



# CORPORATE PRESENTATION

SPRING 2018

TSXV: FGR

# 01 | CAUTIONARY STATEMENT

Certain statements in this presentation may contain forward-looking statements within the meaning of applicable securities laws. Readers can identify many of these statements by looking for phrases or statements that include words such as “may”, “could”, “would”, “might”, “believes”, “expects”, “will”, “intends”, “projects”, “anticipates”, “estimates”, “continuous” or similar words or the negative thereof. Forward-looking statements include statements regarding Fengro’s exploration and development plans with respect to its properties and are subject to such forward-looking risks, uncertainties and other factors which may cause the Company’s actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information. Forward looking statements are subject to risks and uncertainties. Such risks include mineral price volatility, change in equity markets, the uncertainties involved in interpreting geological data, permitting and environmental, increase in costs and other risks involved in the mining exploration and development industry

There can be no assurance that forward-looking information referenced herein will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements or information. In addition, many of the factors are beyond the control of Fengro. Accordingly, readers should not place undue reliance on forward-looking information. All forward-looking information herein is qualified by this cautionary statement. The Company undertakes no obligation to publicly update such forward looking statements to reflect new information, subsequent events or otherwise.

The TSX Exchange has not reviewed and does not accept the responsibility of the accuracy and adequacy of the information provided in this presentation.

Qualified Person - The resource estimate was signed off by Mr. Porfirio Cabaleiro Rodriguez an Associate Consultant of Coffey Consultoria e Serviços Ltda., and was prepared in compliance with the standards of disclosure as set out in NI43-101. Mr. Rodriguez is an “independent qualified person” for the purposes of NI43-101 Standards of Disclosure for Mineral Projects of the Canadian Securities Administrators and has verified the data disclosed in this release. For more information please refer to the technical report filed on SEDAR and titled “Bomfim Agro-Mineral Phosphate Project, Technical Report and Initial Resource Estimate Tocantins and Goiás States, Brazil,” filed on March 5, 2014, effective December 31, 2013, and amended on February 6, 2015.

*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 increased uncertainty as to whether the Company will be able to economically produce DANF in a long run and as to whether the Company will be confronted with any unforeseen technical impediments. Similarly, the Company had not completed a preliminary economic assessment before making production and project expansion decisions. It has now completed a preliminary economic assessment of the Santiago DANF Project, please refer to the news release dated March 23, 2017.*

02

# FENGRO INDUSTRIES CORPORATE OVERVIEW

**Vancouver-based Fengro Industries Corp. (TSX-V: FGR) is a production and development focused company with Phosphate (DANF) production and sales operations in Central Brazil.**

**The Company is aggressively pursuing additional opportunities in Brazil using its first-class team.**

Fengro has assembled a first-class management, board and advisory group that includes professionals with decades of experience in global exploration, mine development, capital markets, sales marketing & distribution as well as public company administration and finance.

The Company is utilizing this team to pursue the acquisition of producing businesses and development projects to generate shareholder returns and growth.



# 03 | FENGRO MANAGEMENT



**Giles Baynham**  
*President, CEO & Director*

Mr. Baynham is a mining engineer and financier with 19 years experience in the natural resources industry. He is experienced in the evaluation and financing of mining projects, from early stage exploration to production. He started his career as a mining engineer with Rio Tinto, before working at various financial entities including Mizuho Corporate Bank, NM Rothschild & Sons, and Endeavour Financial, and was a co-founder, Director and President of CB Gold Inc. Most recently he has served as a board member and Director of Corporate Development Aton Resources (TSX-V:AAN), which is developing a polymetallic deposit in Egypt.



**Alastair Brownlow**  
*CFO*

Mr. Brownlow previously worked as an auditor in the British Virgin Islands specializing in financial and regulatory reporting of public and private fund and trust companies. Prior to this Mr. Brownlow worked for a Canadian chartered accountant firm where he specialized in the mining industry, gaining significant accounting experience auditing mineral exploration and development companies in Canada and throughout the world.

Mr. Brownlow completed a Bachelor of Business Administration with first class honours from the Simon Fraser University and is a Canadian Chartered Professional Accountant and a U.S. Certified Public Accountant (Washington)



**Cris Gallina**  
*Country Manager - Brazil*

Mr. Gallina is a Mining Engineer and MBA with 17 years of experience in operations, project development, strategic planning and mineral processing in large multinational companies - Rio Tinto and Vale. As a project manager, consolidating the disciplines of geology, mine planning, mineral processing, engineering, logistics, environment among others, Mr. Gallina has been involved with numerous projects from \$20 million to \$4 billion. Mr. Gallina also has considerable experience in management (approx. 350 people) in the areas of mine, plant (crushing, mill, concentration), rail and port operations at projects in Brazil, Uruguay, Paraguay, Argentina and Australia.

# 04 | NON-EXECUTIVE DIRECTORS

## **Dr. Peter Ruxton, MBA Director**

*Chair Compensation Committee.*

Principal of Tembo Capital. Strong technical background with 15 years in the Australian mining industry with Billiton and Ross Mining. Held numerous Directorships with both private and publically traded companies on various exchanges including the TSX.V, AIM, ASX, JSE and AMEX. Member of the Institute of Mining, Metallurgy and Materials (MIMM) and the Association of Mining Analysts (MAMA). Fellow of both the Geological Society of London (FGS) and Society of Economic Geologists (FSEG).

## **Duane Lo, CPA, CA Director**

*Chair Audit Committee*

Mr. Lo has 15 years experience in the financing, management and administration of mining operations and development projects in Brazil, Africa and other jurisdictions. From August 2009 to June 2015, Mr. Lo served as the Executive VP and CFO of Luna Gold Corp. where he was responsible for the financing, admin and corporate affairs of a gold mining operation in Northern Brazil. Prior to Luna Gold, Mr. Lo was the Corporate Controller for First Quantum Minerals Ltd., which is a well established global base metals and mining company. Mr. Lo is currently the CFO of Entrée Resources Ltd. and Mason Resources Corp.

## **Dr. Scott Morrison Director**

*Non-Executive Chairman*

PhD (Metallurgical Engineering) and over 35 years' experience in the mining, extractive metallurgy, and manufacturing sectors, in leadership positions with staffing between 50 to 5,000. Dr. Morrison served as the CEO of Metalor from 2004-2013, Chairman 2013-2015, and an advisor until 2016. He is a board member of Asa Resources PLC and Zinc Oxide LLC. He spent 20 years with inspection testing and verification world leader SGS SA. He has had sectoral leadership assignments in the USA, Canada, Peru, Bolivia and Ghana.

## **David Cather Director**

David was appointed CEO of the Mining Platform of Abu Dhabi Capital Group in August 2017. Previously, he was CEO of Avocet Mining Plc from July 2012 to April 2017, after joining the Company as COO in May 2012. David is an experienced mining engineer and brings over 35 years of experience to his roles. David's career has included senior roles at European Goldfields, where he was COO and at Anglo American where he was Technical Director for its Industrial Minerals Division. He has also spent five years consulting to the global industry on a variety of early stage projects, including Africa, Asia and the Americas.

## **Keith Carpenter, MBA, CFA Director**

Mr. Carpenter is Managing Director, Agriculture Equity Research at AltaCorp Capital, a full service investment bank. Prior to AltaCorp, from 2008, Mr. Carpenter was a Managing Director, a Brendan Wood Top Gun-ranked analyst and StarMine Award recipient at Canaccord Genuity. From 2005-2008, he was the agriculture and base metal analyst at Toronto-based Interward Asset Management. Prior to that, he worked in the equity research department at BMO Capital Markets. Mr. Carpenter attained a BA (economics) from Yale University, an MBA from the Rotman School of Management, Toronto.

# 05 | BRAZIL FERTILIZER MARKET



Brazil is ranked 4th in global fertilizer consumption for total NPK

Brazil holds 3rd position in the phosphate world demand – over 50% imported in 2017 – officially a strategic mineral for development

In addition, Brazil relies heavily on imports of Nitrogen and Potassium fertilizers

Since 2000 Brazilian fertilizer production of all NPK products has fluctuated between 8–10Mt, with annual demand now over 30Mt

# 06 | FENGRO AGRI-BUSINESS OPPORTUNITY

*\*(source AgroConsult March 2016)*

**1** Agriculture is Brazil's single biggest economic activity

**2** Agricultural growth forecast to grow by 2.9% y-o-y from 2016 to 2025\*

**3** Fertilizer consumption forecast to grow by 2.8% y-o-y from 2016 to 2025\*

**4** Positive Direct Application Natural Fertilizer ("DANF") PEA

- Current Operation
- Post-tax NPV 10% US\$13m
- Upside Case
- Post-tax NPV 10% US\$30m

**5** Next Stage – Acid Granulated PEA

**6** Next Stage – 'Farelado' & Granulated Products

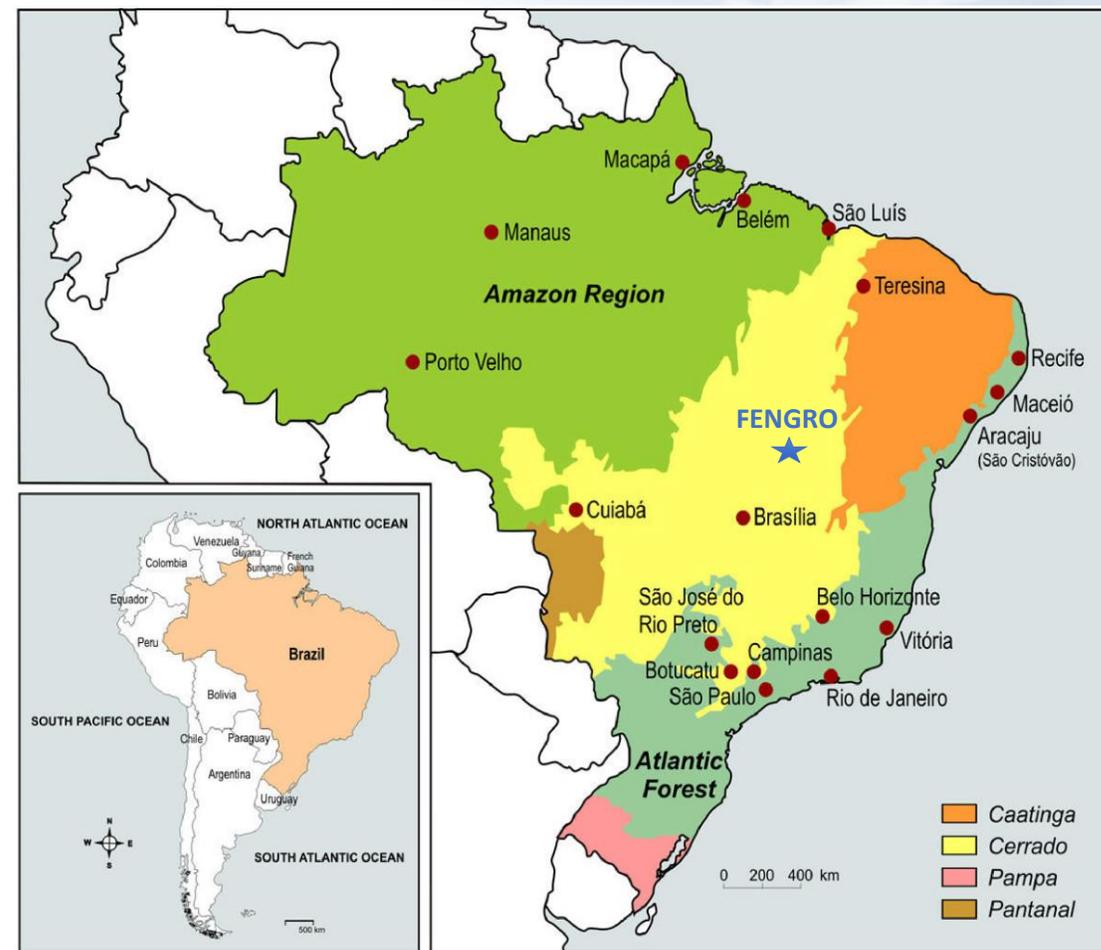
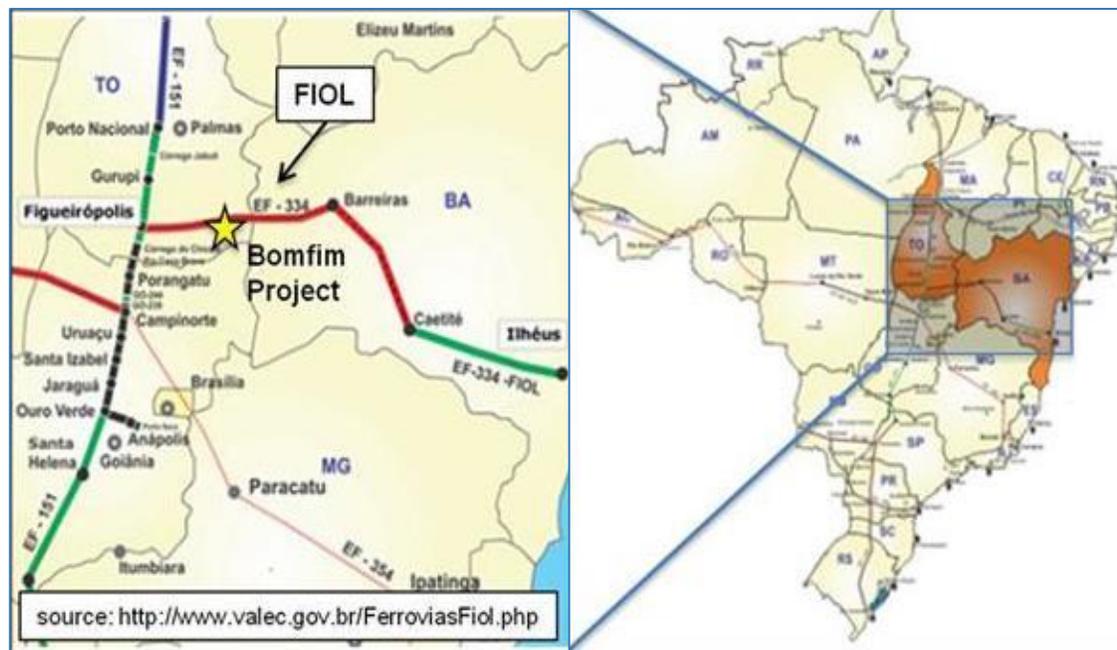
**7** Attractive physical and chemical characteristics

**8** Strong Shareholders – Tembo Capital, M&G Investments



# 07 | FENGRO LOCATION

- Ideally located for supplying the Cerrado Agricultural Region
- Significant Market within 1000km



# 08 | CURRENT OPERATIONS - DANF

## Existing Products

- 15% and 12%  $P_2O_5$  Direct Application Natural Fertilizer – “DANF” – sold to local markets

## Simple Processing

- Crushing, screening and blending to achieve required grades

## Major Agricultural Customers

- Majority of sales to large companies – Jalles Machado, Bunge & Goiasa
- Brazilian agribusiness is one of the country's major industries and represents 23% of Brazilian GDP (2015) Brazil is one of the world's largest agriculture producers, especially in soybean and sugar production which are two key crops utilizing DANF.



# 09 | POSITIVE DANF PEA

## Positive Results Support Existing Products and Operations

### PEA Base Case

- Post-tax NPV10% - US\$13m
- Opcosts US\$18.47/t
- Zero Capex – already operating
- Indicated Resources of 1.16Mt at 8.23% P2O5, including 0.29Mt at 14.78% P2O5
- Inferred Resources of 2.70Mt at 8.58% P2O5, including 0.82Mt at 14.72% P2O5
- Life of Mine (“LOM”) 12.5 years
- LOM Production of 543Kt of 12% DANF and 635Kt of 15% DANF
- Supports full mining & environmental permit applications

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### Upside Case Potential

- Post-tax NPV10% - US\$30m
- Increase Prices through Market Development
- Utilize Tax-losses in Brazil –c.US\$2.0m available



# 10 | CURRENT OPERATIONS – PRODUCT DEVELOPMENT

## Existing 12% & 15% P<sub>2</sub>O<sub>5</sub> DANF

- Working with EMBRAPA Research Agency to improve agronomic performance of our existing products
- Analysis of release profile, solubility and application particle size

## Granulation of DANF

- Two new product formats in 2018:
  - Partial Granulation 'Farelado' - Soy Bean market
  - +
  - Full Granulation – Sugarcane, Corn & Soy Bean
- Granulation improves physical characteristics – improved storage, handling and application

**Acquisition of other Brazilian operations to expand production, product range and market size**



# 11 | FENGRO 2017 PROGRESS

## The Company achieved the following successes in 2017:

- Delivered 52,284t of 12% + 15% DANF, (32,839t in 2016) - **60% Y-o-Y Increase**.
- New Guia de Utilização (“**GUIA**”) to extract at an annual rate of up to 200,000tpa
- Santiago Final Exploration Report approved – can now apply for permanent licenses.
- DANF PEA released March 23, 2017 - 2018 production to increase to 100,000tpa in line with the DANF PEA\*.
- Numerous improvements in operations and corporate controls, including safety, operations, plant, and product development.
- Agronomic trials with **EMBRAPA** – Federal Brazilian Agricultural Research Agency, & **COMIGO** – a large co-operative of farms and plantations based in the Rio Verde region. Greenhouse results to date are very encouraging, demonstrating the efficacy of the DANF products.
- Completed process design and engineering work for plant expansion to produce partial and full granulation products, which would significantly expand the Company’s potential market in the soya bean and corn sectors.
- Re-branded the company as “Fengro Industries” and launched an updated web-site – [www.fengro.com](http://www.fengro.com)

*\*Please note the disclosure at the start of this presentation regarding the Company’s decision to operate the Santiago Project*

# 12 | FENGRO VALUE ADD 2018+

|                   |                              |
|-------------------|------------------------------|
| Positive DANF PEA | NPV <sub>10%</sub> US\$13.0m |
| DANF Upside Case  | NPV <sub>10%</sub> US\$30.0m |

- Expand 2018 Production to 100,000tpa in line with DANF PEA\*
- Improved Marketing
- Higher Prices
- Expand Product Range + Market & Sales
- Acquire additional development and producing assets
- Full Permit Applications

*\*Please note the disclosure at the start of this presentation regarding the Company's decision to operate the Santiago Project*



# FENGRO PRODUCTION & DEVELOPMENT OPPORTUNITIES



Fengro has assembled a first-class management, board and advisory group that includes professionals with decades of experience in global exploration, mine development, capital markets, sales marketing & distribution as well as public company administration and finance.



The Company is utilising this team to pursue the acquisition of producing businesses and development projects to generate shareholder returns and growth.



Opportunities are not limited to Phosphate Production – the team has the technical and financial skills to operate in additional sectors and products.



Turn-around for the existing operations in Brazil has given the team a deep in-sight into operating in Brazil, including financial, permitting, labour, operational and capital expertise.

# 14 | FENGRO 2018 STRATEGY

Building on the progress in 2017 the Company will be working hard towards accomplishing the following goals:

**1** Production and Sales of 100,000t of DANF in line with the DANF PEA\*.

**2** Continue work on the options to add additional products such as a partial granulation DANF product - “Farelado”- and a fully granulated DANF product.

**3** Complete Agronomic trials with EMBRAPA and COMIGO - expected in June 2018.

**4** Actively pursue accretive opportunities in Brazil, leveraging the project, operational and financial expertise the Company has established both in the management team and the Board of Directors.

*\*Please note the disclosure at the start of this presentation regarding the Company's decision to operate the Santiago Project.*

# 15 | WHY FENGRO

- 1** Built First Class Management Team and Board
- 2** Very Strong Brazilian Operating Ability – Project Development & Production
- 3** Turned around the Santiago Project – will expand in 2018 in line with 100,000tpa DANF PEA\*
- 4** Upside at Santiago – further products, future production expanse potential, improved pricing through test work and registration + marketing
- 5** Ability to quickly review and move on new opportunities
- 6** Strong Capital Structure

*\*Please note the disclosure at the start of this presentation regarding the Company's decision to operate the Santiago Project*

# 16 | COMPANY SNAPSHOT

|                    |            |
|--------------------|------------|
| Shares Outstanding | 32,768,008 |
|--------------------|------------|

## EXPIRY DATE

|                                 |                  |
|---------------------------------|------------------|
| Warrants @ 1.50 (Sept 28, 2018) | 1,220,394        |
| Warrants @ 1.00 (Sept 28, 2018) | 109,060          |
| Warrants @ 0.40 (Jun 1, 2019)   | 126,213          |
| <b>Sub-Total</b>                | <b>1,455,667</b> |

|                    |                 |
|--------------------|-----------------|
| Stock Option Plan  | 679,500         |
| Fully Diluted      | 34,903,175      |
| 52 week low/high   | \$0.15 - \$0.60 |
| Current Market Cap | ~\$8.0M         |

## MAJOR SHAREHOLDERS

|                           |        |
|---------------------------|--------|
| Tembo Capital             | 38.83% |
| M&G Investment Management | 18.76% |



# 17 | CONTACT US

**FENGRO**  
INDUSTRIES

**A NATURALLY  
ORGANIC PHOSPHATE  
BASED FERTILIZER**

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# 18 | FENGRO INVESTOR NOTES