

(All dollar amounts are in U.S. dollars unless otherwise indicated. This release should be read in conjunction with the Company's unaudited Financial Statements for the quarter ended June 30, 2017 and the Management's Discussion and Analysis found on the Company's website or on SEDAR.)

TORONTO, July 25, 2017 /CNW/ - LeadFX Inc. (the "Company" or "LeadFX") (TSX: LFX) today reported its results for the second quarter ended June 30, 2017. In the second quarter, we incurred a net loss of \$2.7 million, or \$0.07 per share, compared to a net loss of \$2.5 million, or \$0.06 per share, for the second quarter of 2016.

As the Paroo Station mine ("Paroo Station") was in care and maintenance in both periods, costs were broadly comparable in both periods except for lower management services fees and foreign exchange fluctuations, which resulted in a \$0.1 million loss in the second quarter compared to a \$0.2 million gain in the same period of 2016. Foreign exchange is principally incurred on accounts payable balances denominated in Canadian and Australian dollars. Prior to July 19, 2016, borrowings were also denominated in Canadian dollars. Refer to the Borrowings section of the corresponding Management's Discussion and Analysis of Results of Operations and Financial Condition for the quarter ended June 30, 2017 (the "MD&A") for further information.

## SECOND QUARTER FINANCIAL AND OPERATING HIGHLIGHTS

### Financial

Selected financial highlights are as follows:

	Three months ended June 30		Six months ended June 30	
(in thousands of United States dollars, 2017 except per share amounts)	2017	2016	2017	2016
Gross loss	(970)	(1,119)	(2,034)	(2,123)
Net loss and comprehensive loss	(2,708)	(2,534)	(5,786)	(6,608)
Basic and diluted loss per share	(0.07)	(0.06)	(0.15)	(0.17)
Cash flow used in operating activities	(1,802)	(1,355)	(2,734)	(2,197)
			June 30, 2017	December 31, 2016
			\$	\$
Total assets			69,320	69,468
Non-current liabilities			28,756	26,336

- During the second quarter, Sentient Executive GP IV Limited (for Sentient Global Resources Fund IV, L.P.) ("Sentient IV") agreed to, among other things, forbear from demanding payment under the Bridging Facility and the Notes (defined below) to July 31, 2017. For further information on the Bridging Facility (defined below) and the Notes, please refer to the MD&A.
- Paroo Station is on full care and maintenance and, as a result, additional financing will be required to meet our strategic growth plans, ongoing costs and loan commitments.

### Operational

#### InCoR Transaction and the Paroo Station mine

As a result of efforts made during the quarter, on May 12, 2017, and subsequently updated on June 19, 2017, the Company announced that the Board of Directors of the Company ("the Board") 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 hydrometallurgical processing technologies to LeadFX for the initial development of a lead hydrometallurgical processing facility at Paroo Station pursuant to the terms and conditions of a definitive umbrella agreement dated June 20, 2017 between InCoR and Sentient Group of Global Resource Funds ("Sentient").

#### Lead Hydrometallurgical 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 has the potential to transform Paroo Station from a relatively short-life, moderate-risk lead concentrate operation to a longer-life, lower-cost, 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 for application for other purposes including lead recycling.

The Board-approved Transaction is subject to final TSX approval and the negotiation and approval of definitive documentation.

#### Potential cobalt joint venture

The Company terminated negotiations with Riva Resources Ltd. regarding a farm-in agreement for cobalt exploration on the Company's tenements.

#### Burgin mine

The Company secured a five-year extension to the mining permit at the Burgin mine. The Company owns approximately 83% of Chief Consolidated Mining Company which owns the historic Burgin lead-silver-zinc underground mine near Eureka, Utah. The Company considers the Burgin mine to be a potential brownfield development opportunity in the future.

## LIQUIDITY AND FINANCIAL CONDITION

### Statement of Cash Flows

	Three months ended June 30		Six months ended June 30	
(in thousands of United States dollars)	2017	2016	2017	2016
Cash flows used in operating activities	(1,802)	(1,355)	(2,734)	(2,197)
Cash flows from investing activities	204	7	660	7
Cash flows (used in) from financing activities	(8)	2,483	1,977	2,460
Effect of exchange rate changes on cash and cash equivalents	(12)	35	24	43
Net change in cash and cash equivalents	(1,618)	1,170	(73)	313

#### Operating activities

Cash used in operating activities in the current period was \$0.4 million (33%) higher than in the second quarter of 2016, primarily due to an unfavourable foreign exchange rate and higher financing costs.

#### Investing activities

There have been no investing activities during the second quarter, apart from the release of funds from restricted cash balances upon the expiration of certain gas supply contracts and nominal interest income. There were no investing activities in the same period in 2016 as the Paroo Station Mine was in care and maintenance, other than nominal interest income.

#### Financing activities

Financing activities for the quarter decreased by \$2.5 million when compared to the same period in 2016. The 2016 amount

pertains to the \$2.5 million unsecured promissory grid note dated April 22, 2016 issued by LeadFX to Sentient IV.

## Borrowings

### Bridging Facility

On January 29, 2013, the Company entered into a C\$20 million secured loan facility (the "Sprott Facility") with Sprott Resources Lending Partnership ("Sprott") bearing interest at 12% per annum secured by the assets of the Paroo Station mine.

On December 18, 2015, Enirgi Group Corporation ("Enirgi Group"), Sprott and the Company entered into an agreement pursuant to which Enirgi Group paid Sprott the outstanding balance owed by the Company to Sprott under the Sprott Facility resulting in the Company owing Enirgi Group C\$9.6 million (\$7.0 million) (the "Bridging Facility"). Pursuant to the agreement, all of the Company's obligations to Sprott were extinguished and Enirgi Group assumed all of Sprott's rights including Sprott's security over the Paroo Station mine. Effective July 19, 2016, Enirgi Group assigned the Bridging Facility to Sentient Executive GP IV Limited (for Sentient Global Resources Fund IV, L.P.) ("Sentient IV"). The Bridging Facility was further amended on July 19, 2016 to convert the outstanding principal and accrued interest payable from CAD \$10.3 million to USD \$7.9 million.

As at June 30, 2017, the Company owed \$8.5 million under the Bridging Facility to Sentient IV. The Bridging Facility, which is secured against the assets of the Paroo Station mine, bears interest at the rate of 10% with a maturity date of July 31, 2017.

As a result of the decision to place the Paroo Station mine on care and maintenance on January 16, 2015, events of default were triggered under the Bridging Facility. Sentient IV has agreed to forbear from enforcing its rights under the Bridging Facility until July 31, 2017. A copy of the Bridging Facility has been filed at SEDAR and available at [www.sedar.com](http://www.sedar.com).

### Sentient Promissory Notes

On April 22, 2016, the Company issued an unsecured promissory grid note with Sentient IV (the "Promissory Note") for \$2.5 million, which at June 30, 2017 is fully drawn down. No interest is payable on the principal amount of the Promissory Note, which must be repaid on July 31, 2017. Sentient IV advanced an additional \$1.0 million on August 25, 2016, \$1.0 million on November 21, 2016 and \$2.0 million on February 21, 2017 pursuant to additional unsecured promissory notes (together with the Promissory Note, the "Notes") with the same terms and maturity as the Promissory Note. Sentient IV has agreed to forbear from enforcing its rights under the the Promissory Note until July 31, 2017.

### Capital Resources, Liquidity and Working Capital Requirements

As at June 30, 2017, the Company had a working capital deficit of \$23.1 million, which included \$15.2 million owing to Sentient IV under the Bridging Facility and Notes, all with a maturity date of July 31, 2017. Neither the Paroo Station mine, the Chief properties nor the North 67 properties are operational or generating revenue.

The Company's ability to continue as a going concern is dependent on a number of factors including, but not limited to, the Company's ability to either (i) refinance the Bridging Facility and Notes, (ii) raise additional funds to meet its debts and obligations as they fall due, or (iii) undertake further transactions which may realize the value of the Company and its assets. The Company will need to raise funds to pay for its ongoing costs of operations and undertake at least one of these aforementioned actions in order to service its working capital deficiency, meet its commitments to lenders, meet the costs of care and maintenance, meet the costs of any potential future restart of the Paroo Station mine and meet the costs of bringing the Company's mineral projects into production. The amount of any funding requirement will be dependent on several factors including, but not limited to, the nature of any refinancing of the Bridging Facility and Notes, the nature of any additional transactions undertaken by the Company, the outcome of further negotiations with the Company's lenders, the costs and duration of care and maintenance, the timing and cost of any potential future restart of operations at the Paroo Station mine and the cost of bringing the Company's mineral projects into production.

There is no guarantee or assurance that the Company will be able to (i) refinance the Bridging Facility and Notes, (ii) secure sufficient financing to fund its commitments to its lenders, the costs of ongoing care and maintenance, the costs of any potential future restart of operations or the costs of bringing its mineral projects into production or (iii) complete any further transactions. If the Company is unable to obtain sufficient funds or repay debts from either one or more of these actions, it would affect its ability to continue as a going concern. A decision to restart the Paroo Station mine will be contingent on several factors including, but not limited to, a sustained recovery in the LME lead price, a reduction in treatment charges and a favorable USD:AUD foreign exchange rate. A decision to commence development of the Company's mineral projects will be contingent on several factors including, but not limited to, commodity prices, the estimated recoverable minerals on the projects, the projected cost to develop these projects and obtaining funding to finance these costs.

These material uncertainties create significant doubt as to the Company's ability to continue as a going concern. The Second Quarter 2017 Financial Statements do not reflect any adjustments to carrying values of assets and liabilities and the reported

expenses and balance sheet classifications that would be necessary should the going concern assumption be inappropriate. Such adjustments could be material.

## Shares issued and outstanding

As of the date hereof, there were approximately 38.3 million common shares of LeadFX issued and outstanding. In addition, options exercisable for a maximum aggregate of approximately 0.1 million common shares were outstanding.

## Management's Discussion and Analysis and Consolidated Financial Statements

LeadFX's unaudited financial statements and MD&A for the three and six months ended June 30, 2017 will be filed today and will be available on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company's website at [www.leadfxinc.com](http://www.leadfxinc.com).

## 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

This news release may contain "forward-looking statements" within the meaning of applicable Canadian securities laws. Examples of forward-looking information in this news release includes but is not limited to statements and information concerning the timing for a decision on restart of Paroo Station, future sales, future targets and estimates for production and sales, the receipt and timing of required additional financing to restart and operate Paroo Station, statements relating to the business and future activities of, and developments related to LeadFX, including the development of water, lead, silver and industrial minerals and aggregates assets, future business acquisitions, future lead production, the timing and future benefits of the Transaction and Agreement with InCoR, the anticipated benefits of the Technology at Paroo Station, the possible extension of mine life from application of the Technology, the anticipated cost and timing of delivery of the DFS the application of the Technology to future projects and strategic endeavors, the timing of exercising the Warrants, the feasibility, cost and timing of constructing a hydrometallurgical processing facility at Paroo Station, the receipt of final Toronto Stock Exchange approval for the Transaction, the Company's ability to meet its working capital needs and debt repayments in the near term, the circumstances or timing and costs surrounding a restart of Paroo Station, forbearance by Sentient IV pursuant to the Bridging Facility, projections with respect to cash flows and working capital, the cost and timing for completion of capital projects necessary for any future operations, the Company's ability to comply with the transportation and operating conditions for Paroo Station, capital expenditures, operating costs, cash costs, Mineral Resources, Mineral Reserves, 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. Forward-looking information by its nature requires assumptions and involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information, and readers are cautioned not to place undue reliance on such information. 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, 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, the need to secure approval of secured creditor and majority shareholder, 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, matters relating to public opinion, presence of a majority shareholder and management services agreements with Enirgi Group Corporation, matters related to the Esperance settlement and shipments through the Port of Fremantle, 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 production-stage 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. 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.](#)

Contact

[LeadFX Inc.](#), Jessica Helm, VP, Corporate Communications and Investor Relations, Suite 3001, 1 Adelaide Street East, Toronto, Ontario M5C 2V9, (416) 867 9298, Email: [info@leadfxinc.com](mailto:info@leadfxinc.com)