, Marketing, Market Research, Transportation and Distribution activities.
- **Ron Wilkinson, Director**—Mr. Wilkinson is a fertilizer industry veteran having spent more than 40 years in the industry in various capacities. Most recently, he retired from Agrium in February 2016 after serving as the company's SVP & President of Wholesale Operations where he held the title for more than 10 years. Mr. Wilkinson was responsible for manufacturing operations for 12 production sites, along with the associated supply chain, sales, marketing and distribution. Prior to this role, he held various positions of increasing responsibility.
- **Evgenij Iorich, Director** – Mr. Iorich serves as a Managing Partner at Pala Investments and is responsible for oversight of Pala's private equity and liquid equity investment portfolios, as well as high-yield corporate debt portfolio.
- **Anthony Cina, Director** – Mr. Cina has over 30 years of experience in accounting, finance, and tax. Mr. Cina is Senior Vice President, Business Administration at Yamana Gold Inc. and has extensive experience in doing business in South America, particularly in Brazil.

Ownership and Share Structure

Itafos common shares trade on the TSX Venture Exchange under the ticker 'IFOS'. As of Apr-25-18, Itafos had approximately 139.2 mln basic shares outstanding. The company's shareholder base is concentrated with a small group of strategic investors serving as the core ownership base. See below for additional details.

Exhibit 22: Shareholder Summary

Shareholder Summary	Shares Held / Controlled	% O.S.
Management. Directors and Other Insiders		
Brent de Jong	6,341,021	4.6%
Other Insiders	57,011	0.0%
Total Management & Insiders	6,398,032	4.6%
Corporation & Institutions		
CL Fertilizers Holding LLC (Zaff LLC)	81,452,992	58.5%
Pala Investments Ltd.	12,152,566	8.7%
J.P. Morgan Asset Management	3,582,576	2.6%
Top Corporations / Institutions	97,188,134	69.8%
Institutions	97,188,134	69.8%
Public & Others	35,644,135	25.6%
Total Shares Outstanding	**139,230,301**	**100.0%**



Source: Capital IQ, Raymond James Ltd.

Financial Analysis and Outlook

Income Statement and Cash Flow

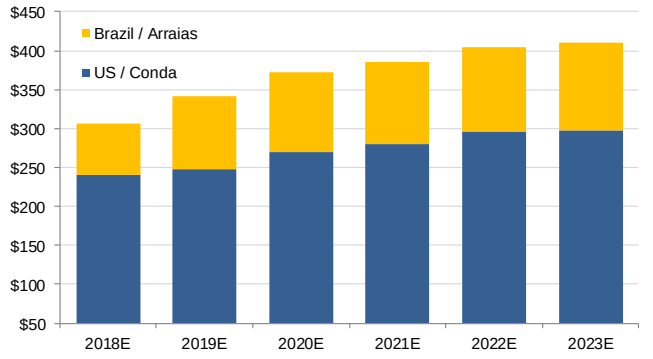
Long-Term Estimates

Itafos revenue growth is broadly expected to come via a combination of healthy production growth and improved phosphate pricing. While we also expect long-term contributions from Farim, we have elected to exclude these metrics from our financial forecasts due to the uncertainty over start-up timing—although we still attribute clear value to this project (see below for more). In this context, with Conda already running near max utilization, production growth will be principally sourced via Arraias, with operating rates expected to climb steadily through our forecast horizon; see Exhibit 23. EBITDA growth is expected to follow a similar evolution, with higher prices adding a substantial degree of EBITDA leverage over time.

Exhibit 23: Itafos Revenue and Operating Rates by Asset

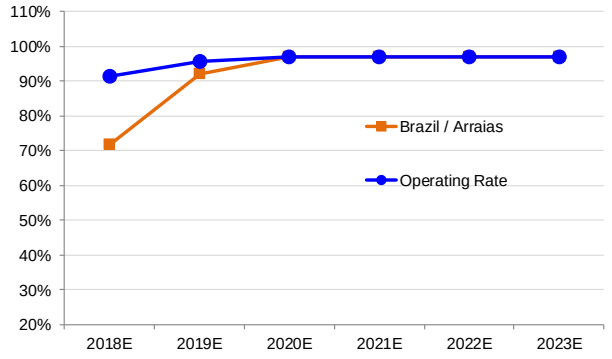
REVENUE (ANNUAL) C$MLNs

Itafos' revenue is expected to grow steadily through 2021 as the company benefits from higher production at Arraias/Brazil, and higher phosphate prices at both Arraias & Conda.



OPERATING RATE (%)

After a difficult winter period (heavy rainfall, power outages), Arraias is expected to ramp toward 80% utilization by 2Q18, just in time for the busy selling season. Conda, meanwhile, is expected to run at high operating rates, consistent with its recent history.



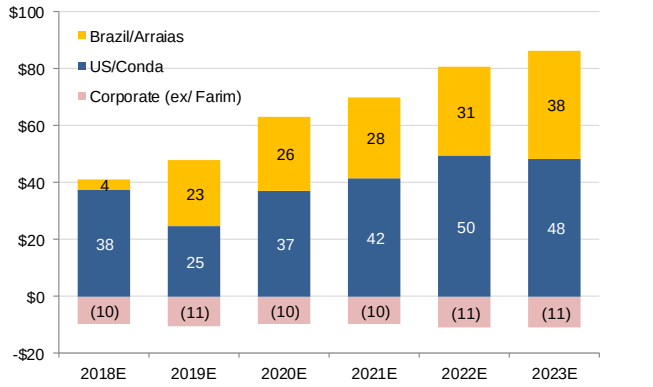
* Conda's modestly lower operating rate in 2018 reflects the acquisition close on Jan 12th

Source: Itafos, Raymond James Ltd.

Exhibit 24: Annual EBITDA and Benchmark Prices

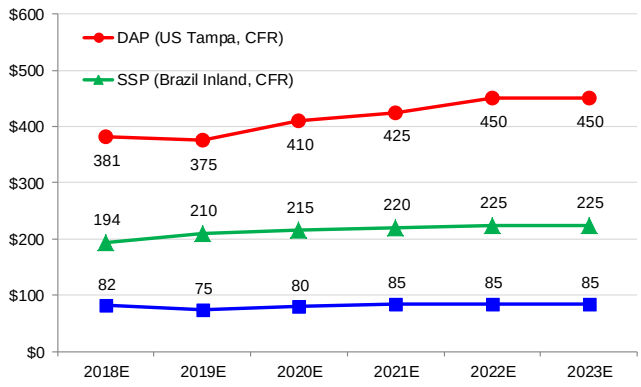
EBITDA (ANNUAL) C$MLNs

Consolidated EBITDA is expected to grow steadily throughout our forecast horizon benefitting from higher production and pricing. As noted, however, Conda EBITDA is expected to take a hit in 2019 as its core sulfuric acid contract (key input) resets to market-level prices.



BENCHMARK PRICES US$/MT

DAP prices are expected to modestly decline in 2019, primarily owing to the elevated front half of 2018. That said, as new supply additions taper off post-2019, we see outsized incremental demand pushing prices higher. Brazilian SSP prices are expected to follow a similar trajectory.



Source: Itafos, Raymond James Ltd.

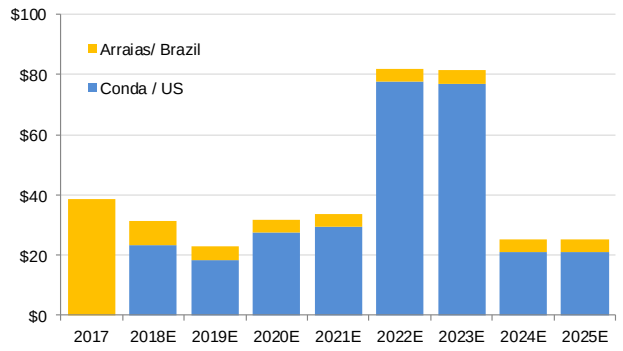
- **Capital Spending to Moderate, Then Jump (Paris Hills)**—After a healthy spend in 2017, we expect capital spending to step back toward maintenance levels for 3-4 years, ranging between $22-$30 mln. While a final investment decision on Paris Hills remain outstanding (timing/configuration), we assume the company advances construction in 2022/2023. We do not include any capital spending estimates for Farim at this time (see below for more).

- **Balance Sheet in Decent Health**—Itafos' leverage profile is reasonable at current levels, in our view, with the anticipated ramp of Arraias expected to help pull Net Debt/EBITDA lower through our forecast horizon. Specifically, we estimate 1Q18 pro-forma net debt (post Conda acquisition) at ~$85 mln, or roughly 2.7x our 2018 EBITDA estimate. Looking forward, however, this ratio is expected to decline as EBITDA ramps, logically opening up room for additional flexibility—and most likely additional growth capital. In this context, management has indicated they would like to secure a new debt facility with a commercial lender (~$100-$150 mln) that would allow the company to: a) consolidate/refinance its current obligations at a lower rate; and 2) provide additional capital to pursue strategic growth.

Exhibit 25: Capital Expenditures and Balance Sheet Leverage

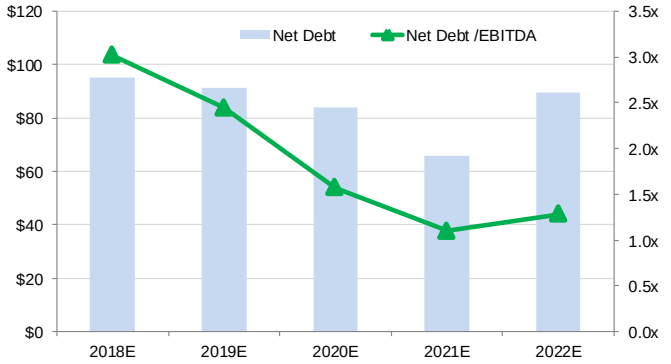
CAPEX PROFILE C$MLNs

After a healthy 2017 spend associated with the Arraias recommissioning, CapEx is expected to moderate for several years, before jumping again in 2022/2023 due to planned build-out of the firm's Paris Hills phosphate rock deposit near Conda.



LEVERAGE PRFOFILE C$MLNs

Itafos' leverage profile is reasonable at current levels, in our view, with the anticipated ramp of Arraias expected to help pull Net Debt/EBITDA lower through our forecast horizon.



Source: Itafos, Raymond James Ltd.

Near-Term Milestones

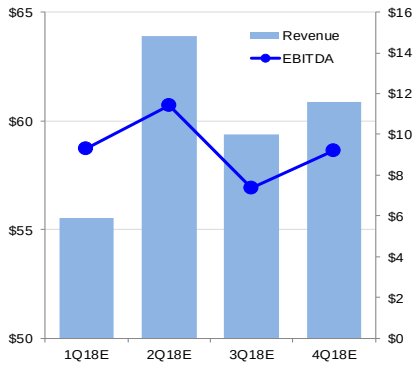
Complementing the LT forecasts above, we expect Itafos to hit several key near-term milestones through 2018 that bear monitoring. We highlight these milestones below by segment:

- **Conda Running Superbly**—Consistent with past years, Conda is reportedly running at very high rates (near max utilization), a superb backdrop given the recent surge in benchmark prices. That said, in order to properly reflect the close of Conda's acquisition (closed Jan-12-18), we model a lower effective run-rate in 1Q18. Long-term, we model 95% utilization rates.
- **Arraias Still Ramping, Rainy Season was Difficult**—By most accounts, Brazil endured a very difficult rainy/summer season (our winter), with excessive rains in several regions leading to flooding and widespread power outages. We understand these same conditions impacted Arraias and its production ramp-up efforts, keeping them from hitting their initial utilization target by year-end. That said, recent progress sounds encouraging, with management now targeting an 80% utilization rate in 2Q18, just in time for the busy selling season (2Q/3Q).

Exhibit 26: Conda: Near-Term Milestones

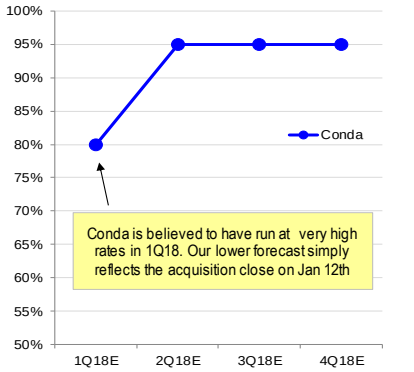
CONDA: REVENUE/EBITDA C$MLNs

Conda near-term revenue and EBITDA trajectories primarily reflect our projected seasonal/ summer decline in MAP prices.



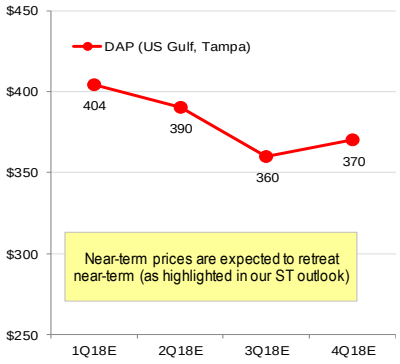
CONDA: OP RATES C$MLNs

Conda operating rates are estimated at very high levels through 2018. Our lower estimate for 1Q18 reflects acquisition close date of 12th Jan, 2018.



CONDA: PRICING $/MT

Prices are expected to retreat through the summer as new supplies come into the market due to increased Chinese exports

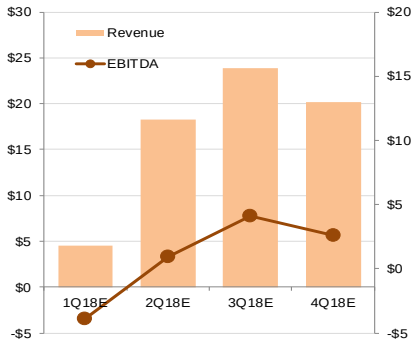


Source: Raymond James Ltd., Itafos

Exhibit 27: Arraias Near-Term Milestones

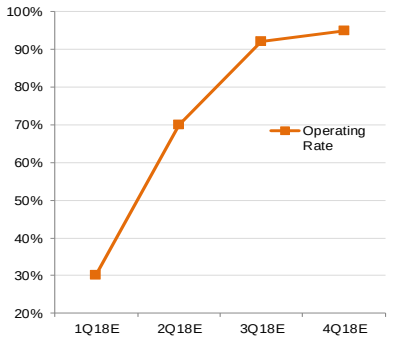
ARRAIAS: REVENUE/EBITDA C$MLNs

Arraias revenues are expected to increase over the course of the year as production and sales at the facility increase.



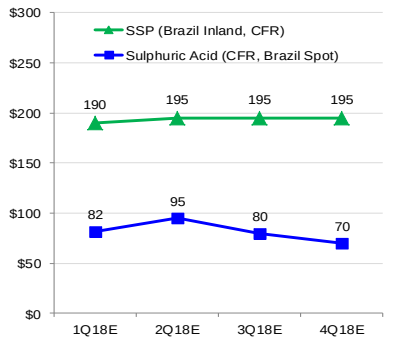
ARRAIAS: OP RATES C$MLNs

While operating rates have been low due to electricity shortages and wet weather, Itafos expects to reach a sustained 80% operating rate through 2Q18.



ARRAIAS: PRICING $/MT

SSP prices are expected to remain relatively static through 2018 before steadily increasing in outer years. Sulfuric acid prices are expected to decline modestly as recent constraints fade.



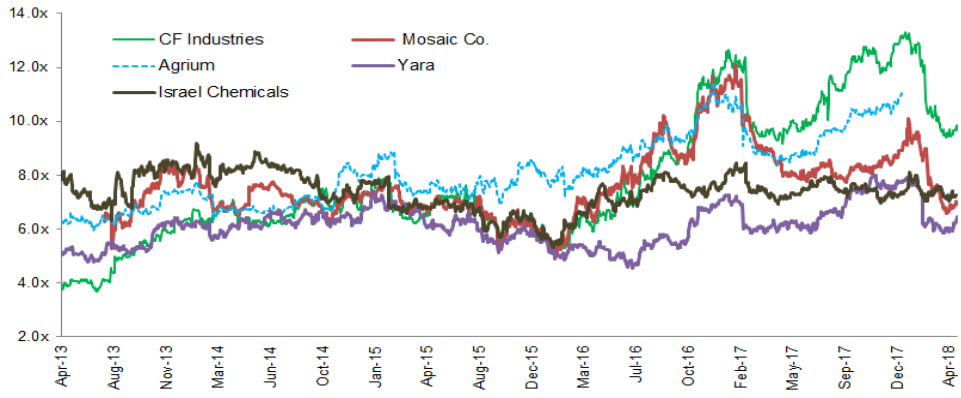
Source: Itafos, Raymond James Ltd.

Valuation and Recommendation

We are initiating coverage on Itafos with an Outperform rating and a C$3.90 target price, representing 53% upside versus the stock's close on April 27-18. To arrive at our target price, we employ a blended valuation approach that includes a: 1) an 11.0x EV/EBITDA multiple applied to our 2019E operating EBITDA; a multiple at the upper end of its fertilizer industry peers reflective of its robust growth profile; and, 2) an additional $0.60 in value attributed to the company's well-advanced Farim project. Additional highlights include:

- **Attractive Relative Value Given Growth Profile**—Global fertilizer producers currently trade at a respective 8.8x and 8.1x forward '19/'20 EBITDA, with a wide variance in the underlying multiples reflecting recent near-trough operating conditions in our view (see Exhibit 29). On this basis alone, we argue that IFOS appears attractively valued, currently trading at 9.5x and 6.9x our respective '19/'20 estimates—despite the company boasting a demonstrably higher EBITDA growth profile over the next two years (see below for more). At the same time, we highlight that these same metrics attribute little-to-no value to the company's well-advanced Farim project that we expect to deliver on several value-enhancing milestones in 2H18 (see herein for details).

Exhibit 28: Fertilizer Industry Historical Trading Multiples (TEV/EBITDA FY+2)

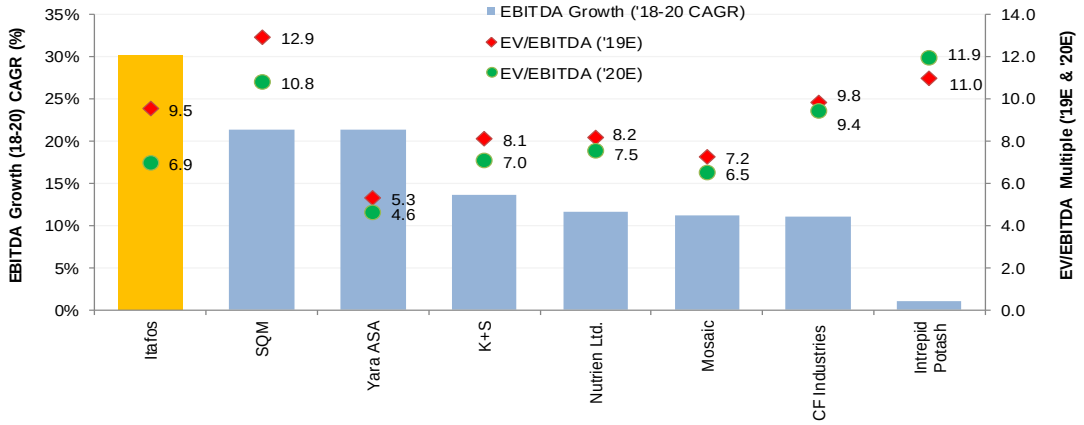


Source: Capital IQ, Raymond James Ltd.

Exhibit 29: Fertilizer Industry EBITDA Growth vs. Forward Trading Multiples

EBITDA GROWTH (2 Yr. CAGR) vs. FORWARD TRADING MULTIPLES

Itafos boasts a strong EBITDA growth profile vs. its larger industry peers, largely due to the commissioning/growth profile associated with its Brazilian complex (Arraias). Despite this growth tilt, the company still trades at an in-line or discounted valuation to the complex (multiple of EBITDA), likely reflecting its higher risk profile. At the same time, the market seems to ascribe little-to-no value to its well advanced Farim project.



Source: Capital IQ, Raymond James Ltd.

- **Significant Upside/Torque in Outer Years**—While we feel our C$3.90 target price is appropriate, we notably see significant potential upside/torque implied in the outer years as: 1) the company optimizes its Arraias operation; 2) global phosphate prices rise; and 3) the company further de-risks Farim (i.e., off-take, project financing). If the three events listed above unfold smoothly, we can derive a theoretical equity value well in excess of our 6-12 month objective by looking only an extra year or two out—even assuming that multiples will compress in these outer years as growth slows and industry conditions normalize. See our tables below.

Exhibit 30: IFOS Target Price Methodology and Valuation Sensitivity

IFOS VALUATION	2019E	2020E
Operating Assets		
Consolidated EBITDA	37.2	53.5
Adjusted EBITDA*	41.2	56.5
Target Multiple	11.0x	7.9x
Total Enterprise Value	453	447
Less: Net Debt	91.1	84.1
Equity Value	362	362
FX Rate	$1.27	$1.27
Equity Value CDN$	460	460
Shares Outstanding	139.3	139.3
Equity Value per Share	$3.30	$3.30
Plus: Intrinsic Value of Farim	$0.60	$0.60
Target Price	**$3.90**	**$3.90**

** Adjusted EBITDA = Consolidated EBITDA excluding Farim SG&A/development expenses.*

Theoretical Equity Value

Target Multiple	Target Year EBITDA 2018E	2019E	2020E	2021E
7.5	$2.09	$2.58	$3.69	$4.33
8.0	$2.25	$2.77	$3.95	$4.62
8.5	$2.40	$2.96	$4.21	$4.91
9.0	$2.56	$3.15	$4.47	$5.20
9.5	$2.72	$3.34	$4.72	$5.49
10.0	$2.88	$3.52	$4.98	$5.78
10.5	$3.03	$3.71	$5.24	$6.06
11.0	$3.19	$3.90	$5.50	$6.35
11.5	$3.35	$4.09	$5.76	$6.64

Implied Upside (%)

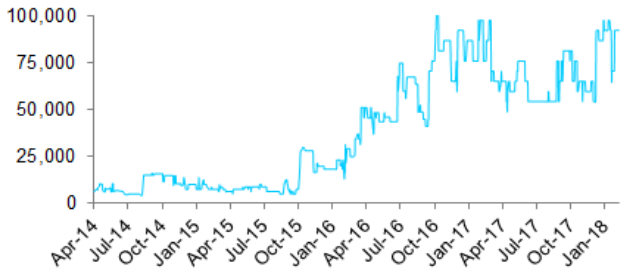
	Target Year EBITDA 2018E	2019E	2020E	2021E
7.5	-18%	1%	45%	70%
8.0	-12%	9%	55%	81%
8.5	-6%	16%	65%	92%
9.0	0%	23%	75%	104%
9.5	7%	31%	85%	115%
10.0	13%	38%	95%	126%
10.5	19%	46%	105%	138%
11.0	25%	53%	116%	149%
11.5	31%	60%	126%	160%

Source: Raymond James Ltd.

- **Farim Project Adds Modest Value (with Upside)**—As the summary table below illustrates, we attribute $0.60 of value to our target price based upon the firm's well-advanced Farim project. To arrive at this value, we notably apply a conservative 0.20x multiple to our unlevered NPV analysis—a multiple that we believe adequately reflects the projects elevated geopolitical risk associated with Guinea Bissau. For reference, this value attribution is also consistent with its historical market value prior to being consolidated under IFOS (see Exhibit 31 for reference).

Exhibit 31: Farim Valuation Summary and Historical GB Minerals Market Value (C$ 000s)

FARIM VALUATION	Units	
FARIM NPV	US$mlns	$333.7
IRR	%	26.0%
Fully Diluted Shares	mlns, mrq	139.3
NAVPS	US$/share	$2.40
P/NAV Target Multiple	x.x	0.20
Target Price	US$/share	$0.47
FX Rate:	CAD/USD	$1.27
Target Price (CDN$)	C$/Share	$0.60



Source: Capital IQ, Raymond James Ltd.

Exhibit 32: Summary Estimates Display

KEY ASSUMPTIONS / OUTPUT	2017	1Q18E	2Q18E	3Q18E	4Q18E	2018E	2019E	2020E	2021E
SUMMARY OUTPUT									
Revenue	-	60,699	82,142	83,204	81,068	307,113	342,060	372,214	384,898
Consolidated EBITDA	(19,447)	3,690	9,768	8,884	9,212	31,553	37,218	53,526	60,163
EPS	(0.37)	(0.02)	0.01	0.00	0.00	(0.01)	0.05	0.16	0.18
Revenue By Segment									
Brazil	-	4,473	18,255	23,840	20,190	66,757	94,668	102,481	105,148
Conda	-	56,226	63,888	59,363	60,878	240,355	247,392	269,733	279,750
Farim	-	-	-	-	-	-	-	-	-
Subtotal	-	60,699	82,142	83,204	81,068	307,113	342,060	372,214	384,898
EBITDA by Segment									
Brazil	-	(3,936)	899	4,072	2,581	3,616	23,289	25,814	28,481
Conda	-	9,575	11,419	7,362	9,181	37,537	24,529	37,313	41,522
Farim	-	-	-	-	-	-	-	-	-
Subtotal	-	5,640	12,318	11,434	11,762	41,153	47,818	63,126	70,003
Less Corporate (H.Office & GB)	(19,447)	(1,950)	(2,550)	(2,550)	(2,550)	(9,600)	(10,600)	(9,600)	(9,840)
Total EBITDA	(19,447)	3,690	9,768	8,884	9,212	31,553	37,218	53,526	60,163
Benchmark Prices									
DAP (US Gulf Tampa, FOB Bulk)	355	404	390	360	370	381	375	410	425
SSP (Brazil Inland 18-20%, CFR)	199	190	195	195	195	194	210	215	220
Sulphuric Acid (CFR, Brazil Spot)	61	82	95	80	70	82	75	80	85
Realized Prices									
MAP (Bulk, FOB Conda)	-	418	404	374	384	395	389	424	439
SSP (Brazil, FOB Arraias)	-	172	190	195	200	205	215	215	215
Sulphuric Acid (CFR, Brazil Spot)	-	152	150	155	160	160	161	162	163

Source: Capital IQ, Raymond James Ltd.

Exhibit 33: Fertilizer Industry -- Comparable Forward Multiples (EV/EBITDA)

Company Name	Ticker	Fx	Share Price	MCap (mln)	Net Debt (mln)	Ent. Value (mln)	EV/EBITDA					Dividend (%)
							2016	2017	2018E	2019E	2020E	
NA Corporates												
Itafos	TSXV:IFOS	CAD	C$2.55	US$ 276	US$ 95	US$ 372	n.m.	n.m.	11.8	10.0	6.9	n.m.
Nutrien Ltd.	NYSE:NTR	USD	$46.26	$29,634	$4,325	$33,852	n.m.	n.m.	9.3	8.2	7.5	3.4%
Innophos	NasdaqGS:IPHS	USD	$42.11	$823	$281	$1,104	9.2	9.1	7.9	7.4	n.m.	4.6%
Intrepid Potash	NYSE:IPI	USD	$4.61	$573	$55	$628	n.m.	n.m.	12.1	11.0	11.9	0.0%
Mosaic	NYSE:MOS	USD	$27.15	$10,464	$3,074	$13,560	12.9	11.8	8.0	7.2	6.5	0.4%
CF Industries	NYSE:CF	USD	$39.53	$9,225	$3,857	$16,187	16.7	15.9	11.6	9.8	9.4	3.0%
						Sub-Avg:	12.9	12.2	10.1	8.9	8.5	2.3%
International Producers												
K+S Aktiengesell.	DB:SDF	EUR	$23.84	$4,563	$2,942	$7,505	14.1	12.8	9.1	8.1	7.0	1.5%
SQM	NYSE:SQM	USD	$55.26	$14,544	$260	$14,805	20.4	16.6	15.9	12.9	10.8	2.9%
Yara ASA	OB:YAR	NOK	$335.90	$91,774	$2,882	$94,656	6.4	7.9	6.8	5.3	4.6	1.9%
						Sub-Avg:	13.6	12.4	10.6	8.8	7.5	2.1%
						Industry Avg:	**13.3**	**12.3**	**10.3**	**8.9**	**8.1**	**2.1%**

1) All figures are US$ unless otherwise noted. Note: For IFOS, share price is CDN, while balance of metrics are USD.

2) All estimates are from CapIQ, except for IFOS, which are RJL estimates.

3) Forward EV/EBITDA multiples >20.0x have been discarded (n.m.)

Source: Capital IQ, Raymond James

Appendix: Financial Statements

Exhibit 34: Itafos Income Statement

Income Statement ($000s)	2017	2018E	2019E	2020E	2021E
Revenue	-	307,113	342,060	372,214	384,898
Operating Costs (COGS)	-	256,460	284,742	299,482	305,179
Gross Profit	-	50,653	57,318	72,732	79,718
Selling General & Admin Expense	19,447	19,100	20,100	19,206	19,555
Depreciation & Amortization	-	23,000	21,100	22,250	23,600
Other Operating Income/Expense	-	-	-	-	-
Operating Income	(19,447)	8,553	16,118	31,276	36,563
Finance Costs	1,263	9,623	8,698	7,067	7,067
Other Non-Operating Expenses	7,787	(250)	-	-	-
Income Before Taxes	(28,497)	(820)	7,420	24,209	29,495
Income Taxes	1,914	(123)	1,113	2,421	4,424
Net Income (Loss)	**(30,411)**	**(697)**	**6,307**	**21,788**	**25,071**
Earnings Per Share					
Basic - Cont. Ops	$ (0.39)	$ (0.01)	$ 0.05	$ 0.16	$ 0.18
Diluted - Cont. Ops	$ (0.37)	$ (0.01)	$ 0.05	$ 0.16	$ 0.18
Shares Outstanding					
Basic	78,814	139,320	139,320	139,320	139,320
Diluted	78,814	139,320	139,320	139,320	139,320
Dividends Per Share	-	-	-	-	-
Common Size					
Cost of Sales	-	83.5%	83.2%	80.5%	79.3%
Gross Profit	-	16.5%	16.8%	19.5%	20.7%
Selling General & Admin Expense	-	6.2%	5.9%	5.2%	5.1%
Finance Costs	-	3.1%	2.5%	1.9%	1.8%
Income before Taxes	-	-0.3%	2.2%	6.5%	7.7%
Tax Rate (%)	-	15.0%	15.0%	10.0%	15.0%
Consolidated EBITDA	($19,447)	$31,553	$37,218	$53,526	$60,163
Adjusted EBITDA	-	$34,553	$41,218	$56,526	$63,403
EBITDA Margin (%)	-	*10.3%*	*10.9%*	*14.4%*	*15.6%*

Source: Itafos, Raymond James Ltd.

Exhibit 35: Itafos Balance Sheet

Balance Sheet ($000s)	2017	2018E	2019E	2020E	2021E
Assets					
Cash and Cash Equivalents	63,677	13,385	17,621	24,595	42,843
Accounts Receivables	116	18,015	23,754	25,848	26,729
Inventory	8,277	22,310	21,356	22,461	22,888
Other	9,005	9,005	9,005	9,005	9,005
Total Current Assets	81,075	62,716	71,735	81,910	101,465
Property, Plant and Equipment	263,427	372,463	376,168	394,010	405,000
Intangible Assets	47,195	47,195	47,195	47,195	47,195
Other Assets	29,594	29,594	29,594	29,594	29,594
Total Non-Current Assets	340,216	449,252	452,957	470,799	481,789
Total Assets	**421,291**	**511,967**	**524,692**	**552,709**	**583,255**
Liabilities					
Accounts Payable and Accrued Liabilities	16,937	22,310	23,729	24,957	25,432
Current Debentures & Debt	26,490	26,490	26,490	26,490	26,490
Other	726	726	726	726	726
Total Current Liabilities	44,153	49,526	50,945	52,173	52,648
Long-term Debt	2,240	82,240	82,240	82,240	82,240
Other Liabilities	13,299	19,299	24,299	29,299	34,299
Total Non-Current Liabilities	15,539	101,539	106,539	111,539	116,539
Total Liabilities	**59,692**	**151,065**	**157,484**	**163,712**	**169,187**
Shareholders' Equity					
Common Stock - Par Value	486,562	486,562	486,562	486,562	486,562
Contributed Surplus	246,626	246,626	246,626	246,626	246,626
Retained Earnings (Accumulated Deficit)	(389,106)	(389,803)	(383,496)	(361,708)	(336,637)
Accumulated Other Comprehensive Income	8,455	8,455	8,455	8,455	8,455
Total Shareholders Equity	**352,537**	**351,840**	**358,147**	**379,935**	**405,006**
NCI	9,062	9,062	9,062	9,062	9,062
Total Liabilities & Shareholders Equity	**421,291**	**511,967**	**524,692**	**552,709**	**583,255**

Source: Itafos, Raymond James Ltd.

Exhibit 36: Itafos Statement of Cash Flows

Cash Flow Statement ($000s)	2017	2018E	2019E	2020E	2021E
Operating Activities					
Net Income Before Taxes	(30,411)	(697)	6,307	21,788	25,071
Depreciation of PP&E	125	23,000	21,100	22,250	23,600
Other	14,234	6,000	5,000	5,000	5,000
Net Change in Non-Cash Working Capital	(9,690)	(26,559)	(3,366)	(1,971)	(833)
Cash Flow from Operating Activities	**(25,742)**	**1,744**	**29,040**	**47,067**	**52,838**
Investing Activities					
Acquisition of Property, Plant and Equipment	(38,421)	(31,350)	(22,800)	(31,800)	(33,800)
ARO Obligations	-	(824)	(2,005)	(8,292)	(790)
Acquisitions	-	(99,862)	-	-	-
Cash Flow from Investing Activities	**(38,421)**	**(132,036)**	**(24,805)**	**(40,092)**	**(34,590)**
Financing Activities					
Proceeds from Debt Financing	24,000	80,000	-	-	-
Repayment of Debt	-	-	-	-	-
Proceeds from Share Issuance	97,027	-	-	-	-
Other	9,750	-	-	-	-
Cash Flow from Financing Activities	**130,777**	**80,000**	**-**	**-**	**-**
Cash Flow Net Changes in Cash	60,802	(50,292)	4,235	6,975	18,248
Beginning Cash:	2,875	63,677	13,385	17,621	24,595
Ending Cash:	**63,677**	**13,385**	**17,621**	**24,595**	**42,843**

Source: Itafos, Raymond James Ltd.

Risks

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Company Citations

Company Name	Ticker	Exchange	Currency	Closing Price	RJ Rating	RJ Entity
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Nutrien Ltd.	NTR	NYSE	US$	46.26	3	RJ Ltd.
Yamana Gold Inc.	AUY	NYSE	US$	3.01	3	RJ Ltd.
Yara	YAR.OL	OSL	NOK	335.90	3	RJEE/RJFI

Notes: Prices are as of the most recent close on the indicated exchange and may not be in US$. See Disclosure section for rating definitions. Stocks that do not trade on a U.S. national exchange may not be registered for sale in all U.S. states. NC=not covered.

Glossary

APP	Ammoniated Phosphate
DAP	Diammonium Phosphate
MAP	Monoammonium Phosphate
MGA	Merchant-grade Phosphoric Acid
NOLA	New Orleans
SPA	Superphosphoric Acid
SSP	Single Super Phosphate

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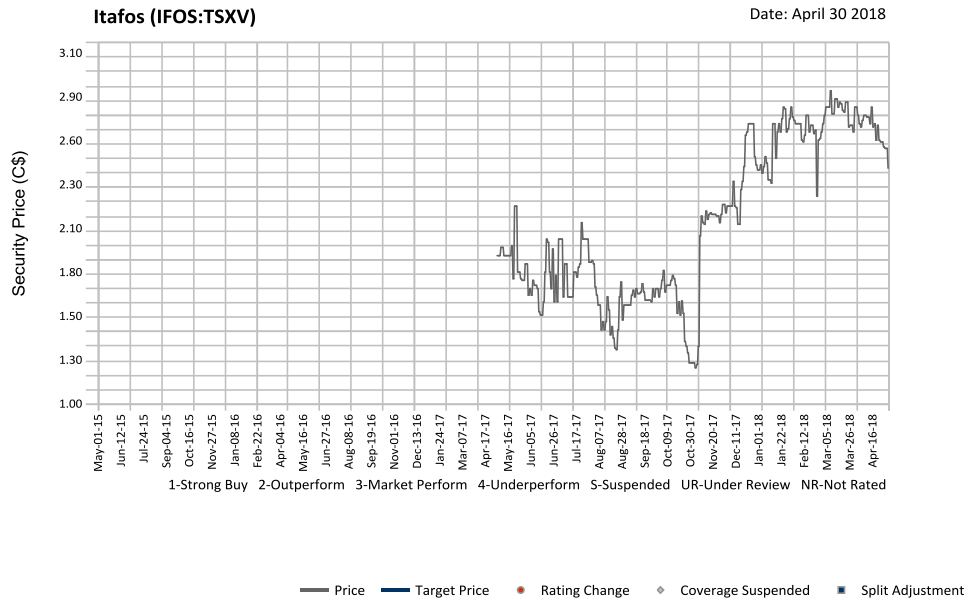

Valuation Methodology: We value Itafos using an EV/EBITDA multiple on our forward year (FY 2) Adjusted EBITDA estimate. For Farim, our valuation methodology utilizes a P/NAV multiple based on our estimate of the Farim's project's NAV and takes into account the project's development stage and risk profile.

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