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FENGRO PROVIDES CORPORATE UPDATE

October 7, 2019 - VANCOUVER, BRITISH COLUMBIA: FENGRO Industries Corp. (TSX-V:FGR) (“FENGRO” or “the Company”) is providing an update to its corporate activities, the sale of its Brazilian assets and the Shareholder Meeting scheduled for 18 October, 2019.

Sale of Brazilian Assets

As previously announced, the Company has entered into an agreement with **Geofoscal Comércio, Indústria, Representações e Transporte de Produtos Agropecuários Ltda. (“Geofoscal”)** to acquire the Brazilian assets of the Company. The transaction includes the assumption of the Company’s Brazilian working capital deficit estimated at R\$5,300,000 (approximately C\$1,740,000) as of June 30, 2019; all liabilities, current and future in Brazil estimated at R\$6,869,000 (approximately C\$2,238,000) as of June 30, 2019; and all future working capital and capital expenditure needs of the Brazilian fertilizer business (the “**Assets**”). The assets represent all of the Company’s assets, liabilities or undertakings in Brazil.

In consideration for the acquisition of the Assets from the Company, Geofoscal has agreed to: pay the Company R\$1,000,000 (approximately C\$326,000 as of September 12, 2019). In addition, the transaction includes a 10 year “tail” whereby if Geofoscal transfers any of its interest in the Assets to a third party for a gain of net proceeds, the Company shall be entitled to 50% of such gain of net proceeds.

The Company’s Board of Directors unanimously approved the transaction, which remains subject to shareholder and regulatory approval.

Corporate Activities

The Board has been reviewing various options to bring a new business into the Company. The Special Committee of the Board is currently discussing two potential transactions, which could include a reverse takeover or similar transaction.

In the consolidated interim financial statements for the quarter ended June 30 2019, accounts payable and loans payable totaled \$604,849, with a further \$1,216,045 convertible debenture in negotiation to be converted as part of any transaction. All existing cash and receivables will be required to fund the Company through to the completion of a transaction. As such, the completion of a transaction will require additional financing and a restructuring of the Company’s capital which will be highly



dilutive to existing shareholders. Changes to the management and Board would also be required. The Company will provide updates as appropriate.

Shareholder Meeting October 18, 2019

An Annual General and Special Meeting of Shareholders has been called on October 18, 2019. The Board of the Company has set the record date for the meeting as September 12, 2019, and an Information Circular and associated documents for the meeting has been mailed to shareholders. Copies are also available under the Company's profile at www.sedar.com.

On behalf of FENGRO Industries Corp.

Giles Baynham, Chief Executive Officer and Director

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FORWARD LOOKING STATEMENTS

Certain information contained in this press release constitutes "forward-looking information", within the meaning of Canadian 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 which involve known and unknown risks and uncertainties which may not prove to be accurate. 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.

Disclosure - The Company's decision to produce DANF, its DANF production targets and cash flow projections were not based on a feasibility study of mineral reserves demonstrating economic and technical viability. Without a technical report demonstrating economic and technical viability, there is uncertainty as to whether the Company will be able to economically produce DANF in the long run and as to whether the Company will be confronted with any unforeseen technical impediments. The Company has now completed a preliminary economic assessment.

Disclosure - Note that the DANF PEA is preliminary in nature as it includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves. Mineral resources that are not mineral reserves do not have demonstrated economic viability, and as such there is no certainty that the preliminary assessment and economics will be realized.



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