MONTREAL, Quebec (FSCwire) - Argex Titanium Inc. (TSX:RGX) (the “Corporation” or “Argex”) announces its intention to complete a private placement offering (the “Offering”) of secured convertible notes (the “Notes”) for minimum gross proceeds of $1,600,000 and maximum gross proceeds of $2,400,000 at a subscription price of $1,000 per Note.

On February 18, 2016, the Board of Directors of Argex (the “Board”) determined that the Corporation was in serious financial difficulty and that the Offering and the transactions described herein were designed to improve the financial position of the Corporation. The Board also determined that the terms of the Offering and the transactions described herein are reasonable under the circumstances of the Corporation, and the current timing and resources of the Corporation do not permit the Corporation to seek shareholder approval. On that basis, and upon the recommendation of a committee of the Board, free from any interest in the transactions and unrelated to parties involved in the transactions, the Corporation has applied to the TSX for an exemption from the shareholder approval requirement of the TSX on the basis of financial hardship pursuant to Section 604(e) of the TSX Company Manual.

The TSX has also notified the Corporation that it will review the Corporation’s eligibility for continued listing on the TSX in light of the Corporation’s current financial condition. The Corporation believes that completion of the Offering will enable the Corporation to satisfy the TSX’s listing requirements.

Each Note will be convertible at the option of the holder into 33,333 common shares of the Corporation (“Shares”) at an issue price of $0.03 each and 28,333 warrants to purchase additional Shares (“Warrants”) at any time at a price of $0.05 each over a five-year term. The Notes and the Warrants will contain standard anti-dilution provisions. The Market Price (as defined in the TSX Company Manual) of the Shares as at February 19, 2016 was $0.0319, and the issue price of the Shares upon conversion of the Notes is at a discount of 6.0% thereto.

Unless converted prior thereto, the Notes will mature in two years from the date of issuance and bear interest at the rate of 15% per annum payable annually up to their time of conversion. Holders of Notes may at their option convert any unpaid and/or accrued interest thereon into additional Shares at an issue price of $0.03 each.

The Notes will be issued pursuant to an indenture to be entered into by and between the Corporation and a reputable Canadian trust company, and the principal represented by the Notes as well as any unpaid interest thereon will be fully secured by a first-ranking movable hypothec over the universality of the Corporation’s assets.

The Corporation will be paying a commission on subscriptions for Notes received through arm’s-length third parties. The commission (the “Commission”) will be 10% payable in cash and Warrants to purchase a number of Shares equal to 10% of the Shares issuable upon conversion of the Notes. The cash portion of the Commission may be used by certain of these arm’s-length third parties to purchase Notes as part of the Offering. No Commission would be payable on any Notes so purchased.

The Offering will be made only to accredited investors or other exempt purchasers as such terms are defined under applicable securities regulations. The Notes and any Shares and Warrants issued resulting from the conversion of the Notes will be subject to a four-month hold period.

In the event that the maximum offering is subscribed (i) up to an additional 79,999,200 Shares may be issued upon the conversion of the Notes, (ii) up to an additional 67,999,200 Shares may be issued upon the exercise of the Warrants, (iii) up to an additional 7,999,920 Shares may be issued upon exercise of the Warrants issued as part of the commission, and (iv) up to an additional 24,000,000 Shares may be issued upon the conversion of the interest on the Notes. Therefore, an aggregate total of up to an additional 179,998,320 Shares may be issued resulting in a dilution of approximately 117.99% of the Corporation’s current issued and outstanding Shares.

It is anticipated that the Offering will result in the creation of a new insider and control person of the Corporation. Mr. Mazen Alnaimi (or a company controlled by him) is expected to participate in the Offering in the amount of $1.2 million. Mr. Alnaimi currently holds no securities of the Corporation. Assuming full conversion of the Notes and interest into Shares and full exercise of the Warrants, Mr. Alnaimi would hold a total of 85,999,200 Shares or approximately 25.63% of the Corporation’s issued and outstanding Shares on a post-Offering basis.

It is also anticipated that Mr. Mazen Haddad, the Interim President and Chief Executive Officer of the Corporation, will participate in the Offering in the amount of $100,000 resulting in 7,166,600 Shares being issued thereto, assuming full conversion of the Notes and interest into Shares and full exercise of the Warrants, or approximately 4.70% of the Corporation’s current issued and outstanding Shares.

The Corporation is also proposing to amend its existing 8% convertible unsecured subordinated debentures (the “Convertible Debentures”) by, *inter alia*, amending the conversion price thereof from $1.14 to $0.11. There is currently an aggregate of $7.5 million of Convertible Debentures outstanding. There are currently 6,578,947 Shares reserved for issuance under the Convertible Debentures. In the event that all of the Convertible Debentures are converted at the amended conversion price, an additional 61,602,871 Shares would be issued, representing an additional dilution of approximately 40.38% of the Corporation’s current issued and outstanding Shares.

Mr. Mazen Haddad, the Corporation’s Interim President and Chief Executive Officer, currently holds $25,000 of the Convertible Debentures. Assuming full conversion of the Convertible Debentures at the amended conversion price, an additional 227,272 Shares, representing approximately 0.15% of the Corporation’s current issued and outstanding Shares, would be issued thereto. Luxor Capital Group LP currently exercises control and direction over 17,959,951 (or approximately 11.77% of the Corporation’s Shares) and over $2,000,000 of the Convertible Debentures held by funds managed by it. Assuming full conversion of the Convertible Debentures at the amended conversion price, an additional 18,181,818 Shares, representing approximately 11.92% of the Corporation’s current issued and outstanding Shares, would be issued to funds under its control and direction.

The following table summarizes the maximum number of Shares that would be issuable in respect of the transactions described above:

Purpose of Issuance	Number of Shares Issued/Issuable		Dilution of Current Issued and	
	Arm’s-Length Parties	Current Insiders	Arm’s-Length Parties	C
Conversion of Notes	76,665,900	3,333,300	50.25%	2
Exercise of Warrants (Notes)	65,165,900	2,833,300	42.72%	1
Exercise of Warrants (Commission)	7,999,920	Nil	5.24%	N
Conversion of Interest on Notes	23,000,000	1,000,000	15.08%	0
Amended Conversion Price of Convertible Debentures	43,193,781	18,409,090	28.31%	1
Total	216,025,501	25,575,690	141.60%	1

The Corporation is also proposing to amend the Convertible Debentures such that the Corporation will have the option, in its sole discretion, to pay interest on any interest payment date in either cash or in Shares at the Market Price (as defined by the TSX Company Manual) at such payment date. The Convertible Debentures mature on June 30, 2019, and interest on the Convertible Debentures is payable quarterly. Based on the current situation, on that date, 15 interest payments of $150,000 (including the quarterly interest payments that were due on December 31, 2015 and March 31, 2016) will have been due for an aggregate amount of $2,250,000 of interest payable. The following table illustrates the number of Shares that would be issuable in payment of all of the interest under various Market Price scenarios for the Shares:

Market Price of Shares	Number of Shares Issuable		Dilution of Current Issued and Outstanding	
	Arm’s-Length Parties	Current Insiders	Arm’s-Length Parties	Current Insiders
$0.01	164,250,000	60,750,000	107.67%	39.82%
$0.03	54,750,000	20,250,000	35.89%	13.27%
$0.05	32,850,000	12,150,000	21.53%	7.96%
$0.10	16,425,000	6,075,000	10.77%	3.98%

The Offering and the transactions described herein would ordinarily require shareholder approval under the requirements of the TSX as (i) they would result in the issuance of Shares in excess of 25% of the number of currently issued and outstanding Shares as per Section 607(g)(i) of the TSX Company Manual; (ii) they would materially affect control of the Corporation as per Section 604(a)(i) of the TSX Company Manual; (iii) the Commission payable in respect of the Offering is not deemed commercially reasonable as per the provisions of Section 607 of the TSX Company Manual; (iv) the price protection in respect of the Shares to be issuable upon conversion of interest on the Notes extends beyond 45 days as per Section 607(f) of the TSX Company Manual; and (v) they may result in the issuance of more than 10% of the currently issued and outstanding Shares to insiders of the Corporation as per Section 604(a)(ii) of the TSX Company Manual.

About Argex Titanium

Argex Titanium Inc. has developed an advanced chemical process for the volume production of high grade titanium dioxide (TiO_2) for use in high quality paint, plastics, cosmetics and other applications. The Corporation’s unique proprietary process takes relatively inexpensive and plentiful source material from a variety of potential vendors, and produces TiO_2 along with other valuable by-products. Argex’s process provides a significant cost and environmental advantage over current legacy TiO_2 production methods.

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