

TORONTO, May 12, 2017 /CNW/ - LeadFX Inc. (the "Company" or "LeadFX") (TSX: LFX) announced today that the Board of Directors of the Company has approved entering into an arm's length transaction ("Transaction") with InCoR Technologies Limited and InCoR Energy Materials Limited (together "InCoR") related to the transfer of lead refining technologies to LeadFX for the initial development of a lead refinery at the Company's Paroo Station Mine ("Paroo Station").

The lead refining technology has the potential to transform Paroo Station from a relatively short-life, high costs, and moderate-risk lead concentrate operation to a longer-life, lower-cost, and lower-risk lead metal producer. This in turn will provide a significant production platform on which to build a world-class lead resources business through the application of InCoR's oxide and sulphide technology at other mining projects and further development of the application for other purposes including lead recycling.

Highlights of the Transaction:

- SNC-Lavalin Australia Pty Ltd ("SNC-Lavalin") to be contracted to prepare Definitive Feasibility Study ("DFS") on a lead refinery
- Success criteria for the DFS includes a near tripling of the Paroo Station gross operating cashflow after capital expenditure to
- No direct cost or dilution to LeadFX if DFS fails to meet success criteria;
- LeadFX will have exclusive rights to use and sub-license InCoR's lead refining technologies worldwide;
- InCoR to be issued warrants to acquire 28,750,000 LeadFX shares with 80% exercisable only on delivery of a successful DFS

The Board has approved the Transaction which is subject to Toronto Stock Exchange ("TSX") approval, the negotiation and approval of definitive documentation and the support of the Company's majority shareholder, Sentient Group of Global Resource Funds ("Sentient"), by way of the execution of an umbrella agreement (the "Agreement") with InCoR.

"We are excited by the opportunity to work with the InCoR team to unlock previously unrealizable value at Paroo Station. The successful application of this technology at our mine provides the opportunity to achieve longer-term and more robust cash flow through a broader lead price cycle and underpin the growth in our business through further applications of the technology. Whilst the DFS is being carried out by SNC-Lavalin, management will continue to prepare Paroo Station for a potential conventional concentrate restart once the DFS is complete and financing is secured." noted Rob Scargill, President & CEO of LeadFX.

The Company is now pursuing a two-staged strategy for maximizing shareholder value from Paroo Station. Stage one is to restart the operations as per the current environmental approvals by shipping concentrate in sealed bags. Stage two, subject to a successful DFS and receiving regulatory approvals, is to produce lead metal at the mine. A decision to proceed with this approach will be made once the DFS has been completed in approximately six months and subject to securing the necessary restart funding.

Lead Refining Technology:

InCoR holds (i) an exclusive license from BASF SE related to patented hydrometallurgical technology for 'recovering lead from a mixed oxide material' (the "Oxide Technology"), and (ii) an exclusive license from the University of British Columbia related to patented hydrometallurgical technology for 'recovering lead from a lead material including lead sulphide' (the "Sulphide Technology" and together with the Oxide Technology, the "Technology"), both of which utilize methane sulfonic acid as a leaching agent.

The Technology was invented by Dr. David Dreisinger and colleagues at the University of British Columbia and BASF SE. Dr. Dreisinger is Professor and Chairholder of the Industrial Research Chair in Hydrometallurgy at the University of British Columbia and the President of InCoR Technologies Limited.

Terms of the Transaction:

Pursuant to the terms of the Agreement, InCoR will undertake and pay for a DFS for the development of a lead refinery at the Paroo Station mine using the Oxide Technology. SNC-Lavalin will be contracted by InCoR to perform the DFS. The estimated cost of the DFS and associated works is US\$5 million which will be funded solely by InCoR's cost.

The Agreement provides that LeadFX will issue two separate common share purchase warrants (the "Warrants") to InCoR to acquire (in the aggregate) up to 28,750,000 common shares in the capital of LeadFX ("Common Shares") which, on a pro forma Transaction basis, represents approximately 42.9% of the outstanding Common Shares, expressed on a non-diluted basis. The Warrants will be exercisable, for no additional consideration, on and subject to the occurrence of the following triggering events:

- (a) 80% of the Warrants (23,000,000 Common Shares) are to be exercisable only on completion of the independent DFS (as described above) and fully funded by InCoR. The DFS will be deemed to be completed and successful if and only if it meets strict criteria and delivers a superior economic outcome for LeadFX, including (i) a demonstrable Paroo Station life of mine less than 10 years, and (ii) Paroo Station life of mine gross operating cash flows minus refinery capital expenditures of no less than US\$450 million. Upon the successful completion of the DFS and exercise of 80% of the Warrants, InCoR will transfer Technology and the rights thereto to LeadFX; and
- (b) the remaining 20% of the Warrants (5,750,000 Common Shares) are to be exercisable only upon receipt of definitive environmental approvals by LeadFX to construct a lead refinery at Paroo Station.

The aggregate number of Common Shares to be issued after giving effect to the exercise of the Warrants represents approximately 75.2% of the Common Shares currently issued and outstanding (on a non-diluted basis) prior to giving effect to the Transaction. As of the date hereof, InCoR holds nil Common Shares in the Company.

In connection with the Transaction, the Company will nominate an InCoR representative to the LeadFX board. Following the delivery of a successful DFS, the Company will nominate a second InCoR representative to the LeadFX board.

Definitive Feasibility Study

The DFS will be prepared by SNC-Lavalin (subject to contract with InCoR), a world-renowned engineering and construction firm independent of the Company and InCoR.

InCoR has completed a scoping study on the refinery and, subject to the assumptions contained in the scoping study, estimates that the DFS may take approximately six months to complete. Until the DFS is complete, the Company cannot provide any assurances with respect to the outcomes of the DFS including whether the construction of a refinery at Paroo Station would be technically or economically feasible or would increase the mine life.

While InCoR is undertaking the DFS, InCoR will convene a committee which will include a representative of LeadFX to meet monthly to receive and discuss reports from InCoR on the progress of the DFS and provide other representatives with the opportunity to ask questions about its progress.

Rationale and Background to the Transaction

The Transaction is anticipated to benefit all LeadFX shareholders. If the DFS is positive, LeadFX will hold a significantly more attractive project at Paroo Station, with the opportunity to increase the mineral reserves, extend Paroo Station operating life, reduce the cost structure, eliminate the sensitivities associated with transporting lead concentrate and reduce the risk of future shutdowns. Additionally, as a result of InCoR's transfer of Technology to LeadFX, LeadFX will also hold lead technology rights (through the Technology) that have the potential to be deployed on a range of future projects and strategic endeavors including lead recycling. InCoR is expected to contribute significant expertise in mineral processing that will support the value to be created at Paroo Station and the deployment of the transferred Technology for other purposes.

As of the date hereof, Paroo Station remains in care and maintenance. The Transaction offers an opportunity to fundamentally alter Paroo Station's life of mine and economics which, in management's view, would increase the likelihood of a successful and profitable restart and improve the financing options in respect of Paroo Station. Accordingly, a decision on a mine restart using the existing concentrate production technology is expected to be deferred until completion of the DFS.

InCoR shall receive no consideration from LeadFX if the DFS is unsuccessful. The Transaction remains subject to the approval of the TSX, as further discussed below.

TSX Requirements

Pursuant to TSX Company Manual (the "Manual"), the Transaction requires approval from the holders of more than 50% of the Common Shares (other than those securities excluded as required by the TSX), including pursuant to Section 611(c) of the Manual, which provides that securityholder approval will be required in those instances where the number of securities issued or issuable in payment of the purchase price for an acquisition exceeds 25% of the number of securities of the listed issuer which are outstanding, on a non-diluted basis. The proposed 28,750,000 Common Shares to be issued upon the exercise of the Warrants as consideration for the Technology represents approximately 42.9% of the outstanding Common Shares, expressed on a non-diluted basis. As a result, securityholder approval is required to be sought under Section 611(c).

Pursuant to Section 604(d) of the Manual, the Company has obtained approval from the TSX to obtain written consents to the Transaction from holders of over 50% of its Common Shares in lieu of convening a general meeting of securityholders and proposes to satisfy this requirement through a written resolution from Sentient. Closing of the Transaction is conditional upon

satisfaction of customary closing conditions and deliveries, including all required securityholder approvals and approval of the TSX.

About InCoR

InCoR Technologies Limited is a subsidiary of InCoR Holdings Plc., a venture capital and holding company in the natural resource sector, with particular expertise in mining and mining technologies. Apart from the lead refining Technology, InCoR Technologies holds a proprietary technology for processing of nickel laterites – the Starved Acid Leaching Technology, or SALT. InCoR Energy Materials Limited will fund the Paroo Station DFS.

About LeadFX

LeadFX is a Canadian-based mining company focused on the development of lead-silver projects located in stable jurisdictions. Our current portfolio includes a restart-ready lead operation in Western Australia and exploration and development projects in Alaska and Utah, USA. The Company continues to seek opportunities at its new properties in North America to underpin future cash flow and growth. LeadFX trades under the symbol "LFX" on the Toronto Stock Exchange.

Forward-Looking Statements

Certain statements contained in this news release are forward-looking information within the meaning of applicable securities laws. All statements included herein (other than statements of historical facts) which address activities, events or developments that management anticipates will or may occur in the future are forward-looking statements, including statements as to the following: the anticipated benefits of the Technology at Paroo Station, the possible extension of mine life from application of the Technology, the timing of delivery of the DFS, the application of the Technology to future projects and strategic endeavors, the timing and length of care and maintenance at Paroo Station, the likelihood of a restart of Paroo Station, receipt of regulatory approvals, statements relating to the business and future activities of, and developments related to LeadFX and its subsidiaries, including the development of water, lead, silver, industrial minerals and aggregates assets, future business acquisitions, future lead production, the circumstances or timing and costs surrounding a restart of Paroo Station, projections with respect to cash flows and working capital, the cost and timing for completion of capital projects necessary for any future operations, capital expenditures, operating costs, cash costs, transportation of materials, life of mine, recovery rates, grades and prices, business strategies and measures to implement such strategies, competitive strengths, estimated goals and plans for LeadFX's future business operations, commodity prices outlook and other such matters. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "contemplate", "target", "believe", "plan", "estimate", "expect", and "intend" and statements that an event or result "may", "will", "can", "should", "could" or "might" occur or be achieved and other similar expressions. These statements are based upon certain reasonable factors, assumptions and analyses made by management in light of its experience and perception of historical trends, current conditions and expected future developments, as well as other factors management believes are appropriate in the circumstances. However, whether actual results and developments will conform with management's expectations is subject to a number of risks and uncertainties, including factors underlying management's assumptions, such as, the potential benefits from the Technology, the ability to deploy or prove up the Technology on a commercial scale, expected concentrate sales when in operations, the costs and other capital expenditures required to maintain operations and transportation, the timing, need and ability to raise any additional financing and the risks relating to ramping up mining and milling throughput and operations, funding requirements, operations being placed on care and maintenance, the restart of mining and milling operations, matters relating to regulatory compliance and approvals, the potential for shareholder dilution from the Warrants, presence of a majority shareholder, regulatory proceedings and litigation and general operating risks such as metal price volatility, lead carbonate concentrate treatment charges, exchange rates, the fact that the Company has a single producing mineral property, health and safety, environmental factors, mining risks, metallurgy, labour and employment regulations, government regulations, insurance, dependence on key personnel, constraints on cash distribution from Paroo Station, the nature of mineral exploration and development and common share price volatility.

Additional factors and considerations are discussed in the Company's 2016 AIF and elsewhere in other documents filed from time to time by LeadFX with Canadian securities regulatory authorities and available on SEDAR at www.sedar.com. While LeadFX considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect. While LeadFX considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect. These factors may cause the actual results of the Company to differ materially from those discussed in the forward-looking statements, and there can be no assurance that the actual results or developments anticipated by management will be realized or, even if substantially realized, that they will have the expected results on the Company. Undue importance should not be placed on forward-looking information nor should reliance be placed upon this information as of any other date. Except as required by law, while it may elect to, LeadFX is under no obligation and does not undertake to update this information at any particular time.

SOURCE [LeadFX Inc.](#)

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