

LeadFX reports fourth quarter and December year end results

02.04.2019 | [CNW](#)

(All dollar amounts are in United States dollars and rounded to the nearest thousand unless otherwise indicated)

PERTH, April 1, 2019 - [LeadFX Inc.](#) ("LeadFX" or the "Company") (TSX: LFX) reports its fourth quarter ("Quarter") 2018 and year ended December 31, 2018 ("Financial Year") 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, 2018 and the Management Discussion and Analysis of Results of Operations and Financial Condition ("MD&A") for fourth quarter 2018 and year ended December 31, 2018 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 Mine was placed in care and maintenance in the first quarter of 2015.

The primary focus of the Company in 2018 has been progressing technical and feasibility studies and pursuing environmental and mining approvals for the construction and operation of a hydrometallurgical facility at the Mine capable of producing up to 100 tpa of lead ingot at the Mine for 15 to 20 years.

As at December 31, 2018 InCoR Energy Materials Ltd ("IEML") owned 46.5% of the Company's common shares on issue. Sentient Executive GP I, Limited & Sentient (Aust.) Pty Ltd ("Sentient I"), Sentient Executive GP II, Limited & Sentient Trust Pty Limited ("Sentient II"), Sentient Executive GP III, Limited ("Sentient III") and Sentient Executive GP IV, Limited ("Sentient IV") (together "Sentient") owned 46.3% of the Company's common shares on issue.

As at December 31, 2018 the Company has a net working capital deficit of \$23.3 million (2017: \$24.2 million deficit) which includes amounts owing to Sentient IV of \$20.7 million (2017: \$15.9 million) under the Second Amended and Restated Credit Agreement due on July 15, 2019 (refer subsequent events note).

The Company's activities through the Financial Year were financed by private placements to IEML and Sentient, further financings from Sentient IV under the Second Amended and Restated Credit Agreement, third party financing of research and development expenditure (government grants), and the sale of non-core assets.

On July 23, 2018 the Company agreed to pursue a proposed "go private" transaction (the "Arrangement") to be completed pursuant to a statutory plan of arrangement (the "Plan of Arrangement") pursuant to section 192 of the CBCA under which the Company will acquire all of the Company's common shares not owned by IEML, Sentient III and Sentient IV. On March 19, 2019 the Company entered into various agreements with IEML, Sentient I and Sentient II to complete the Plan of Arrangement with funding to be completed on or about March 29, 2019 (refer Subsequent Events note).

Overview of financial results:

	Three months ended		Year ended	
	December 31		December 31	
	2018	2017	2018	2017
Cashflow used in operations	(1,083)	(1,285)	(5,439)	(5,122)
Cashflow from / (used in) investing activities	(1,373)	49	(1,694)	709
Cashflow from financing activities	1,081	1,617	8,405	4,392
Effect of exchange rate changes on cash	(62)	75	(88)	60
Net change in cash	(1,437)	456	1,184	39
Cash on hand	2,207	1,023	2,207	1,023
Net (loss) / profit	(1,243)	7,905	(9,877)	(815)

There were no material changes in total cash used in operations during the Quarter or Financial Year.

Cash flows used in investing activities for the Quarter were \$1,373 (2017: (\$49)) and for the Financial Year were \$1,694 (2017: (\$709)). The increase reflects expenditure on development activities including mining, metallurgical and engineering technical and feasibility studies, environmental permitting and project approvals for the Mine expansion and the proposed modifications to the existing Flotation Concentrator and the proposed new Hydrometallurgical Facility that have been capitalized to property, plant and equipment, offset by proceeds from the sale of the Company's interests in Chief. Cash flows from investing activities in 2017 includes the receipt of funds on the release of bank guarantees for gas supply contracts (\$622).

Cash flows from financing activities for the Quarter were \$1,081 (2017: \$1,617) and for the Financial Year were \$8,405 (2017: \$4,392) which reflect private placements to IEML and Sentient (\$2,897), the exercise of common share purchase warrants (\$1,632), advances from Sentient IV pursuant to the Second and Restated Credit Agreement (\$3,000) and proceeds from third party financing of research and development grants (\$1,081) received in the Quarter.

The net loss for the Quarter was \$1,243 (2017 \$7,095 profit) which reflects the loss on sale of Chief of \$3,175 offset by a reversal of a impairment to the carrying value of Chief booked in the September 2018 quarter. The net loss for the Financial Year was \$9,877 (2017: \$815 loss) and includes Mine care and maintenance expenses of \$2,744 (2017: 3,109), general and administration expenses of \$3,502 (2017: \$3,276), finance expense of \$2,065 (2017: \$1,698), a loss on sale of Chief of \$3,175 (2017: \$nil) offset by a gain on debt forgiveness of \$1,400 (2017: \$nil). The net loss for the quarter and year ending December 31, 2017 includes a loss on the sale of North 67 Mining Data and a reversal of withholding tax of \$12,488.

Operations

The Mine remained on care and maintenance during 2018. In February 2018 the Company released the findings of the definitive feasibility study assessing the economic and technical merits of building and operating a new Hydrometallurgical Facility and expanding the Mine ("DFS"). The results were incorporated in full in the 2017 MD&A. Following the completion of the DFS the Company commenced activities to support the financing of the proposed Hydrometallurgical Facility and Mine extension. In the Financial Year the Company engaged SNC-Lavalin Australia Pty Ltd ("SNCL") to undertake an early works program which was designed to identify the long lead procurement items for the Hydrometallurgical Facility, identify and short list preferred vendors, prepare tender packages, bid equipment to the market, award contracts for manufacture and secure vendor data for detailed engineering and design ("Early Works"). The Company commenced the

operation of demonstration plant to validate the Hydrometallurgical Facility process circuit specified in the DFS. Forty tonnes of stockpiled ore from the Mine was trucked to laboratories in Perth where it was sampled and prepared to feed into the demonstration plant. The demonstration plant simulated the Mines existing concentrator operation, adjusted for various modifications to improve the efficiency of the existing plant and replace older equipment, and the proposed acid leach and electrowinning unit operations of the Hydrometallurgical Facility. In addition, the Company continued with testwork programs to improve the efficiency of the existing Mine concentrator with a focus on recoveries and throughput. The demonstration plant commenced in late September 2018 and continued through late October 2018 and results were collated and published in February 2019. SNCL released an update to the DFS for the activities undertaken during the Financial Year ("DFS Update") which concluded that proposed modifications to the existing flotation concentrator and the new hydrometallurgical facility flowsheet can produce 99.99% purity lead metal at a nominal rate of 70,000tpa, with design capacity to achieve 80,000tpa at an average cost of \$1,276/t Pb1 (\$0.58/lb Pb).

On September 25, 2018 the Western Australian Minister for the Environment; Disability Services the Hon. Stephen Dawson MLC issued Ministerial Statement 1083 approving the implementation of the Hydrometallurgical Facility and Mine extension. Ministerial Statement 1083 replaces all previous statements but retains the conditions in Ministerial Statements 905 and 1042 issued in 2012 and 2016 respectively. Ministerial approval is the definitive environmental approval required under Part IV of the Environmental Protection Act 1986. Further government agency approvals were received during the Quarter.

Capital Resources, Liquidity and Working Capital Requirements

As at December 31, 2018, the Company has a working capital deficit of \$23.3 million (December 31, 2017 – \$24.2 million deficit) which includes \$20.7 million (December 31, 2017 – \$15.9 million) owing to Sentient IV under the Second Amended and Restated Credit Agreement as amended.

None of the Company's mineral properties are operational or generating revenue. Notwithstanding the gross proceeds of private placements to Sentient IV and IEML during the Financial Year, advances from Sentient IV under the Second Amended and Restated Credit Agreement described herein during and subsequent to the Financial Year, the Chief Sale Agreements and sale of Mining Data described herein, the Company has limited cash available 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 including care and maintenance expenditure at the Mine, service its working capital deficiency and meet its commitments to lenders. In addition, the Company will require funding for any potential future restart of the Mine including the planned construction of a Hydrometallurgical Facility at the Mine.

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 Mine into production or otherwise realising value from it.

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 at the Mine or otherwise realizing value from it, 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, forecast capital and operating costs, the LME lead price, and the USD:AUD foreign exchange rate and obtaining funding to finance decision to re-start the Mine.

These material uncertainties cast significant doubt as to the Company's ability to continue as a going concern. As at December 31, 2018, the 2018 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.

Subsequent Events

On February 12, 2019 the Company entered into a further amendment ("Third Amendment") to the Second Amended and Restated Credit Agreement with Sentient that provided a further \$2,000 in short term working capital funding to the Company. On March 19, 2019 the Company entered into a further amendment ("Fourth Amendment") to the Second Amended and Restated Credit Agreement with Sentient IV to extend the repayment date for amounts owing under it to July 15, 2019. In addition, the Company and Sentient agreed to extend the due date on non-interest bearing unsecured debts owed to Sentient IV totaling \$4,114 to July 15, 2019.

On February 19, 2019, the Company released the results of the DFS Update which are highlighted under 'Operations' above.

On March 19, 2019 the Company entered into various agreements with IEML, Sentient I and Sentient II to complete the Plan of Arrangement. IEML has agreed to advance on or about March 29, 2019, and the Company has agreed to accept, a portion of the Cash Consideration equal to C\$5,969,056 (the "Non-Sentient Cash Consideration") in exchange for the issuance to IEML of 5,969,056 pre-consolidation Common Shares. The Company will use the Non-Sentient Cash Consideration to satisfy its obligations under the Plan of Arrangement to (i) pay C\$1.00 per pre-consolidation Common Share to each Fractional Shareholder other than Sentient I and Sentient II ("Non-Sentient Minority Shareholders") and (ii) pay the fair value to any Dissenting Shareholder for such holder's Common Shares. To satisfy its obligation pursuant to Section 3.1(h) of the Plan of Arrangement to pay to Sentient I and Sentient II C\$1.00 per pre-consolidation Common Share held by each, the following agreements have been entered into:

- (i) The Company and Sentient I have entered into a non-interest bearing promissory note dated March 19, 2019 in the amount of C\$4,809,076, maturing on July 15, 2019 ("Sentient I Promissory Note").
- (ii) The Company and Sentient II have entered into a non-interest bearing promissory note dated March 19, 2019 in the amount of C\$2,552,842 maturing on July 15, 2019 ("Sentient II Promissory Note" and together with the Sentient I Promissory Note the "Promissory Notes").
- (iii) The Company and IEML have entered into a subscription agreement (the "Subscription Agreement") dated March 19, 2019 pursuant to which, before the maturity dates of the Promissory Notes, IEML will remit C\$7,361,918 (the "Remaining Cash Consideration") to the Company and the Company will issue 7,361,918 pre-consolidation Common Shares to InCoR. Upon receipt of the Remaining Cash Consideration, the Company shall satisfy its payment obligations to Sentient I and Sentient II pursuant to the Promissory Notes and the Promissory Notes shall thereafter be cancelled.

The Company expects to close the Arrangement shortly after receipt of the Non-Sentient Cash Consideration from IEML and make the payments of Cash Consideration due to Non-Sentient Minority Shareholders pursuant to the Plan of Arrangement. As at April 1, 2019 the Non-Sentient Cash Consideration had not been remitted.

Outlook

Additional financing will be required to meet our strategic growth plans, ongoing costs and loan commitments of the Company. The Company plans to complete the Plan of Arrangement and seek debt and equity financing for the hydrometallurgical facility.

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 variously amended, 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, and other 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 the 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, 2018 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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