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## FENGRO ANNOUNCES EXECUTION OF BUSINESS COMBINATION AGREEMENT WITH ELEMENTAL ROYALTIES

**April 30, 2020 - VANCOUVER, BRITISH COLUMBIA: Fengro Industries Corp. (TSX-V:FGR.H) (“Fengro” or “the Company”)** is pleased to announce further to its news release of November 5, 2019 that it has entered into a binding business combination agreement dated April 27, 2020 (the “**Agreement**”) respecting the reverse takeover of the Company (the “**Transaction**”) by the shareholders of Elemental Royalties Limited (“**Elemental**”) with the Resulting Issuer carrying on the business of Elemental, being investing in royalties over mining projects, under the name “Elemental Royalties”. The Company following completion of the Transaction is referred to in this news release as the “**Resulting Issuer**”.

Pursuant to the Transaction, it is currently anticipated that Fengro will undertake a consolidation of its share capital on a 209:1 basis, for which Fengro obtained approval from its shareholders at a meeting which took place on March 24, 2020. Holders of Elemental common shares (“**Elemental Shares**”) will receive post-consolidation common shares of Fengro (“**Fengro Shares**”) at an exchange ratio of 4.8114 Fengro Shares for each Elemental Share held (the “**Exchange Ratio**”). Following such exchange, the former Elemental shareholders will hold approximately 96% of the issued and outstanding shares of the Company. Outstanding Performance Rights of Elemental entitling their holders to acquire 497,798 Elemental Shares will also be exchanged for equivalent securities of the Company entitling them to acquire Fengro Shares as adjusted for the Exchange Ratio.

In connection with the Transaction, Elemental further intends to undertake a brokered private placement of subscription receipts (the “**Subscription Receipt Financing**”). The subscription receipts will be sold by a wholly owned British Columbia subsidiary of Elemental (“**Finco**”), which will be party to a three-cornered amalgamation under the *Business Corporations Act* (British Columbia) between Fengro, Acquireco (a wholly owned subsidiary of Fengro) and Finco (the “**Amalgamation**”). Finco and Acquireco will be incorporated by Elemental and Fengro, respectively, for the purposes of completing the Subscription Receipt Offering and the Amalgamation. Fengro Shares will be issued to purchasers of the subscription receipts of Finco upon completion of the Amalgamation.

Upon completion of the Transaction, the directors of the Company will be replaced by nominees of Elemental.



A copy of the Agreement has been posted under the Company's profile at [www.sedar.com](http://www.sedar.com).

The Transaction is not a Non-Arm's Length Transaction (as defined in the Policies of the TSX Venture Exchange (the "**Exchange**")). Shareholder approval is not required for the Transaction under the policies of the Exchange. The Company previously obtained shareholder approval for the disposition of its historical Brazilian fertilizer business at a shareholders' meeting which took place on October 18, 2019. The Company will be submitting a filing statement providing disclosure with respect to the Resulting Issuer in the form of Exchange Form 3D2, which will also be filed under the Company's profile at [www.sedar.com](http://www.sedar.com).

Trading in Fengro's shares is presently halted, and will remain halted until completion of the Transaction. Further updates and more fulsome particulars of the Transaction will be provided as the Transaction progresses and the Company expects to issue a further press release providing additional information with respect to the Transaction in the near future.

### **About Elemental**

Elemental is a precious metals royalty company based in the British Virgin Islands with a portfolio of producing and exploration assets spanning Burkina Faso, Chile, Mexico, Kenya and Western Australia.

### **On behalf of Fengro Industries Corp.**

#### **Duane Lo, Director**

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#### **Disclaimer**

Completion of the Transaction is subject to a number of conditions, including but not limited to, Exchange acceptance and if applicable, disinterested shareholder approval. Where applicable, the Transaction cannot close until the required shareholder approval is obtained. There can be no assurance that the Transaction will be completed as proposed or at all.

Investors are cautioned that, except as disclosed in filing statement to be prepared in connection with the Transaction, any information released or received with respect to the Transaction may not be accurate or complete and should not be relied upon. Trading in the securities of Fengro should be considered highly speculative.

The Exchange has in no way passed upon the merits of the proposed Transaction and has neither approved nor disapproved the contents of this news release.

This news release shall not constitute an offer to sell or the solicitation of an offer to buy any securities in any



jurisdiction. Any securities referred to herein have not been, nor will they be, registered under the United States Securities Act of 1933, as amended, and may not be offered or sold in the United States or to a U.S. Person absent registration or an applicable exemption from the registration requirements of the United States Securities Act of 1933, as amended, and applicable state securities laws.

#### **Forward-Looking Statements**

Certain information contained in this press release constitutes "forward-looking information", within the meaning of applicable Canadian securities legislation. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as "aims", "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "target", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur", "be achieved" or "has the potential to". Forward looking statements contained in this press release may include statements regarding the future operating or financial performance of Fengro, the and anticipated completion of the Transactions, the Elemental the private placement and the Subscription Receipt Financing, and the Amalgamation. Actual results and outcomes may differ materially from what is expressed or forecasted in these forward-looking statements. Such statements are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations. Among those factors which could cause actual results to differ materially are the following: market conditions and other risk factors listed from time to time in our reports filed with Canadian securities regulators on SEDAR at [www.sedar.com](http://www.sedar.com). The forward-looking statements included in this press release are made as of the date of this press release and Fengro disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as expressly required by applicable securities legislation.

***Neither the TSX Venture Exchange Inc. nor its Regulation Service Provider (as that term is defined in the policies of the TSX Venture Exchange Inc.) accepts responsibility for the adequacy or accuracy of this press release.***