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## FENGRO ANNOUNCES TRANSACTION TO SELL BRAZILIAN ASSETS

**June 24, 2019 - VANCOUVER, BRITISH COLUMBIA: FENGRO Industries Corp. (TSX-V:FGR) (“FENGRO” or “the Company”)** today announced that it has agreed to a transaction 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 liabilities, accounts payable and a cash payment to Fengro of R\$1,000,000 (c.C\$350,000). The Company’s Board of Directors unanimously approved the transaction, which remains subject to shareholder and regulatory approval.

The Company had undertaken a review of the alternative sources of financing its working capital and capital investment requirements, as well reviewing a number of opportunities with agricultural industry counterparts, including public and private entities over the last twelve months. Access to the traditional equity capital markets was unavailable, and the Company has been reducing costs and managing its cash position whilst concluding the review and a corporate transaction. To continue growth, capital investment was required, as well as a need to eliminate the working capital deficit.

The Geofoscal transaction was the most realistic in terms of both financing and timing, given the inability of the Company to raise additional equity or other capital, and the need to eliminate the Company’s Brazilian liabilities.

### **Change of Chief Financial Officer**

The Company also wishes to announce the departure of the Company’s Chief Financial Officer, Alastair Brownlow, who has been replaced by Peter Ruxton, a non-executive director, until a permanent replacement can be found. The Company and Board thanks Alastair for all his hard work and wish him well in his next endeavour.

### **About FENGRO**

FENGRO produces phosphate rock from its Direct Application Natural Fertilizer (“**DANF**”) Santiago Project in Tocantins State, Brazil (“**Santiago Project**”). Having restructured its business and re-started extraction and sales of its DANF products in 2017, the Company is now positioned to expand its existing operations, add additional products and is actively pursuing opportunities for increasing shareholder



value in both organic growth and corporate transactions. The Company has assembled a first class management team and board, giving it a significant project development and operational capacity in Brazil and continues to pursue business development opportunities in Brazil.

**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](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.*

*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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