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FENGRO ANNOUNCES NON-BINDING LETTER OF INTENT WITH ELEMENTAL ROYALTIES FOR RTO

November 5, 2019 - VANCOUVER, BRITISH COLUMBIA: Fengro Industries Corp. (TSX-V:FGR) (“Fengro” or “the Company”) is pleased to announce that it has entered into a non-binding letter of intent respecting a potential reverse takeover of the Company (the “**Transaction**”) by Elemental Royalties Limited (“**Elemental**”) which would result in the change of the Company’s business from mining to carrying on the business of Elemental, being investing in royalties over mining projects. The final structure and terms of the Transaction have not yet been finalized.

Prior to entering into a definitive binding agreement, the Company intends to complete a non-brokered private placement financing of common shares for aggregate gross proceeds of up to \$600,000 at \$0.005 per share (the “**Placement**”) followed by an anticipated minimum 10:1 consolidation. The majority of the proceeds of the Placement will be used to repay existing Company’s creditors in an effort to eliminate outstanding Company debts. The completion of the consolidation will occur irrespective of the completion of the Transaction.

The indicative terms of the non-binding letter of intent entered into by Fengro and Elemental on November 4, 2019 contemplate that (i) the Company will complete a consolidation of its outstanding share capital at a rate yet to be determined, (ii) the outstanding stock options of Elemental will be exchanged for stock options of Fengro at the same exchange ratio determined for the Transaction, and (iii) upon completion of the Transaction, the directors of the Company will be replaced by nominees of Elemental. Completion of the Transaction will also be subject to the completion of the sale of the Company’s Brazilian assets on the terms previously announced by the Company. It is anticipated that a financing will be undertaken in connection with the Transaction, but the terms of such financing have not been determined and no broker has been engaged in connection with such potential financing.

Further updates and particulars of the Transaction will be provided on the Company and Elemental entering into a binding agreement for the Transaction.

Update on Sale of Brazilian Assets

The previously announced disposition of the Company’s Brazilian assets to Geofoscal Comércio, Indústria, Representações e Transporte de Produtos Agropecuários Ltda. was approved at the Company’s shareholders meeting on



October 18, 2019. The Company anticipates that the transaction will close in or about late November, 2019.

On behalf of Fengro Industries Corp.

Giles Baynham, Chief Executive Officer and Director

For more information contact:

Email: info@fengro.com

+1 (604) 764 6126

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 the management information circular or 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 Industries Corp. should be considered highly speculative.

The TSX Venture Exchange Inc. 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 proposed terms and anticipated completion of the private placement, and the proposed terms and condition of the definitive agreement, and the anticipated completion of the Transaction. 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. 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.



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