

LeadFX Reports Fourth Quarter and Year-End 2017 Results

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(All dollar amounts are in thousands and U.S. dollars unless otherwise indicated)

PERTH, Australia, March 28, 2018 /CNW/ - LeadFX Inc. (the "Company" or "LeadFX") (TSX: LFX) today reported its fourth quarter 2017 and year ended December 31, 2017 financial results.

This press release summarizes and should be read in conjunction with the Company's audited Consolidated Financial Statements for the year ended December 31, 2017 and the Management Discussion and Analysis of Results of Operations and Financial Condition ("MD&A") for fourth quarter 2017 and year ended December 31, 2017 which will be filed today and will be available on SEDAR at www.sedar.com and on the Company's website at www.leadfxinc.com.

The Company's principal asset and sole production stage mineral property is the Paroo Station Lead Mine ("Paroo Station Mine") located 30km west of Wiluna in the mid-west of Western Australia. The Company also owns an 83.5% interest in Chief Consolidated Mining Company ("Chief"), an Arizona company with interests in mineral properties in Utah ("Chief Properties").

The Mine was placed in care and maintenance in the first quarter of 2015 due to depressed lead prices, unfavourable AUD/USD exchange rate and high treatment costs at that time. When in operation the Mine comprised a shallow open pit and froth flotation processing plant producing lead carbonate concentrates that were exported to primary and secondary smelters around the world. Full time experienced care and maintenance staff is on site maintaining operations in a restart-ready state.

The primary focus of the Company in 2017 has been examining initiatives to re-start the Mine, most specifically focusing on supporting InCoR's commitment to complete a definitive feasibility study ("DFS") to assess the viability of constructing and operating a Hydrometallurgical Facility on site to produce 70,000 tpa of lead metal in ingot form. The DFS was completed in February 2018. A press release issued on February 28, 2018.

The Hydrometallurgical Facility would involve the leaching and electrowinning of lead concentrates produced by the existing open pit and milling operation to produce lead ingots. This would have the effect of eliminating many of the operating and financial challenges that have caused the Mine to be placed on care and maintenance in the past, as well as improving the overall project economics.

Summary financial and operating highlights:

(in thousands of U.S. dollars, except per share 3 months ended December 31 Year ended December 31 amounts)

	2017	2016	2017	2016
Cashflow used in operations	(1,285)	(1,011)	(5,122)	(4,523)
Cashflow from (used in) investing activities	49	(39)	709	(24)
Cash flows from financing activities	1,617	986	4,392	4,432
Effect of exchange rate changes on cash and cash equivalents	75	4	60	44
Net change in cash	456	(60)	39	(71)
Cash on hand	1,023	984	1,023	984
Net loss before tax	5,375	2,283	13,325	11,029

Financial

The net loss before tax for the year was \$13,325 (2016: \$11,029). Gross loss for the year was \$4,507 (2016: \$4,593) reflecting consistent Mine care and maintenance costs across the period. The major contributions to the increased net loss of the year were impairment charges on property plant and equipment (\$445 increase), warrant valuation (\$214), increased interest expense on the Second Amended and Restated Credit Agreement (\$399), the loss on sale of North 67 Inc ("North 67") Mining Data (\$1,860), movement in foreign exchange losses (\$554) offset by a reduction in general and administration expenses (\$748).

Cash on hand at the end of the financial year was \$1,023 (2016: \$984).

The Company's activities were financed during the year by a mixture of \$2,000 in new borrowings from Sentient (2016: \$4,500) and private placements totaling \$2,418 (2016: \$nil) undertaken with Sentient and InCoR.

On August 29, 2017, LeadFX entered into a binding term sheet with Sentient and InCoR for the issue of up to 3,125,000 common shares of the Company at C\$0.80 per common share by way of non-brokered private placement for gross proceeds of approximately C\$2,500 (\$1,967) which closed in two tranches on August 31, 2017 and October 31, 2017.

On December 14, LeadFX entered into a binding term sheet with Sentient and InCoR for the issue of 2,374,301 units - each unit being comprised of one common share of the Company and one common share purchase warrant for each one common share issued (hereinafter, a "Unit"). The Units were issued at C\$0.49 per Unit by way of a non-brokered private placement for gross proceeds of C\$1,163 (\$903) and closed in two tranches on December 19, 2017 and January 12, 2018.

Cashflow used in operations of \$5,122 (2016: \$4,523) reflects the costs of the care and maintenance program at the Mine including one off termination payments to contractors associated with care and maintenance activities and mine reclamation works at the Chief Properties.

Cashflow from investing activities of \$709 (2016: used in investing activities \$24) reflects the sale of the North 67 Mining Data (refer press release dated December 19, 2017) and the receipt of restricted cash that was held as security for the performance of environmental works at the Mine.

Operating

The Mine remained on care and maintenance throughout the 2017 calendar year. In 2017 the Company examined initiatives to re-start the Mine, including the addition of a Hydrometallurgical Facility to the operation that would result in the Mine's finished product being lead metal.

On June 20, 2017 Sentient and InCoR Technologies Limited and InCoR Energy Materials Limited (together "InCoR") entered into an Umbrella Agreement that provided for the transfer of lead hydrometallurgical processing technologies to LeadFX upon the successful completion of a Definitive Feasibility Study ("DFS") for the construction and operation of a lead Hydrometallurgical Facility to treat lead concentrates produced from the Mine.

Pursuant to the Umbrella Agreement LeadFX issued two separate common share purchase warrants (the "Warrants") to InCoR to acquire up to 28,750,000 common shares in the capital of LeadFX. The Warrants would be exercisable, for no additional consideration exercisable on the achievement of the following certain criteria:

- 80% of the Warrants are to be exercisable only on completion of a successful DFS. The DFS will be deemed to be successful and successful if it meets strict criteria including (i) a demonstrable Mine life of no less than ten years and (ii) Mine operating cash flows minus refinery capital expenditures of no less than US\$450 million; and
- The remaining 20% of the Warrants are to be exercisable only upon receipt of definitive environmental approvals to construct a lead refinery at the Mine.

InCoR contracted SNC-Lavalin Australia Pty Ltd ("SNC-Lavalin") to prepare the DFS and it was successfully completed in February 2018. The DFS demonstrated the technical and economic feasibility of constructing and operating a Hydrometallurgical Facility at the Mine. The DFS results were subject of a press release dated February 28, 2017 and InCoR exercised the first tranche of Warrants totaling 23,000,000.

On December 19, 2017 LeadFX closed a transaction to sell its mining data ("Mining Data") associated with the mineral claims owned by its 100% owned subsidiary North 67 to Valhalla Mining LLC ("Valhalla"). The total consideration for the sale of the Mining Data is C\$2,000 (\$1,585) of which C\$100 (\$78) in cash has been remitted to LeadFX. A further C\$400 (\$319) is due and payable on or before June 8, 2018 in cash or shares in a company listed on the TSX, TSXV or other recognised or quotation system that owns or controls Valhalla or to which Valhalla has assigned or granted rights in and to the Mining Data. The remaining C\$1,500 (\$1,195) consideration is payable in cash or shares within 120 days of the date of commencement of commercial production from the area covered by any of the mineral claims from a mine found, explored or developed by Valhalla using the Mining Data.

On November 21, 2017 the Management Services Agreement between LeadFX, Enirgi Group Corporation and Enirgi Group Services Australasia Pty Ltd was terminated and all Officers of the Company serving under those agreements ceased service with the Company.

The Company has consolidated its project management, finance, corporate and administrative functions out of its Perth office. Effective October 1, 2017, Mr. Andrew Worland was appointed the new Chief Executive Officer & Corporate Secretary of LeadFX. Effective December 18, 2017 Michael Roach was appointed Interim Chief Financial Officer.

Outlook

Additional financing will be required to meet our strategic growth plans, ongoing costs and loan commitments of the Company. The Company is seeking to move into an early works program of engineering and design for the Hydrometallurgical Facility as well as undertaking a further closed cycle pilot plant. Discussions with project financiers have been initiated.

Capital Resources, Liquidity and Working Capital Requirements

As at December 31, 2017 the Company has a working capital deficit of \$24.2 million (2016 – \$19.4 million) which includes \$15.9 million (2016 – \$12.5 million) owing to Sentient under the Second

Amended and Restated Credit Agreement. Neither the Mine nor the Chief properties are operational or generating revenue.

On February 26, 2018 LeadFX, Rosslyn Hill Mining Pty Ltd, Ivernia Australia Pty Ltd, Redback Pipeline Pty Ltd and Sentient entered into an amendment ("Amendment") to the Second Amended and Restated Credit Agreement to extend the maturity date for re-payment of the indebtedness outstanding to Sentient. In accordance with the Amendment, the indebtedness becomes due and payable on the earlier of March 31, 2019 or financial close being achieved for the financing of the planned Hydrometallurgical Facility at the Mine. Financial close is defined as being the date on which the Company has demonstrated it has fully funded the Hydrometallurgical Facility and conditions to first drawdown on debt facilities, if any, for the construction of the Hydrometallurgical Facility have been met. The indebtedness will continue to incur interest at 10% per annum until its maturity.

Notwithstanding the gross proceeds of the placements described herein received by the Company during 2017 and 2018, the sale of Mining Data described herein or the debt Amendment described herein, the Company has limited cash available, other than to meet near term obligations, and will require additional funding in the near term.

The Company's ability to continue as a going concern is dependent on a number of factors. The Company will need to raise funds in order to pay for its ongoing costs of operations as well as service its working capital deficiency, meet its commitments to lenders, and meet the costs of care and maintenance. In addition, the Company will require funding for any potential future restart of the Mine, construction of a Hydrometallurgical Facility and development of the Company's mineral project. The amount of funding required is dependent on several factors including, but not limited to, the nature of any refinancing of the Second Amended and Restated Credit Agreement, the nature of any additional transactions undertaken by the Company to realize the value of the Company's assets, the outcome of further negotiations with the Company's lenders, the costs and duration of care and maintenance, any decision to pursue a Hydrometallurgical Facility at the 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 Second Amended and Restated Credit Agreement, (ii) secure sufficient financing to fund its commitments to its lenders, general and administrative costs and 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 and 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 Mine and construct a Hydrometallurgical Facility will be contingent on several factors including, but not limited to, a review of the outcomes of the DFS, forecast capital and operating costs, the LME lead price, 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, overall project economics, commodity prices, the estimated recoverable minerals from the mineral projects, the projected cost to develop these projects and obtaining funding to finance these costs.

These material uncertainties cast significant doubt as to the Company's ability to continue as a going concern. As at December 31, 2017, the audited consolidated financial statements do not reflect any adjustments to the 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 at December 31, 2017, there were 43,753,204 Common Shares, no preferred shares, 31,124,301 Warrants and 106,666 options outstanding. The full capital structure, not including out of the money options, as at December 31, 2017 was as follows:

	Non-Diluted Equity		Fully-Diluted Equity		
	Common Shares Outstanding	Interest in Common Shares	Warrants to purchase Common Shares Outstanding	Fully-Diluted Equity	Interest in Fully-Diluted Equity
Sentient	35,225,682	80.5%	1,153,554	36,379,236	48.6%
InCoR	2,827,466	6.46%	29,970,747	32,798,213	43.8%
Other	5,700,056	13.0%	-	5,700,056	7.6%
Total	43,753,204	100.0%	31,124,301	74,877,505	100.0%

As at March 28, 2018, there are 66,753,204 Common Shares, no preferred shares, 8,124,301 Warrants and 106,666 options outstanding. The full capital structure, not including out of the money options, as at March 28, 2018 is as follows:

	Non-Diluted Equity		Fully-Diluted Equity			
	Common Shares Outstanding	Interest in Common Shares After Exercise of Warrants	Balance of InCoR Umbrella Agreement Warrants	Warrants exercisable at C\$0.61 per Common Share	Fully-Diluted Equity	Interest in Fully-Diluted Equity
Sentient	35,225,682	52.8%	-	1,153,554	36,379,236	48.6%
InCoR	25,827,466	38.7%	5,750,000	1,220,747	32,798,213	43.8%
Other	5,700,056	8.5%	-	-	5,700,056	7.6%
Total	66,753,204	100.0%	5,750,000	2,374,301	74,877,505	100.0%

Forward looking statements

Certain statements contained in this press 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 and length of care and maintenance at the Mine and future sales, future targets and estimates for production and sales, the receipt of required additional financing to restart and operate the Mine, 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 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 the Mine, forbearance by Sentient pursuant to the Second Amended and Restated Credit Agreement, as amended in February 2018, timing of and ability to secure project financing favourable to the Company (if at all) regarding the proposed Hydrometallurgical Facility, satisfaction of conditions to the funding of debt facilities regarding the proposed Hydrometallurgical Facility, design and construction of the proposed Hydrometallurgical Facility, environmental approvals regarding the proposed Hydrometallurgical 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 the Mine, capital expenditures, operating costs, cash costs, all in sustaining cost estimates, metallurgical recovery rates,

commodity price forecasts, modification and improvement plans for mining and processing lead ore at the Mine, tailings management at the Mine, implementation schedules and forecasts, 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. 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, 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, shareholder dilution, matters relating to public opinion, presence of majority shareholders, 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 the Mine, the nature of mineral exploration and development and common share price volatility. Additional factors and considerations are discussed in the notes to the Company's annual audited consolidated financial statements for the year ended December 31, 2017 and its accompanying management's discussion and analysis 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.

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