

TORONTO, June 19, 2017 /CNW/ - Further to the announcement of May 12, 2017, [LeadFX Inc.](#) (the "Company" or "LeadFX") (TSX: LFX) provides additional details regarding its previously announced 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"). Except as described herein, the terms of the Transaction remain unchanged from the previous announcement.

#### Terms of the Transaction:

As previously disclosed, pursuant to the terms of a definitive umbrella agreement (the "Agreement"), InCoR will undertake and pay for a Definitive Feasibility Study ("DFS") for the development of a lead refinery at the Paroo Station mine. Upon the successful completion of the DFS, LeadFX will have exclusive rights to use and sub-license InCoR's lead refining technologies worldwide.

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"). 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) (the "Stage 2 Warrant") are to be exercisable only on completion of a successful DFS. 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 of no 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; and
- (b) the remaining 20% of the Warrants (5,750,000 Common Shares) (the "Stage 3 Warrant") 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.

The percentages noted above are subject to change as the Agreement also provides for certain adjustment and anti-dilution provisions in favour of InCoR in the event the Company issues additional Common Shares (or obligations convertible into Common Shares). In particular, unless InCoR elects to participate in any issue by LeadFX of Common Shares or obligations convertible into Common Shares during the term of the Stage 2 Warrant, any such issuance shall result in a further warrant being issued to InCoR at no additional cost, at an effective exercise price of nil, such that InCoR can continue to maintain its pro rata ownership percentage in the Company as described above. In the case of a convertible obligation, the additional warrant would only be exercisable by InCoR if and when such convertible obligation is exercised by the holder(s) thereof. Further details in respect of any additional dilution are provided below.

In respect of the Stage 2 Warrant and the Stage 3 Warrant, no such adjustment will be required for Common Share issuances in aggregate up to a maximum of CAD\$2,500,000 (excluding any debt obligations convertible into Common Shares) occurring before the exercise of the Stage 2 Warrant, where InCoR is given the option (whether exercised or not) to participate on the same terms and conditions in such issuance.

In respect of the Stage 3 Warrant, no such adjustment will be required for Common Share issuances (including any debt obligations convertible into Common Shares) occurring after the exercise of the Stage 2 Warrant, where InCoR is given the option (whether exercised or not) to participate on the same terms and conditions in such issuance.

Assuming the full exercise of both the Stage 2 Warrant and the Stage 3 Warrant and no additional issuances of Common Shares, InCoR would own approximately 42.9% of the outstanding Common Shares, expressed on a non-diluted basis. The Company's majority shareholder, Sentient Group of Global Resource Funds ("Sentient") would own approximately 48.6% and the minority shareholders would own approximately 8.5% of the issued and outstanding Common Shares, respectively.

If, during the term of the Stage 2 Warrant, LeadFX either (i) effects an offering of Common Shares for gross proceeds in excess of \$2,500,000; (ii) effects an offering of Common Shares for gross proceeds of less than \$2,500,000 but does not provide InCoR with a pro rata participation right, or (iii) issues securities convertible into Common Shares in which InCoR chooses not to participate in and which are ultimately converted into Common Shares, then the anti-dilution provisions described above will operate to ensure that, on full exercise of the Warrants, InCoR continues to own approximately 42.9% of the issued and outstanding Common Shares.

The table below provides various dilution scenarios in the event that the adjustment provisions above in favour of InCoR are triggered through the issuance of Common Shares by LeadFX.

A	B
Currently issued and outstanding Common Shares	Number of Common Shares Issued or Issuable pursuant to future financings  (that trigger adjustment provisions in favour of InCoR)
38,253,903	No additional Offering. Only the Stage 2 Warrant and the Stage 3 Warrant are i
38,253,903	10,000,000 Common Shares
38,253,903	20,000,000 Common Shares
38,253,903	30,000,000 Common Shares
38,253,903	40,000,000 Common Shares

#### TSX Requirements

Pursuant to TSX Company Manual (the "Manual"), the Transaction (including, pursuant to Section 607(e) of the Manual, for the adjustment and anti-dilution provisions described above) will continue to require approval from the holders of more than 50% of the Common Shares (other than those securities excluded as required by the TSX). 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 and, in any event, will not occur on or before June 23, 2017, being a date five business days after the issuance of this press release.

#### 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 &ndash; 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 timing of delivery of the DFS, any future issuance of Common Shares or convertible debt obligations (and the timing and quantum thereof), receipt of regulatory and shareholder approvals, statements relating to the business and future activities of, and developments related to LeadFX and its subsidiaries. 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](http://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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