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FENGRO AND ELEMENTAL ROYALTIES ANNOUNCE CLOSING OF \$24M BROKERED SUBSCRIPTION RECEIPT OFFERING

June 10, 2020 - VANCOUVER, BRITISH COLUMBIA: Fengro Industries Corp. (TSX-V: FGR.H) ("Fengro" or "the Company"). Further to its news releases of November 5, 2019, April 30, 2020, May 21, 2020, and June 9, 2020, Fengro and Elemental Royalties Limited ("**Elemental**") are pleased to announce the closing of the previously announced brokered private placement offering of subscription receipts for combined aggregate gross proceeds of \$23,969,029.50 (the "**Offering**") issued pursuant to the terms of an agency agreement dated June 10, 2020 between Fengro, Elemental, Canaccord Genuity Corp., as lead agent and sole bookrunner (the "**Lead Agent**"), together with Haywood Securities Inc. and Sprott Capital Partners LP (collectively, the "**Agents**"). The Offering was completed in connection with the proposed reverse takeover of Fengro by Elemental (the "**Transaction**").

Pursuant to the terms of the Offering, 1249739 B.C. Ltd., a wholly-owned British Columbia subsidiary of Elemental ("**ERL Finco**") issued today 17,713,615 subscription receipts ("**ERL Finco Subscription Receipts**") at a price of \$1.30 per ERL Finco Subscription Receipt for aggregate gross proceeds of \$23,027,699.50. Each ERL Finco Subscription Receipt will, upon satisfaction of certain escrow release conditions, automatically convert, without any further action or further consideration from the subscription receipt holder, into one (1) common share of ERL Finco (each an "**ERL Finco Share**") and, immediately thereafter, upon completion of the Transaction, each ERL Finco Share will be exchanged for one post-Consolidation (as defined below) common share of Fengro (each a "**Fengro Share**"). Prior to the completion of the Transaction, Fengro will complete a consolidation of the outstanding common shares on the basis of one (1) post-consolidation common share for each 209 pre-consolidation common shares held (the "**Consolidation**").

Concurrently with the issuance of the ERL Finco Subscription Receipts, and pursuant to the Offering, Fengro issued today 724,100 subscription receipts (each, a "**Fengro Subscription Receipt**") at a price of \$1.30 per Fengro Subscription Receipt for aggregate gross proceeds of \$941,330.00. Each Fengro Subscription Receipt will automatically convert, without any further action or further consideration from the subscription receipt holder, into one (1) Fengro Share immediately following the conversion of the ERL Finco Subscription Receipts.

The gross proceeds from the Offering, less 50% of the Agents' commission (described below) and all of the Agents' expenses incurred in connection with the Offering, will be held in escrow by Computershare Trust Company of Canada as subscription receipt agent ("**Computershare**") in accordance with the subscription receipt agreement dated June 10, 2020 entered into between Fengro, Elemental, Computershare and the Lead Agent in respect of the Fengro Subscription Receipts, and in accordance with the subscription receipt agreement dated June 10, 2020 entered into between Elemental, ERL Finco (defined above), Computershare and the Lead Agent in respect of the ERL Finco Subscription Receipts. If the Transaction is not completed within four months and one day from the date hereof, each of the Fengro Subscription Agreements and the ERL Finco Subscription Agreements will be cancelled and the escrowed funds will be returned to subscribers together with any pro rata interest earned thereon and any shortfall due to subscribers upon termination will be repaid by Elemental.

One insider of Fengro has acquired direction and control over 460,000 Fengro Subscription Receipts under the Offering. The placement to such person constitutes a "related party transaction" within the meaning of Exchange Policy 5.9 and Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**") adopted in the Policy. Following the completion of the Transaction, such insider purchaser will hold less than 10% of the outstanding common shares of Fengro (the "**Resulting Issuer**"). Fengro has relied on exemptions from the formal valuation and minority shareholder approval requirements of MI 61-101 contained in sections 5.5(a) and 5.7(1)(b) of MI 61-101 in respect of related

party participation in the Offering as the fair market value (as determined under MI 61-101) of the subject matter of the transaction, insofar as it involves the related party, will neither (i) exceed 25% of the Resulting Issuer's market capitalization, nor (ii) exceed \$2,500,000 in total consideration. Further details will be included in a material change report to be filed by the Company.

In connection with the performance of their services under the Offering, the Agents were paid an aggregate cash commission of \$1,263,141.77, of which 50% has been deposited in escrow with Computershare as subscription receipt agent. Closing of the Offering remains subject to the final approval of the TSXV. The Fengro Subscription Receipts are subject to a four month hold period from the date hereof, and the ERL Finco Subscription Receipts are subject to an indefinite hold period.

Additional Information

The Transaction is not a "Non-Arm's Length Transaction" (as defined in the Policies of the TSX Venture Exchange (the "**Exchange**")). Fengro does not anticipate that shareholder approval will be required for the Transaction under the policies of the Exchange as, (i) the Transaction is not a Related Party Transaction (as defined in the policies of the Exchange), (ii) Fengro is without active business operations as it completed the sale of its remaining assets being its historical Brazilian fertilizer business on January 24, 2020, (iii) the Fengro Shares are not subject to a cease trade order or otherwise suspended from trading, and (iv) shareholder approval of the Transaction is not required under the Company's governing corporate statute.

The Company will be submitting a filing statement providing disclosure with respect to each of Fengro, Elemental and the issuer resulting from the Transaction in the form of Exchange Form 3D2, which will, when finalized, also be filed under the Company's profile at www.sedar.com.

Trading in the Fengro Shares is presently halted, and will remain halted until completion of the Transaction. Further updates and additional particulars of the Transaction will be provided as the Transaction progresses.

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.

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Disclaimer

Completion of the Transaction is subject to a number of conditions, including but not limited to, TSXV 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 TSXV has in no way passed upon the merits of the 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 anticipated completion of the Transaction, the final acceptance of the TSXV in respect of the Offering, and the Consolidation. 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, failure to obtain TSXV approval of the transactions contemplated by the Business Combination Agreement in respect of the Transaction, 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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