MONTREAL, Quebec (FSCwire) - Argex Titanium Inc. (TSX:RGX) (the “Corporation” or “Argex”) is pleased to announce that, it has closed its previously announced (see press release of May 9, 2016) private placement offering (the “Offering”) of secured convertible notes (the “Notes”) for gross proceeds of $2,400,000. Each Note is 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 at any time at a price of $0.05 each over a five-year term. 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.

In addition and as previously announced, the Corporation has amended its existing 8% convertible unsecured subordinated debentures by, *inter alia*, amending the conversion price thereof from $1.14 to $0.11.

As a result of the foregoing, the Corporation will now be in a position to resume testing and development activities at its laboratory facilities in Valleyfield Quebec and move forward with its plans to develop designs and technical databases for the building of both a pilot and a commercial plant to produce TiO_2 pigment.

New leadership

The Corporation is also pleased to announce that its board of directors will be appointing Mr. Mazen Alnaimi as the Corporation’s Executive Chairman and CEO. Mr. Alnaimi, whose management company subscribed to 50% of the Offering, will lead the Corporation’s development.

Mr. Alnaimi has vast experience spanning almost 30 years in the commercialization of greenfield oil and gas, petrochemicals and steelmaking projects. After earning a B.S. in Civil Engineering from the University of Nebraska (1977) and an M.B.A. from the University of Houston (1981), Mr. Alnaimi started his professional career with Aramco, the oil production arm of the Saudi government, where he held positions of increasing responsibility. He was Project Engineer for a sea water injection facility and Design Manager for a refinery unit in Qassim, Saudi Arabia, assigned to work with Bechtel, first in San Francisco and later in Tokyo, Japan. He left Aramco in 1985 to join Saudi Fransi Bank, where he became involved in assessing the risk associated with financing mega petrochemical and steel production facilities on the bank’s behalf.

In 1989, Mr. Alnaimi started the first private-sector petrochemical facility in the Arabian Gulf, involving investors from five Gulf countries. That venture grew from a US $15 million investment to become Chemanol, a US $700 million company. As Managing Partner, Mr. Alnaimi was the visionary behind the project, from initial conceptualization to feasibility studies, technology selection and development, construction, commissioning, production, marketing and operations. Through several expansions, Chemanol grew from a single plant to 24 separate plants producing close to one million tons of methanol products and derivatives. Mr. Alnaimi took the company public in August 2008 in a very successful IPO that was 400% oversubscribed.

In 2000, Mr. Alnaimi started the first medium-section structural steel company in the Gulf region, United Gulf Steel, another very successful venture where he played the same role that he had at Chemanol. In 2001, he started a successful decorative laminate plant (MODECOR), again as a greenfield project. Mr. Alnaimi has also started several businesses in consulting, logistics and oil and gas services.

In addition, the Corporation is also pleased to announce that Mr. Carroll Moore will also be joining the new team as Chief Operating Officer. He will be leading a technical team of process engineers and chemists supported by external expert consultants.

Mr. Moore, who obtained a Bachelor of Chemical Engineering, did graduate work in industrial engineering in addition to earning an MBA through the University of Chicago’s Executive Program. He has been directly involved with Mr. Alnaimi in various projects over the course of the last 15 years and has four decades of experience in petroleum, chemical and business development activities. His expertise covers technology, construction, marketing, operations and financing of large projects globally.

In the past, Mr. Moore’s experiences included having responsibility over projects ranging in value from US $120 million to US $280 million at UOP Inc., a leading international supplier and licensor of process technology, catalysts, adsorbents, equipment, and consulting services to the petroleum refining, petrochemical, and gas processing industries. Mr. Moore also worked at ABB, a leading global power and automation technology company that enables utility, industry, transport and infrastructure customers to improve their performance while lowering environmental impact, with projects valued at up to US$1 billion. At UOP and ABB, Mr. Moore was responsible for licensing and business development for sophisticated processes offered with full engineering packages; start-up, laboratory, and operating manuals; and field service of commercial units after commissioning. He participated in engineering design reviews, HAZOP reviews, Value Engineering reviews, 3D modelling evaluations and FEED exercises with several EPC contracting firms.

Mr. Mazen Haddad, the Corporation’s Interim President and Chief Executive Officer, participated in the Offering in the amount of $140,000 representing approximately 5.83% of the Offering. This is an increase of $40,000 to the previously announced anticipated participation for Mr. Haddad.

Due diligence

An extensive, thorough due diligence was carried out, encompassing a review of the technology, its attributes and competitive advantages, a financial review, and an assessment of the rationalization steps that should be taken going forward. It was concluded that the technology has merit and advantages over incumbent technologies and that proprietary know-how will be improved upon by the new team.

Based on the satisfactory results of the due diligence, Mr. Alnaimi confirmed his investment in Argex. The new team is committed to rationalizing corporate and operational expenses going forward in order to focus on the validity and competitiveness of the technology, and to restructuring the Corporation for the future, with a clear focus on efficiency and success.

Way forward

The objective will be to design an annual TiO_2 production level of 25,000 tonnes per annum to de-risk the scaling-up of the pilot plant.

The pilot plant in Valleyfield, Quebec, will be restarted for the purposes of producing an acceptable pigment-quality TiO_2 product and acquiring the physical and chemical data required to validate a process flow diagram. This activity will require four to six months of operating time and will be supported by the analytical efforts of external experts.

This phase will be followed by the hiring of an engineering firm to produce a complete basic engineering package, and then the contracting of a major EPC contractor to build a demonstration plant (scale of 1:2000) and a commercial plant.

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 uses relatively inexpensive and plentiful source material from a variety of potential vendors to produce 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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