



ANNUAL INFORMATION FORM

OF

LEADFX INC.

FOR THE YEAR ENDED DECEMBER 31, 2017

DATED AS OF MARCH 28, 2018

1D, 21 Teddington Street, Burswood, Perth, Western Australia 6100

TABLE OF CONTENTS

PRELIMINARY NOTES	2
EXCHANGE RATE DATA.....	2
MEASUREMENT EQUIVALENTS	2
FORWARD-LOOKING STATEMENTS	3
CORPORATE STRUCTURE	5
GENERAL DEVELOPMENT OF THE BUSINESS.....	5
DESCRIPTION OF THE BUSINESS OF THE COMPANY	6
PAROO STATION MINE AND ROSSLYN HILL MINING	12
CHIEF CONSOLIDATED MINING COMPANY	36
NORTH 67 INC.....	40
RISK FACTORS	41
DIVIDEND POLICY	49
CAPITAL STRUCTURE	50
MARKET FOR SECURITIES	52
PRIOR SALES	52
DIRECTORS AND OFFICERS.....	53
LEGAL PROCEEDINGS AND REGULATORY ACTIONS	57
INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL CONTRACTS	57
EXTERNAL AUDITOR SERVICE FEES	57
EXPERTS.....	57
MATERIAL CONTRACTS	58
TRANSFER AGENT AND REGISTRAR.....	58
ADDITIONAL INFORMATION.....	58
TECHNICAL GLOSSARY.....	60
APPENDIX 1	63

PRELIMINARY NOTES

The information contained in this Annual Information Form (“AIF”) is presented as at December 31, 2017 except where otherwise indicated. Certain terms used in the AIF are defined in the Technical Glossary set out at the end of this AIF. Except as otherwise noted or unless the context otherwise requires: (i) “LeadFX” refers to LeadFX Inc.; (ii) “Rosslyn Hill Mining” means Rosslyn Hill Mining Pty Ltd., LeadFX’s principal operating subsidiary and sole material mineral project; (iii) “Company” refers collectively to LeadFX and its subsidiaries; (iv) “US\$” or “US dollars” refers to United States dollars; and (v) “Common Shares” refers to common shares in the capital of LeadFX. References in this AIF to, “2015”, “2016” and “2017” mean the 12 month periods ended December 31, 2015, 2016 and 2017 respectively. Production and sales figures contained herein are rounded to the nearest hundred.

EXCHANGE RATE DATA

Unless otherwise specified, the financial information relating to the Company contained in this AIF is expressed in US dollars. Certain financial information originated in Canadian dollars (“C\$”) or Australian dollars (“A\$”) and has been converted into US dollars based on the then prevailing exchange rates if such information relates to prior periods, or otherwise at the rate on December 31, 2017.

The following table sets out the rates of exchange for Canadian dollars and Australian dollars per US dollar in effect at the end of the periods indicated and the average rates of exchange during such periods. The rates are based on the rates quoted by the Bank of Canada.

	2017	2016	2015
Canadian Dollar:			
Rate at end of period (C\$/US\$)	1.2545	1.3427	1.3840
Average rate for period (C\$/US\$)	1.2832	1.3248	1.2787
Australian Dollar:			
Rate at end of period (A\$/US\$)	1.2799	1.3833	1.3726
Average rate for period (A\$/US\$)	1.2963	1.3600	1.3293

MEASUREMENT EQUIVALENTS

The rates for converting imperial measurements to metric equivalents and vice versa are as follows:

Imperial Measurement	Metric Equivalent	Metric Measurement	Imperial Equivalent
2.4711 acres =	1 hectare	0.4047 hectares =	1 acre
3.2808, feet =	1 meter	0.30408 metres =	1 foot
0.6214 miles =	1 kilometer	1.6093 kilometres =	1 mile
1.1023 tons (US)=	1 tonne	0.9072 tonnes =	1 ton (US)
2.2046 pounds =	1 kilogram	0.4536 kilograms =	1 pound

Imperial Measurement	Metric Equivalent	Metric Measurement	Imperial Equivalent
0.0394 inches =	1 millimeter	25.4 millimeters =	1 inch

FORWARD-LOOKING STATEMENTS

Certain statements contained in this AIF are forward-looking information within the meaning of applicable securities laws. All statements included herein (other than statements of historical facts) which address activities, events or developments that management anticipates will or may occur in the future are forward-looking statements, including statements as to the following: the timing and length of care and maintenance at the Mine (as defined below) and future sales, future targets and estimates for production and sales, the receipt of required additional financing to restart and operate the Mine, statements relating to the business and future activities of, and developments related to LeadFX and its subsidiaries, including the development of water, lead, silver, industrial minerals and aggregates assets, future business acquisitions, future lead production, the Company's ability to meet its working capital needs and debt repayments in the near term, the circumstances or timing and costs surrounding a restart of the Mine, forbearance by Sentient (as defined below) pursuant to the Amended and Restated Credit Agreement (as defined below), timing of and ability to secure project financing favourable to the Company (if at all) regarding the proposed Hydrometallurgical Facility (as defined below), satisfaction of conditions to the funding of debt facilities regarding the proposed Hydrometallurgical Facility, design and construction of the proposed Hydrometallurgical Facility, environmental approvals regarding the proposed Hydrometallurgical Facility, projections with respect to cash flows and working capital, the cost and timing for completion of capital projects necessary for any future operations, the Company's ability to comply with the transportation and operating conditions for the Mine, capital expenditures, operating costs, cash costs, all in sustaining cost estimates, metallurgical recovery rates, commodity price forecasts, modification and improvement plans for mining and processing lead ore at Paroo Station, tailings management at Paroo Station, implementation schedules and forecasts, Mineral Resources, Mineral Reserves, life of mine, recovery rates, grades and prices, business strategies and measures to implement such strategies, competitive strengths, estimated goals and plans for LeadFX's future business operations, commodity prices outlook and other such matters. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "contemplate", "target", "believe", "plan", "estimate", "expect", and "intend" and statements that an event or result "may", "will", "can", "should", "could" or "might" occur or be achieved and other similar expressions. These statements are based upon certain reasonable factors, assumptions and analyses made by management in light of its experience and perception of historical trends, current conditions and expected future developments, as well as other factors management believes are appropriate in the circumstances. However, whether actual results and developments will conform with management's expectations is subject to a number of risks and uncertainties, including factors underlying management's assumptions, such as, expected concentrate sales when in operations, the costs and other capital expenditures required to maintain operations and transportation, the timing, need and ability to raise any additional financing and the risks relating to ramping up mining and milling throughput and operations, funding requirements, operations being placed on care and maintenance, the restart of mining and milling operations, matters relating to regulatory compliance and approvals, shareholder dilution, matters relating to public opinion, presence of a majority shareholder and Management Services Agreements (as defined below), matters related to the Esperance settlement and shipments through the Port of Fremantle, regulatory proceedings and litigation and general operating risks such as metal price volatility, lead carbonate concentrate treatment charges, exchange rates, the fact that the Company has a single production stage mineral property, health and safety, environmental factors, mining risks, metallurgy, labour and employment regulations, government regulations, insurance, dependence on key personnel, constraints on cash distribution from the Mine, the nature of mineral exploration and development and common share price volatility. Additional factors and considerations are discussed in the notes to the Company's annual audited consolidated financial

statements for the year ended December 31, 2017 and its accompanying management's discussion and analysis and elsewhere in other documents filed from time to time by LeadFX with Canadian securities regulatory authorities. While LeadFX considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect. These factors may cause the actual results of the Company to differ materially from those discussed in the forward-looking statements, and there can be no assurance that the actual results or developments anticipated by management will be realized or, even if substantially realized, that they will have the expected results on the Company. Undue importance should not be placed on forward -looking information nor should reliance be placed upon this information as of any other date. Except as required by law, while it may elect to, LeadFX is under no obligation and does not undertake to update this information at any particular time.

CORPORATE STRUCTURE

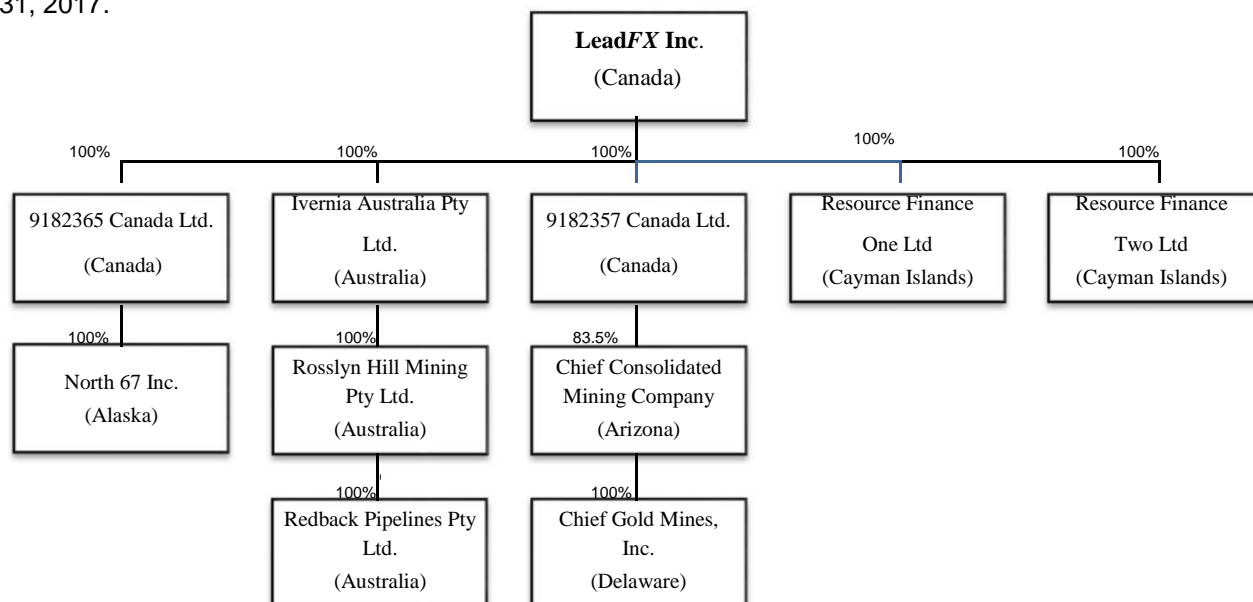
Incorporation

LeadFX was incorporated under the name “Ivernia West Inc.” on June 16, 2000 under the Business Corporations Act (New Brunswick) and its articles were amended on June 30, 2004 to change the name to “Ivernia Inc.” The Company was continued under the Canada Business Corporations Act by a Certificate of Continuance dated July 23, 2008. On November 13, 2015, pursuant to Articles of Amendment, the name of the Company was changed from Ivernia Inc. to LeadFX Inc. (the “Name Change”) and the issued and outstanding Common Shares of the Company were consolidated at a 75 to 1 basis by changing every 75 issued and outstanding pre-consolidation Common Shares into 1 issued and outstanding post-consolidation Common Share (the “Consolidation”). The Common Shares commenced trading on the Toronto Stock Exchange (“TSX”) on a consolidated basis and under its new name and ticker symbol “LFX” on November 18, 2015.

The registered office of LeadFX is located at 5300 Commerce Court West 199 Bay St Toronto, Ontario, Canada M5L 1B9. The head office of LeadFX is located at 1D, 21 Teddington Street, Burswood, Perth, Western Australia 6100.

Principal Subsidiaries

The diagram below illustrates the inter-corporate relationships between LeadFX and its subsidiaries, their jurisdictions of incorporation and the percentage owned by the Company, as December 31, 2017.



GENERAL DEVELOPMENT OF THE BUSINESS

Overview of LeadFX

LeadFX is an international mining and development company focused on the operation and development of lead mines. Its principal asset and sole material mineral project is a 100% equity interest in Rosslyn Hill Mining, which, in turn, has a 100% interest in the Paroo Station lead mine (the "Mine") in Western Australia. The Company also owns (i) an 83.5% interest in Chief Consolidated Mining Company ("Chief"), an Arizona company with interests in mineral properties in Utah; and (ii) a 100% interest in North 67 Inc. ("North 67"), an Alaskan company that held mineral properties in Alaska. On December 19, 2017 the Company sold its mining data ("Mining Data") associated with the mineral properties owned by North 67.

As of December 31, 2017, Sentient Group of Global Resource Funds and The Sentient Group Limited (together, "Sentient") owned 81.4% of the then issued and outstanding common shares of LeadFX.

The Mine was placed in care and maintenance in the first quarter of 2015 due to depressed LME lead prices, unfavourable AUD:USD exchange rate and high treatment costs at that time. As of March 28, 2018, the Mine remains in care and maintenance. See "Risk Factors - Metal Price Volatility".

On June 20, 2017 Sentient and InCoR Technologies Limited and InCoR Energy Materials Limited (together "InCoR") entered into an Umbrella Agreement that provided for the transfer of lead hydrometallurgical processing technologies to LeadFX. Under the terms of the Umbrella Agreement InCoR agreed to undertake and finance a Definitive Feasibility Study ("DFS") for the development of a Hydrometallurgical Facility at the Mine. Upon the successful completion of the DFS, LeadFX will have exclusive rights to use and sub-license InCoR's lead refining technologies worldwide. LeadFX issued two separate common share purchase warrants (the "Warrants") to InCoR to acquire up to 28,750,000 common shares in the capital of LeadFX. The Warrants would be exercisable, for no additional consideration, on and subject to the occurrence of the following triggering events:

- 80% of the Warrants are to be exercisable only on completion of a successful DFS. The DFS will be deemed to be completed and successful if it meets strict criteria including (i) a demonstrable Mine life of no less than ten years and (ii) Mine life of gross operating cash flows minus refinery capital expenditures of no less than US\$450 million; and
- The remaining 20% of the Warrants are to be exercisable only upon receipt of definitive environmental approvals by LeadFX to construct a lead refinery at the Mine.

InCoR contracted SNC-Lavalin Australia Pty Ltd ("SNC-Lavalin") to prepare the DFS and on February 28, 2018 the Company released the results that demonstrated the technical and economic feasibility of constructing and operating a Hydrometallurgical Facility at the Mine and the success criteria for the issue of the first tranche of the Warrants were met. InCoR delivered to the Company a duly completed exercise form to exercise 23,000,000 Warrants and the Company allotted the common shares.

As of March 28, 2018, Sentient owns 52.8% of the presently issued and outstanding common shares of LeadFX, and InCoR owns 38.7% % of the presently issued and outstanding common shares of LeadFX.

The Company is focused on bringing the Mine back into production by building and operating a Hydrometallurgical Facility on site that would leach, electrowin and melt lead concentrates produced by the existing mine and milling operation to produce lead ingots. This would have the effect of eliminating many of the operating and financial risks that have caused the Mine to be placed on care and maintenance in the past.

Three-Year History

The following is a summary of the business history of LeadFX with a focus on the major developments since January 1, 2015.

Operations

2015: Care and Maintenance and Completion of the Transaction

The Mine has been in and out of operation since its commissioning in 2005. The most recent operating period commenced in April 2013. On January 16, 2015, the Company announced that it would wind down the Mine's operations to care and maintenance on account of the continued decline in the LME lead price and the price being realized for the Mine's lead concentrate. Mining and milling operations ceased in the middle of January and early February, respectively and shipments of remaining inventories of lead concentrate were completed in March 2015. Following the decision to place the Mine on care and maintenance, management focused on conducting an orderly shutdown of operations while at the same time maintaining the Mine and processing plant in a state of readiness for a restart of operations.

The production rate achieved in January 2015 was an operational record for the Mine as a result of a series of engineering and maintenance improvement initiatives. The mill treated approximately 171,200 tonnes of ore before ceasing activity in the first quarter of 2015, producing a total of 14,000 tonnes of concentrate containing 9,900 tonnes of lead metal for the year. In 2015, the Company sold 15,700 tonnes of lead metal contained in concentrate. Overall, during the first quarter of 2015, the average plant recovery was 77%.

On January 20, 2015, the Board of Directors appointed a special committee (the "Special Committee") to assume the functions of the Finance Committee and to review the strategic alternatives for the Company, work with the Company's principal lenders to achieve forbearance on principal and interest repayments during the strategic review period and to report to the Board of Directors.

On November 13, 2015, following approval by the majority of the disinterested shareholders of the Company at a special meeting of shareholders held on October 28, 2015, the Company acquired 100% of the issued and outstanding common shares of Geo Zone Exploration Limited ("Geo Zone"), which consisted of complementary mineral properties in Utah and Alaska, for an aggregate purchase price of \$30 million, through the issuance of approximately 1.6 billion pre-Consolidation Common Shares at a deemed price of C\$0.025 per Common Share (the "Geo Zone Acquisition"). In connection with the Geo Zone Acquisition, Enirgi Group Corporation ("Enirgi Group"), a wholly owned subsidiary of Sentient, converted approximately C\$ 12.464 million of outstanding debt owed by the Company to Enirgi Group into approximately 499 million pre-Consolidation Common Shares at a deemed price of C\$0.025 per share (the "Enirgi Debt Conversion" and together with the Geo Zone Acquisition, the "Transaction"). Following completion of the Transaction, on November 13, 2015, the Company completed the Consolidation and the Name Change. See "Description of the Business of the Company - Chief and North 67" for a description of the Geo Zone assets.

2016: Care and Maintenance

Principal activities in 2016 focused on maintaining the Mine in a state of restart readiness and planning the requirements for a potential restart of operations while monitoring LME lead prices for the possibility of a commodity price rebound. A small experienced restart team was retained to allow for a prompt and smooth restart of operations if the decision to proceed was taken. As a result of care and maintenance, the Mine did not produce any concentrate in 2016. In addition to the Mine, the Company also focused on reviewing the geological potential for the lead-zinc-silver deposits and extensions across the development properties owned by Chief in Utah.

On November 15, 2016, the Office of the Environmental Protection Authority of Western Australia (“OEPA”) amended Ministerial Statement No. 905 dated July 26, 2012 (as amended, the “Operating Conditions”), which contains the Company’s principal operating and transportation conditions that govern the Mine’s operations. Pursuant to the amendment, LeadFX is now permitted to export lead concentrate through the Port of Fremantle until July 27, 2024. In addition, the Operating Conditions were also amended to reduce the quantum of the financial assurance bond (the “Bond”) that the Company must have in place during transport operations, from A\$5 million to A\$2 million.

2017: Care and Maintenance, Umbrella Agreement and DFS

The Mine remained on care and maintenance throughout 2017 and continues to be so on March 28, 2018.

On June 20, 2017 Sentient and InCoR entered into an Umbrella Agreement that provided for the transfer of lead hydrometallurgical processing technologies to LeadFX. Under the terms of the Umbrella Agreement InCoR agreed to undertake and finance a DFS for the development of a Hydrometallurgical Facility at the Mine. Upon the successful completion of the DFS, LeadFX will have exclusive rights to use and sub-license InCoR's lead refining technologies worldwide. LeadFX issued two separate Warrants to InCoR to acquire up to 28,750,000 common shares in the capital of LeadFX. The Warrants were issued on August 14, 2017. They are exercisable, for no additional consideration, on and subject to the occurrence of the following triggering events:

- 80% of the Warrants are to be exercisable only on completion of a successful DFS. The DFS will be deemed to be completed and successful if it meets strict criteria including (i) a demonstrable Mine life of no less than ten years and (ii) Mine life of gross operating cash flows minus refinery capital expenditures of no less than US\$450 million; and
- The remaining 20% of the Warrants are to be exercisable only upon receipt of definitive environmental approvals by LeadFX to construct a lead refinery at the Mine.

InCoR contracted SNC-Lavalin to prepare the DFS and it was completed in February 2018. Refer ‘DFS Outcomes’ below for full details.

The Umbrella Agreement is subject to certain anti-dilution rights during the term of the Stage 2 Warrant which as of March 28, 2018 have not been enforced by InCoR in relation to financings undertaken by the Company during 2017 – refer to ‘Financing Activities and Changes in Capital’ below.

Financing Activities and Changes in Capital

2015: Sprott Facility and Enirgi Debt Conversion

On January 29, 2013, the Company entered into a C\$20 million secured loan facility bearing an interest rate of 12% per annum (the “Sprott Facility”) with Sprott Resource Lending Partnership (“Sprott”) pursuant to a credit agreement dated January 29, 2013 (as amended, the “Credit Agreement”). As a result of the decision to place the Mine on care and maintenance in early 2015, the Company triggered a number of events of default under the Sprott Facility.

Pursuant to a letter dated February 12, 2015 (the “Sprott Forbearance Letter”), Sprott agreed that it would not exercise its rights under the Sprott Facility until June 30, 2015 (the “Forbearance Date”) and it would suspend the requirement for payments of interest and principal instalments by LeadFX to Sprott under the Sprott Facility until the Forbearance Date. On June 17, 2015, Sprott agreed to extend the Forbearance Date to November 15, 2015, subject to certain conditions. In consideration, LeadFX agreed to pay Sprott a forbearance payment equal to the Bond proceeds, being C\$4,750,000, on or before June

22, 2015, with such payment being applied on account of the outstanding balance of the Sprott Facility. On November 20, 2015, following the completion of the Transaction, Sprott agreed to further extend the Forbearance Date to December 15, 2015.

On December 18, 2015, the Company, Sprott and Enirgi Group entered into an assignment of indebtedness and security agreement (the “Enirgi Group Assignment Agreement”) whereby Enirgi Group agreed to pay the outstanding principal and interest owed to Sprott and assume: (i) the Credit Agreement; (ii) certain security and certain guarantees granted by the Company as set out in the Credit Agreement; and (iii) the principal amount outstanding under the Credit Agreement as at December 15, 2015.

In connection with the Enirgi Group Assignment Agreement, on December 18, 2015, Enirgi Group and LeadFX entered into a second amendment to the Credit Agreement (the “Amended Credit Agreement”), whereby Enirgi Group agreed to extend the maturity date for repayment of the principal under the Credit Agreement to March 31, 2016 and to reduce the interest rate from 12% to 10% per annum. Enirgi Group also agreed to forbear from enforcing its rights under the Credit Agreement until March 31, 2016.

On November 13, 2015, as part of the Enirgi Debt Conversion, the Enirgi Facility was converted into 262,430,465 pre-Consolidation Common Shares at a deemed price of C\$0.025 per Common Share and was extinguished.

2016: Extension of Amended and Restated Credit Agreement, Assignment and Notes Issuance

On March 31, 2016, the maturity date and forbearance period under the Amended Credit Agreement were subsequently extended to July 31, 2016 pursuant to an amending agreement. On June 21, 2016, the Company entered into an amended and restated credit agreement with Enirgi Group (the “Amended and Restated Credit Agreement”) pursuant to which the maturity date and forbearance period were subsequently extended to June 30, 2017, following receipt of minority shareholder approval at the annual and special meeting of LeadFX shareholders.

On July 19, 2016, the Company, Enirgi Group and Sentient entered into an assignment of indebtedness and security agreement pursuant to which Enirgi Group assigned the Amended and Restated Credit Agreement to Sentient. The Amended and Restated Credit Agreement was further amended on July 19, 2016 pursuant to an amendment agreement (the “First Amendment to the LeadFX Amended and Restated Credit Agreement”) to convert the outstanding principal and accrued interest payable from CAD \$10.3 million to US\$7.9 million.

In 2016 and 2017 LeadFX issued Sentient four unsecured, interest free promissory notes (collectively, the “Sentient Promissory Notes”) all repayable on June 30, 2017 as follows:

1. \$1,000,000 drawn on April 22, 2016 and \$1,500,000 draw on May 26, 2016;
2. \$1,000,000 drawn on August 25, 2016;
3. \$1,000,000 drawn on November 21, 2016; and
4. \$2,000,000 drawn on February 21, 2017.

2017: Consolidation of debts owed to Sentient and Private Placements

On June 29, 2017, Sentient agreed to, forbear from demanding re-payment of (i) the principal and accrued interest under the First Amended and Restated Credit Agreement and (ii) the principal amount of \$6,500,000 Sentient Promissory Notes until July 31, 2017.

On August 1, 2017, Sentient entered into an amendment and restatement of the First Amended and Restated Credit Agreement (“Second Amended and Restated Credit Agreement”) with the Company

which, among other things, (i) canceled the Sentient Promissory Notes and added the principal amount of the Sentient Promissory Notes to the outstanding balance owed under the Amended and Restated Credit Agreement with interest accruing on the new principal amount at the pre-existing interest rate of 10% per annum, and (ii) extends the forbearance period and maturity date for re-payment of principal and accrued interest to February 28, 2018.

On February 26, 2018 LeadFX, Rosslyn Hill Mining, IAPL, Redback and Sentient entered into an amendment ("Amendment") to the Second Amended and Restated Credit Agreement to extend the maturity date for re-payment of the indebtedness outstanding to Sentient. The indebtedness will now mature on the earlier of March 31, 2019 or financial close being achieved for the financing of the planned 70,000 tpa Hydrometallurgical Facility at the Mine. Financial close is defined as being the date on which the Company has demonstrated it has fully funded the Hydrometallurgical Facility and conditions to first drawdown on debt facilities, if any, for the construction of the Hydrometallurgical Facility have been met. The loan will continue to incur interest at 10% per annum until its maturity. As at the date of the Amendment neither Sentient nor LeadFX and its controlled entities were in breach of any terms of the indebtedness.

On August 29, 2017, LeadFX entered into a binding term sheet with Sentient and InCoR for the issue of up to 3,125,000 Common Shares of the Company at C\$0.80 per common share by way of non-brokered private placement for gross proceeds of approximately C\$2.5 million. The private placement closed in two tranches. On August 31, 2017 the Company received gross proceeds of C\$1 million and Sentient and InCoR were allotted 607,312 and 642,688 common shares respectively. On October 31, 2017 the Company received C\$1.5 million and Sentient and InCoR were allotted 910,969 and 964,031 common shares respectively.

On December 14, 2017 LeadFX entered into a binding term sheet with Sentient and InCoR for the issue of 2,374,301 units - each unit being comprised of one (1) common share of the Company and one (1) common share purchase warrant for each one (1) common share issued (hereinafter, a "Unit"). The Units were issued at C\$0.49 per Unit by way of a non-brokered private placement for gross proceeds of C\$1,163,407. The warrants are exercisable for C\$0.61 per share and expire five years from the date of issue. The placement closed in two tranches. On December 19, 2017 the Company received C\$581,703 and Sentient and InCoR were allotted 576,777 and 610,373 common shares and share purchase warrants respectively. On January 12, 2018 the Company received C\$581,704 and Sentient and InCoR were allotted 576,777 and 610,374 common shares and share purchase warrants respectively.

Proceeds from both private placements were used for corporate and general working capital needs of the Company.

Change in Principal Shareholder

On March 17, 2016, Enirgi Group completed a distribution in-kind to its shareholders, comprising the 32,553,847 common shares of LeadFX owned by Enirgi Group. As a result of the distribution, Sentient acquired control of 32,553,847 common shares representing 85.1% of the issued and outstanding common shares of LeadFX. Following the private placements in 2017 described above Sentient owned 35,225,682 common shares representing 80.5% of the then issued and outstanding common shares of LeadFX.

Corporate

Management Services Agreements

On December 17, 2012, LeadFX and Rosslyn Hill Mining entered into separate management services agreements with Enirgi Group and Enirgi Group Services Australasia Pty Ltd ("EGSA") (formerly Enirgi Metals Group Ltd.) (collectively, the "Management Services Agreements") pursuant to which, among other things, Enirgi Group provides management and administrative services to LeadFX and EGSA manages and operates the Mine.

Enirgi Group is 100% owned by LeadFX's parent entity, Sentient. EGSA is a wholly owned subsidiary of Enirgi Group.

Each Management Services Agreement provides for payments in respect of the services provided on a cost-recovery only basis, with no mark-up, and may be terminated by either party on 90 days' notice. Services are billed and payable monthly. Labour costs, office costs and other administrative costs invoiced between LeadFX and Rosslyn Hill Mining and Enirgi Group and EGSA pursuant to the Management Services Agreements are summarized in the table below.

On August 18, 2017, Enirgi Group and EGSA provided LeadFX and Rosslyn Hill Mining, respectively, notice to terminate their respective Management Services Agreement, following a transition period of up to 90 days which ceased on November 21, 2017. The Company has consolidated its project management, finance, corporate and administrative functions in its Perth office.

Key Management Changes

Effective May 31, 2016, Mr. Robert Scargill, Managing Director of LeadFX, was appointed as the President and CEO of LeadFX taking over from Mr. Wayne Richardson who stepped down from the position. With the termination of the Management Services Agreements Mr. Scargill stood down from his role with LeadFX effective September 30, 2017. . Effective January 25, 2017, Mr. Doug Grimmond, Director, Mining Operations of LeadFX, resigned from his position.

Mr. Andrew Worland was appointed CEO and corporate secretary effective October 1, 2017. As at December 31, 2017, the Company's executive, management and staff are based in Perth, Western Australia.

Other

KPMG LLP has been the Company' auditor since September 25, 2014. There were no reportable events as that term is used in National Instrument 51-102 - Continuous Disclosure Requirements.

DESCRIPTION OF THE BUSINESS OF THE COMPANY

LeadFX is focused on the development and operation of lead mines. The Company owns 100% of the Mine, which is LeadFX's principal asset, only material mineral project and its sole production stage mineral property. The Company also owns (i) an 83.5% interest in Chief Consolidated Mining Company ("Chief"), an Arizona company with interests in mineral properties in Utah; and (ii) a 100% interest in North 67 Inc. ("North 67"), an Alaskan company that held mineral properties in Alaska. On December 19, 2017 the Company sold its mining data ("Mining Data") associated with the mineral properties owned by North 67 to Valhalla Mining LLC ("Valhalla"). North 67 has abandoned all of the mineral claims it owned. The total consideration for the sale of the Mining Data is C\$2,000,000 of which C\$100,000 in cash has been remitted to LeadFX. A further C\$400,000 is due and payable on or before June 8, 2018 in cash or shares in a company listed on the TSX. The remaining C\$1,500,000 consideration is payable in cash or shares in a company listed on the TSX within 120 days of the date of commencement of commercial production from the area covered by any of the mineral claims from a mine found, explored or developed by Valhalla using the Mining Data.

The Mine is the Company's only material mineral property for the purposes of National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101").

Lead Markets

Lead has a bright lustre and is a dense, ductile, very soft, highly malleable, bluish-white metal that has poor electrical conductivity. It is also highly resistant to corrosion and because of this property is used to contain corrosive liquids (e.g. sulfuric acid). Lead is used in lead-acid batteries, building construction, bullets and shot, weights, as part of solders, pewters, fusible alloys and as a radiation shield. Lead has the highest atomic number of all of the stable elements. Approximately 85% of global lead metal consumption is due to the production of lead-acid batteries which are used in most vehicles and as back-up and storage media for renewable energy sources, such as wind and solar. Lead acid batteries are also vital as a backup emergency power supply for critical infrastructures in hospitals, telephone networks and for emergency services when main electricity supplies fail. The Mine's lead concentrate is a lead carbonate concentrate. The absence of any other recoverable metals, and the carbonate nature of the product as opposed to sulphide, mean that the concentrate can be treated successfully within a range of furnace technologies, including battery recycling plants or secondary smelters, when used in a blend. Customers historically purchasing the concentrate are large primary lead smelters requiring a high grade lead addition to their feed which does not have the intricacies associated with sulphide lead concentrates containing silver, zinc and copper.

Prior to the year 2000, the price of lead metal remained relatively stable. After the year 2000, China began to emerge as a dominant producer and user in the market which caused a significant change in the supply and demand fundamentals of lead. Since the year 2000, the price of lead metal has been volatile and is generally affected by international economic and political conditions, levels of supply and demand, producer, LME and other inventory levels such as unofficial Chinese inventories, inventory carrying costs and currency exchange rates.

In 2014, the lead price was extremely volatile. After reaching a high of \$2,269 per tonne on July 28, 2014 the LME lead price deteriorated 23% to January 2015, trading at levels not seen since June 2012, contributing to the Company's decision to place the Mine on care and maintenance. In 2015, the LME lead price continued to be depressed, being impacted by soft demand for lead in Europe and China and weak market fundamentals affecting commodities in general. See "Risk Factors – Metal Price Volatility". During 2015, lead traded between \$2,140 per tonne and \$1,555 per tonne, settling above \$1,802 per tonne at the end of 2015. During 2016, lead traded between \$1,707 per tonne and \$2,210 per tonne, settling above \$2,200 per tonne at the end of 2016. During 2017, lead traded between \$2,041 per tonne and \$2,547 per tonne, settling above \$2,546 per tonne at the end of 2017.

The following table sets forth the average daily cash settlement price for lead metal on the LME for the periods indicated.

Year	Price (US\$/lb)	Price (US\$/tonne)
2008	0.95	2,093
2009	0.78	1,726
2010	0.97	2,148
2011	1.09	2,402
2012	0.93	2,059
2013	0.97	2,142
2014	0.95	2,095
2015	0.81	1,783
2016	0.84	1,854
2017	1.05	2,318

Competition

The Company's competitive position is determined based largely by its costs compared to those of other lead producers throughout the world. Ongoing operating costs at the Mine will be determined principally by the location, grade and nature of ore bodies and mineral deposits, the efficiency of processing and refining operations, and operating management and skill. The Company's competitive position is also affected by its ability to maintain its financial integrity through lead price, currency, mine costs, transportation and treatment charge fluctuations.

Given the size of the world market for lead relative to individual producers of lead, LeadFX believes that no single company has sufficient market influence to significantly affect the price or supply of lead on the world market.

Over the longer term, the Company will compete with other mining and exploration companies in connection with the location, acquisition and development of mineral projects.

PAROO STATION MINE

Mine Overview

The Mine is situated in the East Murchison Mineral Field in Western Australia, approximately 30 kilometres west of Wiluna by road and 1,200 kilometres by road north-east of Perth. The plant site is approximately two kilometres north of the Wiluna-Meekatharra section of the Goldfields Highway and is accessed from the highway by an all-weather road. Water is supplied to the Mine from an established bore field, with onsite treatment for the supply of potable water. Electricity is generated on site with five natural gas fuelled engines, together with diesel power generation plant as back-up and emergency. The Mine has a camp for site personnel. The Mine includes four shallow, lead carbonate deposits located within granted Mining Licences in close proximity to the plant site known as the Magellan, Gama, Cano and Pinzon deposits (collectively known as the “Magellan Hill” deposits). The Magellan (including Gama) deposit is adjacent to and north of the plant site while the smaller Cano deposit is located approximately 1.5 kilometres to the northwest. The Pinzon deposit is located approximately 0.5 kilometres to the south of the Magellan deposit on an existing approved mining tenement. In addition, the Pizarro and Drake deposits lie some 10 kilometres south and south-west, respectively, of the Magellan deposit. Apart from two pastoralists with grazing rights over the area, the Mine area is uninhabited.

The Mine area can be divided into four main land types consisting of thickly wooded drainages, extensive strike ridges, small isolated mesas and sparsely vegetated flats. The area of the Magellan, Cano, Gama and Pinzon deposits outcrops as a mesa of approximately five kilometres by 2.5 kilometres, which is raised above the surrounding alluvial plain by approximately 25 to 50 metres to an elevation of 550 to 570 metres above sea level. The climate is semi-arid, with dry periods of up to nine months expected in most years. Droughts have lasted for up to five years. Temperatures vary from very hot in summer to cool during winter. The region can be affected by high intensity summer storms, usually accompanied by widespread heavy rain. Average annual rainfall in the region is 250 millimetres.

The Mine currently comprises four Mining Leases expiring in May 2020 (M53/501 to 504, inclusive, referred to as the “Renison Leases”) and one Mining Lease expiring in June 2025 (M53/1002). In addition, there are two applications for new Mining Leases (M53/1088 and M53/1100) in progress to convert parts of Exploration Licence E53/695 covering the Pizarro deposit and region and the very southern portion of the Drake resource respectively. Three Miscellaneous Licences cover the site infrastructure and expire in December 2020 (L53/106, 107 and 108) and a fourth Miscellaneous Licence (L53/149) specifically for the gas pipeline expires in May 2027. Miscellaneous Licences L53/163 and 164 for water exploration rights to the east and west of the Mine were granted in June 2013 with an expiry date of June 2034. Miscellaneous Licences L53/197 and 198 were granted in January 2015 for water exploration purposes with expiry dates in January 2036. Applications lodged in August 2014 for Miscellaneous Licences L53/191- 196, covering as-constructed sections of the gas pipeline that fell outside the original containment lease L53/149 are pending grant. Miscellaneous Licences L53/200 and 201 for the Drake and Pizarro haul roads, respectively, were granted in December 2015, each with expiry dates in December 2036.

Exploration Licences E53/644 cover prospective surrounding regions of the Mine, and are renewed annually with a current expiry of June 2018. If exploration activities conducted prior to the expiry date produce positive results, an extension of term will be sought, otherwise the licence will be surrendered. Exploration Licence 1528 was granted during April 2011, covering prospective areas to the south of the Pizarro deposit and is due to expire in April 2021. Exploration Licence 1560 was granted in February 2012 and is due to expire in February 2022. Extension of term applications will be submitted.

Prospecting Licence P53/1528, located south of Pizarro, was granted in April 2011 and is due to expire in April 2019.

All of the tenements for which leases or licences have been granted are held by Rosslyn Hill Mining or Ivernia Australia Pty Ltd. Legal title to the land affected by the area of the Mine is held by the State of Western Australia (the "State").

The properties under current or applied for tenure are referred to collectively in this AIF as the "Mining Properties" and cover an aggregate area in excess of 30,000 hectares.

History and Ownership

The Magellan deposit was discovered in 1991 by Renison Limited ("Renison"), which was acquired in 1998 by Westralian Sands Ltd., subsequently renamed Iluka Resources Limited ("Iluka"). Pursuant to a farm-in agreement dated January 23, 1997 between Renison and Rosslyn Hill Mining, Rosslyn Hill Mining had the right to acquire a 100% interest in the Renison Leases and certain other tenements (collectively, the "Renison Properties"), subject to payment to Renison of certain royalties including a lead ore process royalty for all lead ore extracted by Rosslyn Hill Mining from the Renison Properties (the "Renison Royalties"). It was agreed that the acquisition by Rosslyn Hill Mining of a 100% interest was conditional upon Rosslyn Hill Mining completing a bankable feasibility study for the Mine by January 2002 and committing to develop a mine and plant with a design capacity of not less than 300,000 tonnes of ore per annum. In September 2001, following the completion of such a feasibility study, Rosslyn Hill Mining committed to develop a mine and plant with the required capacity, and thereby secured its rights to a 100% interest in the Mine. The Renison Properties were transferred to Rosslyn Hill Mining during 2002. In May 2003, LeadFX entered into a termination agreement with Iluka pursuant to which all of Iluka's remaining rights under the 1997 farm-in agreement, including the Renison Royalties, were terminated in consideration of a one-time payment to Iluka of A\$2.1 million.

On April 20, 1999, LeadFX agreed to invest in the Mine by acquiring a direct 15.7% equity interest in Rosslyn Hill Mining from Polymetals Pty Ltd. ("Polymetals"), the sole shareholder of Rosslyn Hill Mining. In September 2000, LeadFX acquired a 90% equity interest in Polymetals and acquired the remaining equity ownership in Polymetals in 2003 and thereby acquired a 100% interest in Rosslyn Hill Mining.

In 2003, LeadFX and Sentient formed a joint venture under which Sentient agreed to provide financing to Rosslyn Hill Mining in exchange for a 40% interest. This Sentient interest was increased to 49% in 2004 and in April 2005 Lead FX acquired Sentient's 49% interest in Rosslyn Hill Mining thereby becoming the sole owner of Rosslyn Hill Mining. The Mine was constructed during 2004, commissioned during 2005, and achieved commercial production on October 1, 2005.

Geology and Mineralization

The Mine is located on the southern margin of the Proterozoic Yerrida Basin. The basin contains remnants of the larger Earraheedy Basin in which mineralization is hosted in the lower rock units of the Yelma Formation.

The Yelma Formation is up to 55 metres thick in the vicinity of the Mine and comprises quartz sandstone and siltstone (approximately 25 metres thick) at the base of the sequence. This is overlain by a poorly lithified and silcretised, solution collapse breccia (approximately 30 metres thick) that is believed to be of carbonate and evaporite origin. The breccia contains fragments of silicified stromatolitic carbonate, siltstone, chert and quartz in an altered clay and silt matrix.

Known mineralization is located in six broad, flat-lying to shallow-dipping lobe-shaped deposits. The four main deposits, being, Magellan (now including Gama), Cano and Pinzon are located on the Magellan Hill, while the outlying deposits of Pizarro and Drake lie some 10 kilometres south and south-west respectively. The deposits are thought to represent ancient carbonate-hosted, base-metal deposits. They have become enriched in secondary lead minerals through prolonged and extensive weathering

causing dissolution and volume reduction of the precursor carbonate rocks and oxidation of primary base-metal sulphide minerals. The mineralization occurs as relatively flat lying zones of lead enrichment within the Yelma Formation at depths of 0 to 50 metres from the surface.

All deposits display a broadly similar style of mineralization and the Magellan Hill deposits connect via lower grade or thin mineralised zones. The deposits are extensive; Magellan measures approximately 1,200 metres long in a northerly direction with an average width of approximately 650 metres and an average vertical thickness of approximately 12 metres. The Gama deposit, which is now included with the Magellan deposit is a zone that lies adjacent to the east and is approximately a zone of 1,000 metres in a northerly direction and averages 300 metres wide. The Cano deposit lies along a northwest axis, extending for approximately 800 metres with an average width of 400 metres and an average vertical thickness of approximately seven metres. Continuity of both deposits is generally consistent within these parameters. The v- shaped Pinzon deposit comprises two mineralised trends, one trending in a north-northwest direction and the second on a northeast trend. The zones are approximately 1,000 metres long by 200 metres wide with an average vertical thickness of six metres.

The lead mineralization consists of oxidized lead minerals, mainly as cerussite (lead carbonate), with lesser amounts of anglesite (lead sulphate) and minor pyromorphite (lead phosphate). While minor amounts of pyrite, galena and trace sphalerite occur in the underlying Maraloou shale unit, only one galena occurrence has been observed within the Magellan ore zone, and is interpreted as a rare isolated discovery.

Exploration and Development

Limited exploration work was undertaken during 2017, A variability drilling program undertaken during the year provided representative drill core samples for metallurgical testwork required for the DFS.

During 2016, exploration activities were limited to the ethnographic and archaeological clearance surveys within E53/644, E53/695, E53/1528, E53/1560, M53/501 and P53/1528. These clearance surveys are required as part of exploration prospecting deeds of agreements, associated variations and letter agreements with the Wiluna and Tarlpa native Title Determinations (WAD6164/98 and WAD248/07).

During 2015, exploration RC drilling programs were completed at the Drake deposit (M53/501) and south of the Pizarro deposit (E53/1475, E53/1528 and P53/1543). In addition, the diamond drilling programme at the Pizarro deposit (E53/695) was completed and the developing target on E53/1560 was confirmed by infill geochemical survey. In 2014, the majority of exploration work conducted focussed on the drilling programs for the purposes of exploration, resource definition and sterilization. The non-drilling forms of exploration, such as soil sampling, contributed directly to the targeting of additional mineralization, either as extensions to known deposits, or to discovery of new deposits.

As a result of drilling completed in 2014, the Gama deposit is now included with Magellan. During development and exploration at the Mine, gradual infill of wide-spaced RC drilling has allowed the definition and commercial exploitation of the Magellan (now includes Gama), Cano and Pinzon deposits. The Pizarro and Drake deposits are in an advanced exploration state and while undeveloped, form part of the current mine resource and reserve (Pizarro). Columbus is at an earlier stage of exploration and requires further exploration work to define overall extents and grades. The Cortez prospect was held as part of the Exploration Licence E53/644. Following an internal review, the area associated with the Cortez prospect was surrendered.

Prior Period Operations

Mining

In 2004, MACA Mining Pty Ltd. ("MACA") was awarded a contract to carry out the mining and supply of ore to the concentrator. Following the decision to enter care and maintenance in January 2015, the Company suspended the services of MACA. The Company is permitted to reinstitute the services of MACA by providing notice of re-commencement of work and following the resumption of services there will be approximately 24 months remaining on the term of the mining contract.

Ore is extracted via open pit operations over the life of the Mine. The pits are shallow with a maximum depth of 60 metres and excavators are used to dig and load waste and ore into 85 tonne haulage trucks. Qualified personnel employed or contracted directly by the Company carry out mine planning and grade control.

The open pit mining requires drilling and blasting. The ore is mined concurrently from a number of faces to provide a homogeneous blend for processing. It is then stockpiled on the run of mine ("ROM") pad and fed to the concentrator. Subgrade material containing greater than 1.2% lead is stockpiled separately for future treatment if economic conditions permit.

Waste rock has been used for construction of the tailings storage facility, consisting of two cells, with excess being placed on purposely designed waste dumps. Wall lifts to the two cells have been undertaken to progressively increase tailings storage capacity and for tailing deposition. Waste rock will be used to construct the outer embankment of the integrated waste landform.

Processing

Ore is processed on site through a process of crushing, milling and flotation concentration. The milled ore is sulphidized by dosing with sodium hydrosulphide prior to undergoing conventional froth flotation. In 2015, prior to the Mine entering care and maintenance, 171,200 tonnes of ore were processed at an average head grade of approximately 7.4% lead yielding 14,000 tonnes of concentrate containing 9,900 tonnes of contained lead. No ore was processed in 2016 and 2017 due to the Mine being in care and maintenance.

Crushing and Milling

Ore is delivered to the ROM ore pad by haul trucks from the Mine and blended as required. Stockpiled ore is fed into the ROM bin through a 60 cm wide static grizzly. A single stage primary crushing circuit is utilized which has a capacity in excess of 300 tonnes per hour. Dust control is managed by water sprays, ducting and covers over the conveyor. Crushed ore is conveyed directly to the mill feed chute and milled in a Morgardshammar 4.2 metres by 5.2 metres grate discharge SAG mill. The mill is lined with composite liners and operates in closed circuit with a cluster of five Krebs 10 inch hydrocyclones with hydrocyclone underflow being divided between the SAG mill feed chute and the secondary milling circuit. The mill discharge hopper is fitted with a centrifugal pump, which transfers slurry to the hydrocyclone distributor.

A secondary ball mill has been installed in series with the existing SAG mill to ensure that throughputs of up to 1.7 million tonnes per annum can be achieved at any ore blend. Installation and commissioning of the secondary ball mill was completed in August 2006. The secondary mill is a Morgardshammar 3.5 metres by 4.9 metres in closed circuit with Krebs 10 inch hydrocyclones. The overflow product from both hydrocyclone clusters discharges directly into a surge tank having a volume of 500 cubic metres.

Flotation, Dewatering and Drying

Concentration of lead bearing minerals is carried out by sulphurised froth flotation. The flotation circuit consists of two parallel roughing and scavenging stages, and three cleaning stages. Slurry is pumped from the surge tank where frother is added, to two conditioning tanks in series where sulphurizing agent (sodium hydrosulphide) and collector (sodium isobutyl xanthate) are added. Slurry

from the collector conditioning tanks gravitates to rougher flotation, utilizing two parallel three-cell banks of Outokumpu OK-38 cells. The rougher tailings then flow to similar parallel scavenger banks. Concentrate is transferred to the head of the first cleaning stage. The primary cleaning stage also consists of six OK-38 cells, with the secondary and tertiary cleaning circuits comprising six and four Denver DR-300 flotation cells, respectively. Final concentrate grade averages approximately 62% to 67% lead. Flotation concentrate is thickened by two thickeners in parallel with the thickener overflows gravitating to the process water pond. Underflow from both thickeners is pumped to a concentrate storage tank and the slurry is then filtered to reduce the moisture content. In 2014, recoveries at the plant increased to an average of 79%. The higher recoveries in 2014 are principally attributed to the efficiencies achieved from being in continuous operation since the second quarter of 2013. In 2015, prior to the Mine entering care and maintenance, average recoveries at the plant were 77%.

A Metso VPA filter is used for de-moisturing all concentrate. This filter is a concentrate pressure filter that takes the material to the desired moisture content and eliminates the need for a drying pad.

Tailings Disposal

Flotation (scavenger) tailings are thickened before being pumped to the tailings storage facility. The tailings storage facility, consisting of two cells, is a conventional paddock impoundment design, with multi-point spigotting and a surface area of 76 hectares. Submersible pumps return decant water from the collection points to the process water pond in a single stage. Wall lifts to the two cells have been undertaken to progressively increase tailings storage capacity. In 2016, the Office of the Environmental Protection Authority and the Department of Mines and Petroleum granted approval to the Company to store tailings in an integrated waste landform (“IWL”) to be located within the existing waste rock landform at the Mine. The DER also issued a new prescribed premises licence in February 2017 for the construction and operation of the IWL..

Concentrate Bagging Facilities and Containerized Shipping

Historically the Mine has produced lead concentrates with a moisture content of greater than 7.5% as its final product. Lead concentrates would be loaded at the Mine site into specially designed two tonne bags approved by the United Nations and the State. The bags had double-lined walls comprising a plastic moisture proof internal lining and a woven polyester external lining which would prevent the escape of moisture from the bags, thereby maintaining its consistency throughout the shipping process. Once filled and sealed, the outside of the bags were vacuumed to remove any stray dust and were placed inside steel shipping containers, each container holding up to 26 wmt of bags. Each container would be locked with a uniquely numbered steel bolt. The steel shipping containers were transported by road to Leonora and then by rail to the container terminal at the Port of Fremantle, which is the only container port in Western Australia with the required infrastructure and shipping volume to reliably and economically ship the containers to global markets. At the Port of Fremantle, the steel containers were loaded on ocean going vessels.

For greater detail on the conditions applicable to the containerization and shipping process, see below under “– Operating Conditions and Permits”.

Other Facilities

When in full operations, most of the workforce on site operate on a fly-in-fly-out, eight days on and six days off rotational basis. Accommodation is provided in an on-site village, which has been established approximately three kilometres to the east of the plant facility at the mine site.

Through its wholly-owned subsidiary, Redback Pipelines Pty. Ltd, the Company constructed a lateral pipeline to allow delivery of natural gas to the site from the Goldfields Gas Pipeline which passes some 37 kilometres east of the Mine. In April 2014, the Company completed the necessary work to

convert the Mine's generator sets in the Mine's onsite power station from diesel fuel to natural gas. The Company has entered into a lease agreement for gas generator sets for the Mine and on January 30, 2014, received regulatory approval from the Department of Environment Regulation (formerly, the Department of Environment and Conservation) ("DER") to operate the power station.

Processing water requirements for the Mine are currently met from a production borefield located approximately four kilometres southeast of the Mine. In addition to water required by processing facilities, water is also required for auxiliary uses such as dust suppression, road maintenance and camp supply.

An extensive water exploration program has defined sufficient water resources for the current operation. Water production boreholes have been established and provide water to satisfy ongoing operational needs. If mine production is increased in the future, there will be an increased demand for processing water supply. To accommodate this potential increase, further aquifer monitoring and further borefield exploration is expected to be undertaken to ensure the future supply of processing water.

Capital Costs

In 2015, 2016 and 2017, expenditures on property, plant and equipment were \$0.7 million, \$nil and \$nil, respectively.

Operating Conditions and Permits

On July 27, 2012, the Minister for Environment issued Ministerial Statement 905 (MS905) containing the Operating Conditions which (as amended from time to time) contains the Company's current onerous operating and transportation conditions. The Operating Conditions, in general, preserve the strict auditing, monitoring and reporting requirements imposed on the Company pursuant to the prior operating conditions.

The Company has prepared and maintained existing environmental management documents, including but not limited to:

- Environmental Management Program
- Transport Emergency Response Plan
- Mine Closure Plan
- Surface Water and Drainage Management Plan
- Tailings Storage Facility Operating Manual
- Dust Management Plan

The Operating Conditions constituted the Company's operating and transportation conditions under Part IV of the Environmental Protection Act, 1986 (Western Australia) (the "EP Act"). The full text of the Operating Conditions is posted on Rosslyn Hill Mining's website at www.rosslynhillmining.com.au.

On August 19, 2016 the EPA issued minor amendments to the Operating Conditions under section 45C of the EP Act to allow further access to the Magellan, Cano, Gama and Pinzon deposits. On November 15, 2016, the Minister of Environment issued further amendments to MS 905, the Operating Conditions under section 46 of the OEPA to: (i) allow the Company to export lead concentrate through the Port of Fremantle until July 27, 2024; and (ii) reduce the quantum of the Bond from A\$5 million to A \$2 million. There has been no change to the strict operating, reporting and compliance obligations in the Operating Conditions. See "- Risk Factors – Regulatory Compliance and Approvals".

On October 2, 2008, the DWER (formally DER) issued a Licence for Prescribed Premises (the "Licence") to the Company under Part V of the EP Act in connection with the Mine. A new Licence was issued by the DER dated February 14, 2017 which also included extending the DWER's approval for the operation of the Mine until November 28, 2021, subject to the monitoring and reporting requirements contained therein and application for annual continuance inclusive of payment of fees. The Mine operates in accordance with the requirements of State legislation, standards and codes of practice. Specifically, operations are undertaken in accordance with the Mines Safety and Inspection Act 1994, Mines Safety and Inspection Regulations 1995, Mining Act 1978, Mining Regulations 1981, Environmental Protection Act 1986 and the Environmental Protection Regulations 1987. The Company regularly collects and reports occupational health, safety and environmental information to the following State Departments:

- the Environmental Protection Authority.
- Department of Water and Environment Regulation (DWER)
- Department of Mines, Industry Regulation and Safety ("DMIRS").
- Department of Health.
- Department of Transport.
- Operating conditions and licenses for the Mine have been granted and the following are currently in force:
 - Department of Environment Regulation – Licence for Prescribed Premises – L8493/2010/2.
 - Communications – Licence number 1970164 and 1970178/1623468.
 - Department of Mines and Petroleum. Dangerous Goods Site License –DGS020079.
 - Department of Mines and Petroleum. Mining Tenement conditions.
 - Department of Water - Licence to Extract Water – GWL96342(4).
 - In House Work Licence (Electrical) – IH50551.
 - Pipeline Licence – PL73.
 - Radiation Safety Act Licences – RS 105/2005 14620 and LX 58/2006 15145.

On June 10, 2015, the DMIRS approved the Company's 2015 Mine Closure Plan which details the closure and rehabilitation commitments for the Mine.

As security for the punctual performance of the Emergency Response Plan (Lead Carbonate Transportation) under the Operating Conditions, prior to removing shipping containers with lead carbonate concentrate from the Mine site, the Company must issue in favour of the Minister for Environment and the CEO of the OEPA an A\$2 million Bond from a bank acceptable to the OEPA. The Company is also subject to the Mining Rehabilitation Fund Act of 2012, which requires the payment of an annual levy each year. The Company's aggregate current performance bonds as at December 31, 2017 are approximately A\$nil. See - "Doing Business in Australia – Environmental and Safety Regulations".

The tenements comprising the Mining Properties provide sufficient surface and mining rights to operate over the projected exploration period for the Magellan, Cano, Pinzon and Gama deposits. The ability of the Company to mine ore bodies outside of the mining proposals that currently include the Magellan (now including Gama) and Cano deposits (namely the Pizarro and Drake deposits) is subject to

receipt of regulatory approvals from the DMIRS, DWER and EPA and capital expenditures. Further, any additional mining tenements will have to be included in the land access agreements with native title holders (“NTPs”). See “- Doing Business in Australia - Native Title”. While the Company cannot make any assurances with respect to receiving these approvals, it believes that these types of applications are common place in the Western Australian mining industry. See “– Risk Factors – Regulatory Compliance and Approvals”.

The permitting process for the planned Hydrometallurgical Facility would likely lead to a significant simplification in the Operating Conditions as the Mine will no longer be producing a hazardous lead concentrate material but rather a lead ingot.

Prior Technical Reports

On March 10, 2015, the Company filed a Technical Report on the Mine with an effective date of December 31, 2014, prepared by SRK Consulting (Australasia) Pty Ltd. (the “2015 Technical Report”). Readers are referred to the 2015 Technical Report, which can be reviewed in its entirety by accessing the SEDAR database at www.sedar.com, for further information regarding the Mine.

The 2015 Technical Report is expected to be superseded by a Technical Report due in April 2018 following the release of the DFS.

DFS Outcomes

The scientific and technical information in this section ‘DFS Outcomes’ has been sourced directly from the press release dated February 28, 2018 which was reviewed and approved by Mr. Kahan Cervoj (MAUSIMM, MAIG), Mr. Lawrie Gillett FAUSIMM, Mr. Adrian Jones MAusIMM and Mr. Alan Taylor FAUSIMM(CP). Each of the foregoing individuals is independent of the Company and is a Qualified Person within the meaning of NI43-101.

The DFS was released in February 2018. The key highlights of the DFS were:

- Gross operating cashflow over the Mine life minus Hydrometallurgical Facility capital expenditure exceeded the target of US\$450 million by approximately US\$200 million
- 15 year Mine life
- 1.19 million tonnes contained lead in Ore Reserves (JORC 2012)
- >85% conversion of Mineral Resources to Ore Reserves
- Hydrometallurgical Facility capital cost estimate: \$151.1 million
- Life of Mine all in sustaining cash cost: \$1,367/t Pb (\$0.62/lb Pb)
- NPV of \$191 to \$303 million and IRR of 23.5 to 31.3%pa at long-term LME lead price of \$2,2501 to 2,575/t Pb (\$1.02 to 1.17/lb Pb)

SNC-Lavalin’s DFS scope was defined as the performance of all necessary engineering design and estimation to produce a Class 3 estimate for the Hydrometallurgical Facility in accordance with American Association of Cost Engineers (“AACE”) International Standard. The scope included:

- Confirming the technical suitability of the metallurgical processes selected to the extent possible
- Estimating capital and operating costs of the Hydrometallurgical Facility

¹ Wood MacKenzie – Lead long-term outlook Q4 update, December 2017

- Providing an integrated DFS report incorporating data generated by LeadFX and InCoR.

The Technology would utilize Methane Sulfonic Acid (“MSA”) to leach lead from concentrates. Lead rich leach solution would be treated through an electro-winning circuit to produce lead cathode which would subsequently be melted in a furnace with the molten lead cast into ingots of London Metal Exchange (“LME”) specification.

The Hydrometallurgical Facility design is based on a three phase test work program and vendor testwork commissioned by InCoR. Data from those programs was interpreted by SNC-Lavalin and applied to the design of the Hydrometallurgical Facility.

LeadFX provided all Mine operating history to SNC-Lavalin and commissioned AMC Consultants to provide a new Ore Reserve (as defined by the JORC Code) Report that incorporates new mine optimizations, pit designs and mine scheduling for inclusion in the DFS financial modelling. The Company undertook a variability drill program at the Mine to provide samples for the metallurgical test work programs.

LeadFX prepared the financial models incorporated in the DFS.

The overall construction and commissioning schedule for the Hydrometallurgical Facility from first site access is estimated at 18 months. The Company expects to have necessary approvals in place to commence ground disturbing activities on site within the next six months.

SNC-Lavalin developed the process flowsheet, process design criteria and Metsim Model through a succession of testwork programs commissioned by InCoR and performed predominately by ALS Metallurgy in Perth. The testwork stages were:

- Proof of concept test work based on historical concentrates from Paroo Station;
- Bulk variability testwork program on metallurgical drill core composite samples from various parts of the Paroo Station deposits; and
- A 3kg/h continuous leach and electro-winning pilot plant utilizing concentrates produced from pilot flotation testwork on selected ore from Mine stockpiles to verify operational leach conditions, liquid-solids separation performance and electrowinning performance.

The pilot plant recovered lead from Paroo Station ore to cathode.

The recovery of lead from concentrate to final ingot has been estimated for the various composites using test results and the Metsim Model and ranges from 96.4% to 99.4%.

Three Metsim Models comprising base, and minimum and maximum anglesite cases have been developed by SNC-Lavalin. The models have been used to generate heat and mass balances required to size equipment.

Process Design Criteria have been developed by SNC-Lavalin from a combination of testwork results and SNC-Lavalin experience with similar processing plants. Testwork data from the completed programs has been used in the models and other engineering data to verify the equipment selected.

The Hydrometallurgical Facility would involve the following main stages:

- Feed Preparation, MSA Leaching and solid liquid separation;
- Desulphurization of MSA Leach Residue and Flotation;
- MSA re-leach;
- Impurity removal and electrolyte preparation;

- Lead electrowinning and cathode handling;
- Bleed treatment;
- Lead melting, casting and load-out;
- Utilities and reagents; and
- Power station, heat recovery and steam generation.

Capital Cost Estimate

The DFS capital cost estimate meets AACE Class 3 criteria and achieves +/-15% accuracy. SNC-Lavalin has estimated the total capital cost of the Hydrometallurgical Facility at \$151,100 as summarized below:

Capital Cost Estimate	\$'M
Site development	2.9
Direct costs	79.0
Mobile equipment	0.8
Indirect costs	11.0
Sub-total	93.7
Power Station ²	21.8
EPCM fees and Contingency	35.5
Total	151.1

Approximately 94% of the direct cost component of the capital cost estimate is supported by vendor quotes with the balance derived from SNC-Lavalin's pricing database. Contingency has been determined after applying a @Risk Monte Carlo simulation at an industry standard 'P80 outcome'.

Operating Cost Estimate

The annual operating cost estimate for the Hydrometallurgical Facility, averaged over the life of the Mine, is shown below:

Operating Cost Estimate	\$'M	\$/t ore	\$/t lead ingot	\$/lb lead ingot
Labour	3.40	1.73	55.2	0.025
Maintenance	1.20	0.61	19.4	0.009
Consumables	5.61	2.86	91.1	0.041
Power	5.06	2.58	82.2	0.037
General & administration	0.63	0.32	10.2	0.005
Total	15.91	8.10	258.1	0.117

Mineral Resources

The Paroo Station Mineral Resources estimate applied in the DFS has been prepared by Optiro Pty Ltd and is as per the 2015 Technical Report, net of mining depletion (totaling 5kt of contained lead) in January and February 2015 and reported in the Company's Annual Information Form dated February 23, 2017.

A summary of total Mineral Resources (inclusive of Ore Reserves) is shown in the following tables:

	Measured	Indicated	Total
--	-----------------	------------------	--------------

² Management is exploring the opportunity to pursue 'Build Own Operate' financing for the Power Station.

Deposit	Tonnes (Mt)	Grade (Pb%)	Contained Pb Metal (kt)	Tonnes (Mt)	Grade (Pb%)	Contained Pb Metal (kt)	Tonnes (Mt)	Grade (Pb%)	Contained Pb Metal (kt)
Magellan	3.5	4.8	170	13.1	4.6	600	16.6	4.6	770
Cano	1.2	4.0	50	1.2	2.9	35	2.4	3.5	85
Pinzon	0.1	6.4	5	8.4	4.4	370	8.5	4.4	375
Pizarro	-	-	-	3.1	3.6	115	3.1	3.6	115
Stockpiles	1.5	3.0	45	-	-	-	1.5	3.0	45
Total	6.3	4.3	270	25.8	4.3	1,120	32.0	4.3	1,390

Deposit	Inferred		
	Tonnes (Mt)	Grade (Pb%)	Contained Pb Metal (kt)
Magellan	2.5	4.5	115
Cano	0.4	3.0	10
Pinzon	1.7	3.8	65
Pizarro	1.1	3.6	40
Drake	2.7	4.1	110
Stockpiles	-	-	-
Total	8.4	4.0	340

Notes to the Mineral Resources Estimate

1. All Mineral Resources have been reported in accordance with the 2012 JORC Code reporting guidelines and are inclusive of Ore/Mineral Reserves.
2. All Mineral Resources have been reported using a cut-off grade of 2.1% lead and depleted for mining to December 31, 2015. There has been no mining or processing of material during the 2016 or 2017 calendar years.
3. The stockpiled Mineral Resource is based on mine production data.
4. The Mineral Resource figures are based on the Mineral Resource Report which has been prepared by Mr. Kahan Cervoj (MAusIMM, MAIG), who is an employee of Optiro Pty Ltd, and is a "Competent Person" as defined by the 2012 JORC Code. He is a "Qualified Person" for purposes of NI 43-101 and he supervised the preparation of and verified the above Mineral Resource figures prepared by the Company's consultants, including the underlying sampling, analytical and production data. Data was verified by site visits and reviews of the Company's and consultants' data.
5. Mr. Cervoj was the Competent Person for the Magellan Hill 2014 Mineral Resource that is the basis for the December 2015 Mineral Resource estimate.
6. Mineral Resources which are not Mineral Reserves do not have demonstrated economic viability. The estimate of Mineral Resources may be materially affected by environmental, permitting, legal, marketing, or other relevant issues.
7. Table entries are rounded to reflect the precision of the estimate and differences may occur due to this rounding.

Mining

AMC Consultants Pty Ltd ("AMC") have prepared a mining Technical Study and Ore Reserve Statement (JORC 2012 compliant) to contribute to the DFS. The studies included only Measured and Indicated Mineral Resources from the Magellan, Cano and Pinzon deposits.

As in previous operating periods of the Mine, ore would be extracted via drilling and blasting from a series of open pits and excavators used to dig and load ore and waste into 85t haul trucks. Ore would be mined concurrently from a number of faces to provide a homogenous blend to the concentrator and ore stockpiled and further blended on the run of mine pad.

To develop a new mine plan and schedule for the Mine, the Company supplied AMC with mining costs, processing costs, transport and logistics costs, metallurgical recovery rates, royalties and taxes, commodity price forecasts and foreign exchange assumptions to which AMC added dilution and ore loss factors, assessed geotechnical and hydrological parameters, amongst other factors to undertake pit optimizations using Whittle software. Pit designs were generated from the optimizations and a life of mine mining schedule developed.

Proven and Probable Ore Reserves are estimated at February 28, 2018:

Deposit	Proven			Probable			Total		
	Tonnes (Mt)	Grade (Pb%)	Contained Pb Metal (kt)	Tonnes (Mt)	Grade (Pb%)	Contained Pb Metal (kt)	Tonnes (Mt)	Grade (Pb%)	Contained Pb Metal (kt)
Magellan	3.9	4.3	169	13.1	4.1	538	17.0	4.2	707
Cano	1.4	3.5	47	1.0	2.6	27	2.4	3.1	74
Pinzon	0.1	5.8	5	8.8	3.9	343	8.9	3.9	348
Stockpiles ³	2.9	2.4	70	-	-	-	2.9	2.4	70
Total	8.3	3.5	291	22.9	4.0	908	31.2	3.8	1,199

Notes to the Ore Reserves Estimate

1. Mineral Reserves are a subset of Measured and Indicated Mineral Resources. The Mineral Reserve Estimate was developed to JORC (2012) standards which are accepted CIM under the use of a Foreign Code. The 2012 JORC Code uses the terms "Ore Reserve" and "Proved" which are equivalents to the terms "Mineral Reserve" and "Proven" respectively, as defined in NI 43-101.
2. The Mineral Reserve Estimate was developed by Mr Adrian Jones, a full time employee of AMC Consultants Pty Ltd (AMC). Mr Jones is the Competent Person for the 2015 Paroo Station Ore Reserve estimate under the 2012 JORC Code. Mr Jones supervised preparation of the estimate with assistance from specialists in each area of the estimate. Mr Jones is a Member of The Australasian Institute of Mining and Metallurgy. He has sufficient experience relevant to the style of mineralisation, type of deposit under consideration, and in open pit mining activities, to qualify as a Competent Person as defined in the JORC Code. Mr Jones consents to the inclusion of this information in the form and context in which it appears.
3. Mr Laurie Gillett FAusIMM of AMC is a Qualified Person for the purposes of NI 43-101 and he also supervised and verified the above Mineral Reserve figures prepared by Mr Jones, including the underlying sampling, analytical test and production data.
4. Mr Jones participated in a site visit in the second week of March 10, 2015.
5. The pit limits for the open pit were selected through optimisation using the Gemcom Whittle Four-X implementation of the Lerchs-Grossman algorithm. The optimisation considered Measured and Indicated Mineral Resources only. Pit designs followed the optimisation shell outline that developed the largest undiscounted cashflow for the evaluation parameters.
6. The process recovery of lead is linked to lead head grade. The following recovery formula was used in the analysis: Flotation Pb Recovery = 73.5% + (1.55 x % Ore Grade), Hydrometallurgical Plant Recovery 98.17%⁴. The average overall recovery is 80%.
7. Dilution of the resource model and an allowance for ore loss are included in the Ore Reserve estimate, and were introduced through applying a selective mining unit of 6.25 x 6.25 x 2.5m. Within the Ore Reserve pit design, the application of dilution resulted in inclusion of 5.59% dilution and results in an ore loss of 6.43%. Metal pricing of US\$2,250/t Pb plus US\$85/t Pb premium was used in the mine planning.

³ Stockpiles included in Ore Reserves includes Mineral Resources below the cut-of grade for the Mineral Resource estimate

⁴ The Hydrometallurgical Plant recovery used in the optimisation was 98.17%. The DFS reported recovery is 97.91%. This is considered an immaterial change as it has a life of mine impact of minus 2,500kt Pb metal which equates to less than minus 0.3% of the recovered Pb metal over that time, well within the limits of accuracy of the Ore Reserve calculation.

8. The Proved Ore Reserve estimate is based on Mineral Resources classified as Measured, after consideration of all mining, metallurgical, social, environmental, statutory and financial aspects of the project. The Probable Ore Reserve estimate is based on Mineral Resources classified as Indicated, after consideration of all mining, metallurgical, social, environmental, statutory and financial aspects of the project.
9. Table entries are rounded to reflect the precision of the estimate and differences may occur due to this rounding.

The following tables summarizes the life of Mine mining schedule applied to the DFS and the associated mining costs:

Deposit	Waste mined (tonnes)	Ore mined (tonnes)	Strip ratio	Pb Grade (%)	Contained metal mined
Magellan	54,024,336	16,986,904	3.18	4.16	706,535
Cano	4,115,548	2,393,771	1.72	3.10	74,293
Pinzon	26,335,366	8,841,224	2.98	3.94	347,910
Total Mined	84,475,251	28,221,899	2.99	4.00	1,128,684
Stockpiles	-	1,234,870	-	2.50	30,879
Total	84,475,251	29,456,769		3.94	1,159,563

Existing Processing Plant

Modifications and improvements to the Existing Processing Plant have been proposed in the DFS following and are estimated at \$7,000. The modifications would be designed to maximize flotation recovery and minimize solid / liquid separation issues in the Hydrometallurgical Facility. A revised reagent regime was developed that increased overall recovery. The modifications include:

Inclusion of pebble crushing in the grinding circuit to increase milling capacity;

New conditioning tanks, new column flotation cell and associated pumps and blowers; and

Replacement of the existing flotation thickener with a larger unit to accommodate increased concentrate production.

All in Sustaining Costs (see section below referred to as "Non-IFRS" measures)

The DFS is a fully integrated mining and processing study of the existing plant with the addition of the new Hydrometallurgical Facility. The DFS estimates all in sustaining costs as follows:

All In Sustaining Cash Costs	\$'M	\$/t ore	\$/t lead ingot	\$/lb lead ingot
Utilities (ex-Hydromet Facility)	3.76	1.92	61.1	0.028
Mining	20.75	10.57	336.8	0.153
Flotation	21.41	10.90	347.5	0.158
Hydrometallurgical Facility	15.91	8.10	258.3	0.117
Supply & Logistics ⁵	5.50	2.80	89.2	0.040
Sustainability	2.95	1.50	47.9	0.022
Operational Support	6.97	3.55	113.2	0.051
C1 Cash Costs	77.25	39.34	1,254	0.569
Corporate	1.25	0.63	20.2	0.009
Ongoing Capex	1.69	0.86	27.4	0.012
Royalties	4.05	2.06	65.8	0.030
All In Sustaining Cash Costs	84.24	42.90	1,367	0.620

Tailings Management

⁵ Net of premia pricing for LME spec material

Tailings from the Hydrometallurgical Facility would be discharged to an existing tailings storage system with increased capacity to accept tailings from the expanded mine life.

Environmental Approvals In January 2018 the Hydrometallurgical Facility environmental referral document (Referral) was filed with the EPA and made available to the public on February 5, 2018.

The Referral describes the key environmental factors relevant to the construction and operation of the proposed Hydrometallurgical Facility including the expansion to the mining footprint.

In preparing the Referral, management undertook comprehensive stakeholder engagement - meeting directly with all 20 local government representatives impacted by activities already approved under existing environmental conditions for operations at Paroo Station, various state regulators including the EPA, Department of Water and Environmental Regulation, Department of Mines Industry Regulation and Safety and community groups.

As announced on February 12, 2018 the seven-day public comment period on the level of assessment for the proposed Hydrometallurgical Facility closed. The EPA is expected to set the level of assessment, which guides the Hydrometallurgical Facility approval timeline, during March and April 2018.

The EPA assessment process is the Western Australian State government's primary approval for the Hydrometallurgical Facility. In parallel, secondary licensing approvals with various key decision-making authorities of the State government are also being progressed.

Non-IFRS Measures

Certain financial metrics used in 'DFS Outcomes' are non-IFRS measures. Specifically, "C1 cost" and "all-in sustaining costs" are non-IFRS measures intended to provide additional information only and does not have any standardized meaning under International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and may not be comparable to similar measures presented by other mining companies. It should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. The measure is not necessarily indicative of cash flow from operations under IFRS or operating costs presented under IFRS.

Health, Safety, Environment, Compliance and Monitoring

Overview

The Company undertakes a comprehensive environmental monitoring program at the Mine site operation, along the 1,160 km transport route (when transporting concentrate), through to and including the export Port of Fremantle, Western Australia. The environmental monitoring program has been developed from and implemented to manage compliance with Western Australian government prescribed premises licence and Ministerial conditions. All environmental monitoring and sample analysis, where practicable, is collected and undertaken in accordance with applicable Australian Standards and NATA methods. The transport environmental monitoring program includes rainwater tank monitoring, static dust monitoring, high volume air monitoring, in container air monitoring, soil monitoring, drainage sump monitoring, and benthic sediment monitoring. Environmental monitoring and compliance obligations are set out in the Ministerial Statement 905, the Environmental Management Program and the Prescribed Premises Licence, and performance is reported to the Western Australian State Government and Community groups in the Company's annual compliance assessment report ("CAR") and annual environmental reports ("AER").

A Mine Closure Plan is required by the DMIRS for the purpose of recording Company commitments for closure of the Mine. The plan is periodically (every 3 years unless otherwise approved) updated to reflect changes in mine developments and closure cost estimate. The purpose of the Mine Closure Plan is to outline the steps to allow the Mine to be closed, rehabilitated and decommissioned in an environmentally responsible manner. The anticipated post-mining land use, where appropriate, will be to return the land (with the exclusion of pit shells and permanent waste landforms) to the pre-mining land

use of pastoral activities in accordance with the surrounding activities. It is anticipated that pit shells and permanent waste landforms will be made safe and stable and the permanent waste landforms will be designed to encourage the re-establishment of self-sustaining ecosystems.

Health and Safety

The Company places the utmost importance on the health and safety of its employees, contractors, visitors, and the community, and is committed to continue to improve its health and safety performance through engaging with our employees and stakeholders and applying appropriate risk management techniques.

There is a major emphasis at the Mine on maintaining a proactive safety culture through the application of risk management and a high standard of incident and hazard reporting. The Company has a comprehensive occupational health and safety program designed to minimize the exposure of personnel to hazards.

The Company is committed to protecting its employees from the health impacts of lead and undertakes a comprehensive occupational hygiene program, which was developed and implemented to manage personnel exposure to lead. The lead management program includes lead containment, dust suppression, separation of clean and dirty areas on site and finally comprehensive personal protective equipment. Biological monitoring (blood lead sampling) and occupational air sampling is used to monitor the performance of the lead mitigation strategies. The program has strict blood lead content trigger levels and is applicable to all site based personnel. Results of the hygiene monitoring program are reported on a monthly basis to the DMIRS.

Environment

Site environmental monitoring and reporting requirements are being undertaken to ensure compliance with the relevant approvals and license conditions. This involves environmental monitoring at the Mine site and transport of concentrate recommences, along the transport route and at the Port of Fremantle. The Company is committed to publicly reporting monitoring results within the time periods required by the Operating Conditions. The results of transport route and Port of Fremantle monitoring are progressively updated on Rosslyn Hill Mining's website www.rosslynhillmining.com.au and are reported to the EPA and the Community Reference Group. By letter dated February 2, 2015, the OEPA advised the Company that it could cease sampling programs along the transport route and the Port of Fremantle while the Mine is in care and maintenance. Sampling will resume once concentrate transportation recommences.

Since the start of 2014, DWER environmental inspections of the Mine occurred on April 1, 2014 and June 16 and 17, 2015. These were routine inspections to verify the Company's compliance with its DER Licence conditions. No improvement notices or stop work notices were issued during these inspections.

Whilst the Mine is in care and maintenance there are no capital expenditure required to meet environmental protection commitments. Operating commitments are included in the Company's cashflow forecast and are included in the forecast All In Sustaining Cost estimate outlined in the "DFS Outcomes" section. The costs are not considered material and are not expected to impact negatively on the Company's competitive position.

Compliance

In March 2016, the Company filed its CAR with the EPA with the Proposal Implementation Monitoring Branch ("PIMB") of the OEPA. The CAR, the DER and the AERs, together with the Annual

Department of Water Report, are the key annual environmental disclosure documents produced by the Company and submitted to the Western Australian regulatory authorities. The CAR and the AERs are submitted on or before March 31 each year to the relevant regulatory authorities.

Routine visits are undertaken by DMIRS Mines Inspectors which are similar to those by DMIRS Mines Inspectors throughout Western Australian mining operations. On each occasion, the Mines Inspectors detailed their observations in the Company's statutory mines record book, and the Company equally detailed its improvement activities based on the observations. No stop work notices were issued during the routine visits. The visits were undertaken by the Mines Inspectors in the following areas: occupational health and hygiene, mechanical, electrical and employees' inspector.

The Company produces, handles and/or stores dangerous goods and hazardous substances in accordance with international, national and State Acts, regulations, codes of practice and standards. The Company holds a valid dangerous goods site licenses for all dangerous goods produced, handled or stored at the mine site. Regular reviews are conducted to maintain the currency of licenses and inventory holdings.

As required by the Operating Conditions (MS 905), an independent inspector ("Independent Inspector") (Samples & Surveyors Australia) was appointed. During operations, the Independent Inspector inspects all bags and containers leaving the Mine for material containing lead carbonate concentrate. During operations, the Independent Inspector produces a monthly compliance report, which details the Company's compliance with certain requirements of the Operating Conditions. For further information, see the Independent Inspector's compliance reports, which can be viewed at www.rosslynhillmining.com.au.

As required by the Operating Conditions (MS 905), an independent third party (Parsons Brinckerhoff Australia Pty Ltd) was appointed (and approved by the OEPA) to conduct a quarterly audit of the Company's implementation of its Environmental Management Program and Sampling Program. The audit reports and the Company's responses to the findings of the independent third party auditor's quarterly reports can be found on the Rosslyn Hill Mining website at www.rosslynhillmining.com.au.

See "– Operating Conditions and Permits".

Monitoring

Mine site environmental monitoring has continued and results have been consistent with previous sampling periods. While the Mine is operational, routine operational environmental monitoring occurs along the transport route from the Mine to the Port of Fremantle, with results available to be viewed at www.rosslynhillmining.com.au. Any sample above the baseline trigger level for that site is isotopically tested to verify whether the lead is of the Mine's origin.

Practices associated with the packaging and transport process at the Mine are reported monthly, during operations, by the OEPA approved Independent Inspector and quarterly by the OEPA approved independent third party auditor. The monthly and quarterly reports are provided to the CEO of the OEPA.

Pursuant to the Operating Conditions (MS 905), if a transport route sample exceeds the baseline trigger level for lead and shows the presence of lead from the Mine through isotopic testing, the Company must immediately cease transportation of lead carbonate concentrate from the Mine site. Following which, the Company can only resume transportation from the Mine site after satisfying certain preconditions, including after the design of an investigation, in consultation with the DWER, DMIRS and Department of Health, into the source and extent of the lead and the preparation of a Re-Commencement Plan that is approved by the OEPA.

Royalties

There are two royalty payments applicable to the Mine.

Under the Mining Regulations 1981, the Company is required to pay a royalty to the State Government at the prescribed rate of 5.0% of the gross invoice value (less allowable deductions) if sold as lead concentrate and 2.5% if sold as lead metal.

In accordance with the terms of the Wiluna Land Access Agreement of 2006 with the Wiluna claimants (which superseded the Heritage Agreement dated September 25, 1998 between Rosslyn Hill Mining and the Milangka claimants), the Company is required to make a payment of A \$0.04 per tonne of all ore milled from the Mine into the Wiluna Claimant Trust Fund. Another Land Use Agreement, dated December 16, 1998 between Rosslyn Hill Mining and the Wanmulla claimants, provides for a further A\$0.04 per tonne of all ore milled from the Mine, which may be payable if a descendant claim from the Wanmulla claim is determined. A second agreement with the Wiluna claimants, over the Company's gas pipeline route, requires an annual compensation payment into the Wiluna Claimant Trust Fund for use of the gas pipeline tenement area. The annual payment of A\$20,000 was made initially in July, 2006 and subsequent annual payments have been made, indexed at the CPI rate for Perth, Australia. See “– Doing Business in Australia – Mining Regulation” and “– Doing Business in Australia – Native Title”.

Marketing and Sales

When in operations, the Company entered into concentrate sales agreements with third parties at negotiated commercial rates.

Employees

As at December 31, 2017, there were 14 employees employed by LeadFX and Rosslyn Hill Mining in Australia.

Community Engagement

Fostering good relationships with all stakeholders is an essential part of the Company's emphasis on sustainable operations and developments. The Company has been actively involved in the communities of Wiluna and Esperance in a variety of ways, including a A\$1.0 million community fund (“Community Fund”) in Esperance and working with the Wiluna Regional Partnership Agreement (the “WRPA”) prior to the WRPA's wind up in June 2015.

In 2013, while in operation, the Mine commenced a new program with local indigenous communities. Under this program, applicants from the local community of Wiluna were given the opportunity to undertake job shadowing at the Mine site to build their capacity to undertake full-time employment. In addition, in 2013 and 2014, the Company provided financial support to a Wiluna not-for-profit organization that supports the education of Wiluna school children from Years 7 to 12 and the Aboriginal Health Services, NAHS. While it was in operations in 2013 and 2014 the Company filled several positions in mining, operations and camp facilities management from the local community.

Doing Business in Australia

Political and Economic Climate

Australia is a modern, urban society with a population of approximately 24.3 million, a skilled workforce and established high quality infrastructure. While increases in commodity prices in the mid-2000s resulted in a major expansion in the mining industry, the mining boom, particularly in iron ore and natural gas, created shortages of skilled labour and materials and resulted in severe pressures on the infrastructure serving the mining community. The widespread fall in commodity prices through 2014 and early 2015 caused several mining companies to reduce staff numbers and consolidate and cut the price of service contracts, leading to a fall in the number of employees providing services to the mining sector.

(Australian Government, Department of Industry and Science, Office of the Chief Economist, June 2015). The Western Australian unemployment rate as at December 2016 was 6.9% (Australian Government, Department of Department of Employment, 2016).

The mining sector is considered to be one of the most important industries in Australia, accounting for almost 80% of Western Australia's resources industry value in 2015-2016 (DMIRS, Government of Western Australia, 2015-16). Western Australia also accounted for approximately 41% of Australian exports (DMIRS, Government of Western Australia, 2015-16). Australia's mining and resources sector has contributed significantly to the country's continued prosperity and, in 2015-16, the resource sector directly employed, on average, 102,258 people (DMIRS, Government of Western Australia, 2015-16).

Mining Regulation

Mining in Western Australia is predominantly regulated by the Mines Safety and Inspection Act 1994, and the Mines Safety and Inspection Regulations 1995, the Mining Act 1978 and the Mining Regulations 1981. The Crown owns all minerals beneath the surface of the land, except for certain limited categories of minerals. The State grants mining tenements which confer rights to access land to explore and mine for minerals, as well as develop ancillary infrastructure. There are various mining tenements available under the Mining Act 1978 including Exploration Licences, Mining Leases and Miscellaneous Licences.

The grant of a mining tenement is generally at the discretion of the Minister for Mines or the Mining Warden, although in the absence of non-compliance with the application process or the opposition of a third party, the mining tenement will usually be granted. The grant of a mining tenement does not in itself confer authority to commence development. Generally, further approvals in respect of environmental impact, Aboriginal heritage, use of groundwater and other matters may be required. The regulatory authorities have wide discretion to set the conditions on which development and mining are permitted.

All significant development and mining is carried out under the authority of Mining Leases. Generally, Mining Leases are granted for terms of 21 years with a right of renewal for a further 21 years. The Company holds 21 year Mining Leases for the area of the Magellan (including Gama), Cano, Pinzon and Drake deposits. A Mining Lease Application (M53/1088) and M53/1100) have been applied for over the Pizarro deposit and the southern portion of the Drake resource respectively and negotiations are under way with the relevant registered native title body corporate, Tarlka Matuwa Piarku (Aboriginal Corporation) RNTBC ("RNTBC"), to reach an agreement prior to the grant of the tenement application. If an agreement with the RNTBC is not reached, the grant of the Mining Lease will be determined by the National Native Title Tribunal.

Exploration Licences are normally a precursor to Mining Leases, and the terms of these licences include a right to apply to convert title to a Mining Lease subject to approvals in respect of, among other things, native title and environmental issues. The term of an Exploration Licence is five years, which may be extended by the Minister of Mines in certain circumstances. For Exploration Licences applied for prior to February 10, 2006, 50% of the area covered by the Exploration Licence must be relinquished at the end of both the third and fourth year of its term. For Exploration Licences applied for after February 10, 2006, there is no relinquishment requirement in respect of an Exploration Licence during its initial term. However, if the Exploration Licence holder elects to renew the Exploration Licence, there is a requirement to surrender 40% of the blocks (to the nearest whole number) at the expiration of the initial term. A tenement holder may apply to the Minister to defer the surrender requirements if it can establish certain grounds under the Mining Regulations 1981. If an application for deferral is granted, the requirement to surrender is deferred for 12 months and a 40% surrender will be required by that later time.

All mining tenements issued under the Mining Act 1978 are subject to certain obligations, principally the obligation to pay annual rent to the State.

Exploration Licences and Mining Leases are subject to a prescribed minimum annual expenditure commitment. A licensee/lessee may apply for exemption from all or part of the commitment. As of March 28, 2018, the Mining Properties are in good standing with the relevant regulatory authorities.

Where minerals are owned by the State, a royalty is payable to the State in respect of specified minerals recovered under a mining tenement. A different rate of royalty is prescribed for each mineral. The Mining Act 1978 and Regulations thereunder automatically apply certain other covenants and conditions to mining tenements, depending on the type of tenement held and further conditions may be imposed on a case by case basis. Breach of any of the terms and conditions in respect of a particular tenement (including in relation to the expenditure commitment) renders the tenement liable to forfeiture, either at the instigation of the DMP or as a result of an application for forfeiture by a third party.

The Company must pay prescribed production royalties to the Western Australian Government in respect of the Mining Properties, currently 5.0% of the gross invoice value (less allowable deductions) if sold as lead concentrate and 2.5% if sold as lead metal. In 2015, 2016 and 2017, the Company incurred approximately A\$1.2 million, A\$nil and A\$nil, respectively, in royalties to the State Government. Annual tenement rents of approximately A\$62,500, and rates of approximately A\$34,000 are payable to the DMP and the Shire of Wiluna respectively. In order to maintain current rights of tenure to the Mining Properties, the Company will be required to continue to outlay amounts in respect of rent and rates and meet the minimum expenditure requirements of the DMP up to the date of expiry of the tenements.

Environmental and Safety Regulations

Operators of mines in Western Australia are obliged to comply with National and State mining safety laws and standards and codes of practice that control the use of inorganic lead. The 1999 Consultative Environmental Review and subsequent reviews, and Western Australian Environment Ministerial conditions, management programs and works approvals and licences for the Mine have incorporated the relevant mining safety laws, national standards and codes of practice as part of the proposed standards for carrying out work on the project.

As required by the Operating Conditions, as amended from time to time, the Company has established a number of environmental plans as detailed previously. Additionally, as a condition for the export of lead carbonate concentrate through the Port of Fremantle, the Operating Conditions require that the Environmental Management Program and Sampling Program cover the transport and export of lead carbonate concentrate from the Mine, along the transport route and through the Port of Fremantle. On November 15, 2016, the Operating Conditions were amended to permit LeadFX to export lead concentrate through the Port of Fremantle until July 27, 2024 and to reduce the quantum of the Bond that the Company must have in place during transport operations, from A\$5 million to A\$2 million.

The Company is required to undertake occupational health, safety and environmental monitoring in accordance with various legislative requirements, codes of practice and licences. This information has been described previously in this document and occurs as part of the environmental management system, which has been aligned in accordance with AS/NZS ISO 14001:2004 – Environmental management systems – requirements with guidance for use.

In December 2010, the DMIRS announced that the Western Australian Government was in the process of reforming the current environmental bonds system. After studying different options, the Western Australian Government proposed a mining rehabilitation fund (“MRF”) model that would create a pooled fund contributed by Western Australian mining operators through annual levies, with money in the fund available to fund rehabilitation of abandoned mines in Western Australia. On July 1, 2013, the Mining Rehabilitation Fund Act 2012, the legislation implementing the MRF model, came into force. MRF reporting and payment of the annual levy became mandatory as of July 1, 2014. The current bonds are A\$nil.

Native Title

Three key pieces of legislation govern the rights of indigenous peoples over the use of land in Western Australia by various parties - the Native Title Act 1993 and the associated Titles (Validation) and Native Title (Effect of Past Acts) Act 1995 (together the "NTA") and the Aboriginal Heritage Act 1972 (the "AHA"). The NTA gives native title parties ("NTPs") the right to negotiate: (a) the conditions upon which third parties can use that land; and (b) compensation for certain uses thereof over land on which they have established a valid ownership claim ('registered' claimants, or where native title has been 'determined' to exist, the holders of that native title as identified by the Federal Court). The AHA provides protection for areas or objects of sacred, ceremonial and ritual significance to indigenous parties on any land, and creates the need for heritage survey and protection agreements between indigenous people (not only NTPs) and other parties wishing to conduct activities on that land.

The NTA and the AHA in combination have the effect of requiring potential users of land in Western Australia such as mining companies, prior to the granting by Government of any tenement area, to enter into negotiations with indigenous groups over conditions of use, and over compensation for use of areas subject to registered or determined native title claims. Under the Mining Act 1978, new tenements causing more than a minor disturbance to land which is subject to native title will only be granted after satisfactory conclusion of negotiations (or mediation and, if necessary, arbitrated determination by the National Native Title Tribunal) with relevant NTPs as required under the NTA. Such negotiations can be long and complex, compounded at times by changes in the structure and validity of the native title claims, the complex relationships between and within the claimant groups, and the objectives of the parties representing the claimants.

Most of the Company's mining and exploration tenements are covered by the Wiluna and Tarlpa native title determinations, requiring negotiation with the RNTBC, which holds and manages the relevant native title rights and interests on behalf of the native title holders. The boundary between these two determination areas bisects the current Mine site, with the Tarlpa determination covering the southern portion of the current Mine site and the Wiluna determination affecting the northern area. Both claims were determined by Federal Court of Australia, and pursuant to the final order of the Court issued on January 23, 2015, the Wiluna and Tarlpa people were determined to hold non-exclusive native title rights and interests in the area of the Mine's tenements. On February 1, 2017 the final order of the Court was varied to include areas of pastoral improvements as areas where native title exists. The variation does not affect the Company's interests.

The native title holders have nominated the RNTBC to hold and manage native title rights and interests on their behalf and have assigned their rights under existing land use agreements to the RNTBC. The Company continues to progress negotiations with the RNTBC in relation to a broader land use agreement over the whole of the Mine's tenements, which will replace existing land use agreements and provide for grant of the Company's mining lease application over the Pizarro deposit.

Land use agreements were entered into in 1998 by the Company with predecessor groups to the existing native title holders (the Milangka and Wanmulla claimants) relating to the then existing tenements. Subsequently, the Milangka claim was merged into a bigger Wiluna claim. The Wanmulla claim failed to pass the 'registration' test, but the area of land involved is now part of the larger 2008 Tarlpa claim. The rights of the Milangka claimants were assigned to the Wiluna claimants, with whom the Company entered into a new land use agreement in 2006. At present no agreement exists between the Company and the Tarlpa people, as rights of the Wanmulla agreement were not formally assigned to the Tarlpa people. Since restructuring of previous claims into the Wiluna and Tarlpa claims (now determinations), the Company has applied for additional exploration, mining and miscellaneous use tenements, and is likely to do so into the future. The Company recognizes the need to reach agreement with the RNTBC to comply with legal requirements under both the NTA and the AHA, which will allow access to new tenements, and enable the Company to address some of its historical commitments.

The Wiluna Land Access Agreement requires, among other provisions, payment of A\$0.04 per tonne of milled ore from the entire Mine to be paid to the Wiluna Claimant Trust Fund. The other agreement with the Wiluna people, over the Company's gas pipeline route, requires an annual compensation payment into the Wiluna Claimant Trust Fund for use of the gas pipeline tenement area. The Tarlpa claim arose after the grant of the mining leases for the current Company operation and, formally, agreement is only required for the granting of any new exploration and mining licenses. To address the Tarlpa people's rights, the Company has commenced negotiations with the Tarlpa people for an agreement to cover new tenement applications.

In 2010, the Company signed agreements in relation to newly granted exploration tenement areas within the Tarlpa claim area. In 2011, the Company formalized a negotiation protocol with the combined Wiluna and Tarlpa native title holders to develop a broader agreement over the whole of the Mine, which will replace existing agreements. In 2012, the Company executed an Exploration and Prospecting Deed of Agreement with Wiluna and Tarlpa native title holders which replaces the previous agreements. As described above, those agreements have been assigned to the RNTBC.

Taxation

The taxes applying to Australian companies include goods and services tax, income tax, withholding tax and other indirect taxes. A general summary of the major aspects of the Australian tax system is provided below.

Goods and Services Tax ("GST")

A goods and services tax of 10% is imposed on the supply of most goods and services consumed in Australia. The Company has been, and may continue to be, eligible to receive tax credits for GST paid on certain expenditures.

Income Tax

A company resident in Australia is subject to income tax on its non-exempt worldwide taxable income at a flat rate of 30%. Taxable income equals assessable income less allowable deductions.

With reference to mining operations, the cost of depreciating assets (including plant and equipment) may be deducted over the asset's effective life and a deduction (or tax offset) may be claimed in respect of research and development costs. Other capital expenditure incurred in carrying on mining operations is deductible over the life of the mining project concerned, and exploration expenditure is deductible in the year in which it was incurred.

Income tax losses incurred by Australian companies can be carried forward and utilized in future years subject to the satisfaction of specific statutory tests.

Withholding Tax

A withholding tax of 30% on royalties and unfranked dividends is payable when paid to non-residents. A reduced withholding tax rate may apply if the recipient is resident in a country with which Australia has a tax treaty (currently the Australia/Canada Double Tax Agreement provides a 10% rate on royalties and a 15% rate on unfranked dividends). A fully franked dividend paid by an Australian company to a non-resident is not subject to the withholding tax. Dividends may be fully franked, partially franked or unfranked. A fully franked dividend is basically a distribution of company profits that have been subject to tax at the company rate.

In general, a withholding tax is also applied to payments of interest to non-residents at a rate of 10%.

Other Taxes

Other taxes applicable in Australia include fringe benefits tax on certain benefits provided to employees, superannuation taxes (i.e. pension withholding), payroll taxes, customs duty and stamp duty.

CHIEF CONSOLIDATED MINING COMPANY

Chief is a company formed in 1909 and organized under the laws of Arizona. Through its wholly-owned subsidiary, 912357 Canada Ltd., LeadFX owns approximately 83.5% of the issued and outstanding shares of common stock of Chief. The exact number of other common and preferred shareholders in Chief is not currently known to LeadFX but the remaining outstanding shares in Chief are believed to be widely-held as a result of Chief's shares of common stock previously being traded in the over-the-counter market in the U.S.

Chief is a historic mining company that has engaged in the exploration, development and production of base and precious metals in Utah. Based on title work conducted to date, Chief (and its subsidiary) owns or has a legal interest in approximately 14,112 acres of land in the Main Tintic and East Tintic Mining Districts in Utah County and Juab County, Utah, USA. These lands are comprised of approximately 13,166 acres of patented mining claims, 495 acres of unpatented mining claims and 449 acres of fee simple land (collectively, the "Chief Properties"). Further title work is being undertaken to assess the status of Chief's title to additional fee simple lands and to evaluate the extent to which Chief reserved or acquired for its own benefit the mineral rights in certain lands prior to their conveyance of the surface rights to third parties in the past. At this point, any additional fee simple lands or mineral rights that may be identified to be held by Chief in the future are not expected to be material to Chief's overall business.

Chief currently has no active mining operations and has no employees. Messrs. David Greenway, Andrew Worland, and Timothy Buchanan are the directors of Chief. To the Company's knowledge, Chief wholly owns Chief Gold Mines, Inc. ("Chief Gold"). Based on title work conducted to date, approximately 15.4% of Chief's lands are held in the name of Chief Gold.

On January 19, 2016, Chief entered into a management services agreement with LeadFX pursuant to which LeadFX is responsible for providing the necessary officers responsible for (among other things) general management and executive services for Chief, including strategic and business planning functions, accounting, treasury and other day-to-day matters.

On April 29, 2015, Enirgi Group paid \$455,000 on behalf of Chief to the U.S. Government as payment of Chief's obligations under a consent decree between the U.S. Government and Chief pursuant to which Chief was required to pay \$1,250,000 in five annual instalments of \$225,000 each year commencing on November 30, 2010 because the U.S. Environmental Protection Agency found that approximately 15 acres of soil in the Town of Eureka, Utah, located on Chief's ground, were contaminated with lead and, to a lesser extent, arsenic.

In consideration for Enirgi Group fulfilling Chief's obligations, Chief issued a secured promissory note ("Secured Promissory Note") dated April 28, 2015 in the principal amount of \$455,650 to Enirgi Group. Payment of principal and interest under the Secured Promissory Note was due on April 28, 2016 and interest accrues at prime rate plus 2% per annum. The principal amount of the Secured Promissory Note is secured against Chief's personal and real property pursuant to a security agreement and deed of trust each dated April 28, 2015 and registered against Chief' principal land properties in Utah and Juab Counties, Utah. Following closing of the Transaction, LeadFX, through its subsidiary 9182357 Canada Ltd., was assigned the Secured Promissory Note and related security documents.

On January 18, 2016, Chief issued an unsecured promissory note (the "Unsecured Promissory Note") in the principal amount of \$350,000 to 9182357 Canada Ltd., a wholly owned subsidiary of LeadFX. Pursuant to the Unsecured Promissory Note, 9182357 Canada Ltd. has the option to convert all or part of the principal amount and any accrued interest into shares of common stock of Chief on the terms outlined in the Unsecured Promissory Note. Payment of principal and interest under the Unsecured Promissory Note was due on January 18, 2018 and interest accrues at a rate of 4% per annum.

On March 16, 2016, Chief issued an unsecured grid note (the “Grid Note”) in the principal amount of \$100,000 to 9182357 Canada Ltd., a wholly owned subsidiary of LeadFX. Payment of principal and interest under the Grid Note was due on January 18, 2018 and interest accrues at a rate of 4% per annum.

As at March 28, 2018, Chief is in default of its obligations under the Secured Promissory Note, the Unsecured Promissory Note and the Grid Note.

The Company provided funding to Chief during the calendar year to ensure Chief continued to meet its environmental commitments on the properties and maintain good tenure.

Main Tintic and East Tintic Mining Districts

According to a paper prepared in 1979 by the U.S. Department of the Interior titled, “General Geology and Mines of the East Tintic Mining District, Utah and Juab Counties, Utah”, the East Tintic Mining District is in the east-central part of the East Tintic Mountains, near the east margin of the Basin and Range province in Utah and Juab Counties, Utah. The district is about 60 miles south of Salt Lake City and occupies the northeastern part of the Eureka quadrangle. The Main Tintic Mining District is generally located west of the East Tintic Mining District, and predominately in Juab County, Utah. According to data from the Utah Geological Survey, the Main Tintic Mining District and the East Tintic are the third and sixth most productive mining districts in Utah in terms of dollar value of production, producing \$7,078,509,410 and \$3,057,194,285, respectively. Historical metal production estimates from the combined Main Tintic and East Tintic Mining Districts include, 2,312 million pounds of lead, 273 million ounces of silver, 432 million pounds of zinc, 249 million pounds of copper, 2.7 million ounces of gold, and 0.47 million tons of iron ore. There is currently no significant mining occurring within the Main Tintic and East Tintic Districts.

Mineral Properties

The Chief Properties include patented and unpatented mining claims that hold prospective base and precious metal deposits (lead, silver, zinc, copper and gold) and prospective industrial minerals and aggregates deposits (namely, silica and limestone). Generally speaking, under U.S. law, a holder of a patented mining claim has ownership of the land in addition to the mineral rights in the land while the holder of an unpatented mining claim has only a right to extract minerals from U.S. federal government land but not ownership of the land.

The Chief Properties contain three potential primary mineral projects: (i) the prospective lead, silver, gold and zinc deposits and related infrastructure surrounding the former operating Burgin Mine (collectively, the “Burgin Property”); (ii) the prospective gold and silver deposit and related infrastructure surrounding the former operating Trixie Mine; and (iii) the prospective mining or quarrying of industrial minerals and aggregates (namely, silica and limestone).

Burgin Property

The Burgin Mine is located in the East Tintic Mining District, Utah, about 60 miles in a straight line southwest of Salt Lake City, Utah. The property is situated in south-western Utah County on the east flank of the East Tintic Mountains. It is believed that Chief acquired the Burgin Mine area in the early 1920s but failed to find any economic mineralization. In 1956, Bear Creek Mining Company (“Bear Creek”), the exploration arm of Kennecott, acquired property in the Burgin area and discovered the Burgin deposit in 1959 and mined the deposit from 1965 to 1978. In 1980, Sunshine Mining Company (“Sunshine”) leased the Burgin Mine from Chief and discovered the Burgin Extension. In 1988, Sunshine completed a feasibility study but chose not to develop the deposit and returned the property to Chief in 1992. The Burgin Mine has not been in operation since 1978. Among other things, any plan to re-start the Burgin Mine would be subject to a feasibility study, significant capital investment and regulatory

approvals, including regulatory permission to dewater the Burgin Mine. Between 1965 and 1978, the prior operators of the Burgin Mine reported historical metal production estimates from the Burgin Mine include, 10.9 million ounces of silver, 338 million pounds of lead, 349 million pounds of zinc and within 1.87 million tons of ore.

In addition to the Burgin Mine, the Burgin Property includes other prospective deposits or exploration targets known as the Burgin Extension, Zone A, Ball Park, Sunshine Target and Burgin Gold. The Burgin Extension is primarily a lead, silver and zinc deposit and is an extension of the previously unmined mineralization of the Burgin Mine. The Burgin Extension consists of 35 patented mining claims and 2 unpatented lode mining claims, totaling 527 acres that are part of the Chief Properties. As at December 31, 2017, there were no royalty or lease payments due on the Burgin Extension.

Chief has equipment and buildings across the Chief Properties as a result of historic mining operations found around the Burgin Mine. Pursuant to the requirements of the Utah Division of Oil, Gas and Mining (“DOGM”), Chief is required to complete various reclamation actions on the Chief Properties, including, demolition and removal of certain structures on the Chief Properties and other clean-up and removal actions. These actions are clean-up in nature and do not inhibit future mine developments at the Chief Properties.

Industrial Minerals Project

The Chief Property is believed to contain potential industrial minerals, including prospective deposits of silica and limestone. On August 18, 2015, Ophir Minerals LLC (“Ophir”) and Chief entered into a ten-year lease agreement (the “Lease Agreement”) whereby Chief agreed to lease the Chief Properties (the “Leased Property”) to Ophir for the purpose of extracting, developing, producing and selling silica and limestone from the Leased Property. On January 8, 2016, Chief terminated the Lease Agreement pursuant to its terms due to Ophir’s non-compliance of the Lease Agreement. Chief is currently examining other opportunities for the development of industrial minerals.

Future production will be subject to receipt of applicable permits, capital investment and successful industrial minerals sales. The mining of silica would be subject to required regulatory approvals and permits. Chief has a limestone quarry that is bonded and that has a large mine permit issued by the DOGM.

Other Mineral Properties

The Trixie Mine is located on a property owned by Chief Gold and is located approximately 2.4 kilometers from the Burgin Mine’s concentrating mill. The Trixie shaft extends to a depth of some 390 meters. The Trixie Mine is a gold-silver mine and was in production from late 2001 until closure in March 2002 due to unstable mining conditions. The Trixie Mine has not operated since 2002. Chief has no current development plans for the Trixie Mine. See “Chief Permits and Approvals” below.

Chief Permits and Approvals

The Burgin Mine and Trixie Mine are not in operation and Chief must comply with a wide variety of laws, regulations and approvals that apply to the construction, operation and closure of its facilities, including those in relation to, water appropriation, water treatment, mining and reclamation operating plans, water quality regulations, ground and storm water discharges, air quality regulations and other environmental regulations.

In August 2011, the DOGM approved and bonded Chief’s mining and reclamation plan (number M/049/062), which consolidated the following Chief facilities into one large mine operating permit: Burgin No. 1 area, Burgin No. 2 area including the mill, process water supply storage pond, support buildings, the historic 5.3 acre Apex No. 2 area, dry stack tailings disposal area, the Trixie Mine and the Zuma clay pit. A reclamation bond of \$520,400 placed with the State of Utah in relation to the permit.

In 2011, the DOGM also approved and bonded Chief's mining and reclamation plan (number M/049/0047) in relation to the Lime Peak Quarry. Chief has placed an \$115,600 performance reclamation bond with the State of Utah for this permit.

The closure and reclamation plans for Chief's operations are subject to additional review by the DOGM at various times to determine the adequacy of the plans and the financial guarantee. After five years of suspension of operations, the DOGM may require reclamation operations to be implemented and after ten years of suspension of operations, the DOGM could require complete reclamation of the mine site, unless a longer suspension is approved by the DOGM. In January 2017, Chief filed a request with the Board of Oil, Gas and Mining seeking to continue the suspension of operations for an additional five-year period.

In addition, in order for its unpatented mining claims to remain in good standing with the Bureau of Land Management, Chief must either pay an annual maintenance fee of \$155 or perform annual assessment work on the mining claim and complete and file an annual assessment with the applicable filing fee. Chief's patented mining claims and fee lands are also subject to property taxes in Utah and Juab counties. The failure to timely pay such taxes may result in penalties, interest or foreclosure.

There are no U.S. government or State of Utah royalty payments for Chief's patented mining claims.

Other Legal and Regulatory Matters involving Chief

Court records in Utah indicate that Chief is subject to a judgement dated October 25, 2013 in the amount of \$109,943.12, plus attorney fees and costs of collection incurred subsequent to judgment, with interest accruing at 2.16% per annum, pursuant to a civil claim by Leonard Weitz (the "Weitz Claim"), a former employee of Chief, in the Fourth Judicial District Court of Utah County, Utah. On February 25, 2014, a judgement lien was filed against property owned by Chief with respect to the Weitz Claim. On September 4, 2015, a Notice of Judgment in the amount of \$275,000 was filed at the office of the Utah County pertaining to approximately 151.5 acres of Chief's fee land located in Utah County.

Chief was a reporting company under the U.S. Securities and Exchange Act of 1934, as amended (the "Exchange Act"), with Chief's common stock registered under Section 12(g) of the Exchange Act. Chief failed to comply with certain provisions of the Exchange Act by failing to file any periodic reports since the period ended December 31, 2008. As a result, on April 8, 2011, the U.S. Securities and Exchange Commission had the registration of Chief's common stock revoked pursuant to Section 12(j) of the Exchange Act.

NORTH 67 INC.

North 67 is a company incorporated in the State of Alaska on May 11, 2006 as Andover (Alaska) Inc. and renamed as North 67 Inc. on July 24, 2015. LeadFX owns 100% of North 67 through its subsidiary 9183265 Canada Ltd.

North 67 was formed for the purpose of exploration and development of mineral properties in the Ambler Mineral Belt (“AMB”) in Alaska. The Company has not undertaken any substantive on ground exploration activities on the properties.

On December 19, 2017 the Company sold its Mining Data associated with the mineral properties owned by North 67 to Valhalla. North 67 has abandoned all of the mineral claims it owned. The total consideration for the sale of the Mining Data is C\$2,000,000 of which C\$100,000 in cash has been remitted to LeadFX. A further C\$400,000 is due and payable on or before June 8, 2018 in cash or shares in a company listed on the TSX. The remaining C\$1,500,000 consideration is payable in cash or Shares within 120 days of the date of commencement of commercial production from the area covered by any of the mineral claims from a mine found, explored or developed by Valhalla using the Mining Data.

RISK FACTORS

The business of LeadFX is subject to a variety of risks, including those described below. LeadFX is also subject to the risks and uncertainties described in the Company's audited consolidated financial statements for the year ended December 31, 2017, the accompanying management's discussion and analysis of the financial statements and other documents filed, from time to time, with Canadian Securities Administrators and available on SEDAR at www.sedar.com.

Working Capital and Liquidity

As at December 31, 2017 the Company has a working capital deficit of \$24.2 million (2016 – \$19.4 million) which includes \$15.9 million (2016 – \$12.5 million) owing to Sentient under the Second Amended and Restated Credit Agreement, which following the Amendment dated February 26, 2018 will fall due on March 31, 2019. Neither the Mine nor the Chief properties are operational or generating revenue.

The Company currently has limited cash available, other than to meet near term obligations, and will require additional funding in the near term.

The Company will need to raise funds in order to pay for its ongoing costs of operations as well as service its working capital deficiency, meet its commitments to lenders, and meet the costs of care and maintenance. In addition, the Company will require funding for any potential future restart of the Mine, construction of a Hydrometallurgical Facility and development of the Company's mineral projects. The amount of funding required is dependent on several factors including, but not limited to, the nature of any refinancing of the Second Amended and Restated Credit Agreement, the nature of any additional transactions undertaken by the Company to realize the value of the Company's assets, the outcome of further negotiations with the Company's lenders, the costs and duration of care and maintenance, any decision to pursue a Hydrometallurgical Facility at the Mine, and the cost of bringing the Company's mineral projects into production.

While the Company has successfully completed equity and debt financings in recent years, past financings cannot be an assurance of future success. The absence of available funding, when required, could impact the solvency of the Company and will have a material adverse effect on the Company's financial condition. There can be no assurance that the steps management are taking to ensure the Company will be financially self-sufficient will be successful.

Lead Market and Price Volatility

A key factor leading to the Company's decision to place the Mine into care and maintenance in 2015 and, ultimately, to any decision to restart Mine operations is the price of lead. The Company's earnings are directly related to the price of lead and to lead maintaining its position as the primary component of motor vehicle batteries.

Lead prices have fluctuated over time and are affected by numerous factors beyond LeadFX's control. The effects of these factors are impossible for LeadFX to predict. While in operation, if the market price for lead falls below LeadFX's total cash costs and remains at such levels for a sustained period, LeadFX may, if it is not appropriately hedged or if it is unable to appropriately hedge, incur losses and may determine to discontinue mining operations.

The implementation of a Hydrometallurgical Facility at the Mine to produce lead ingots is a significant risk mitigation step to the previous operating periods when the Mine was exposed to treatment costs for its lead concentrates. If, when in operation, the Hydrometallurgical Facility fails to perform as planned the Mine may need to produce lead concentrates in order to generate sales revenue. Treatment charges on sales of lead concentrate are deducted from the sale price of the concentrate and can have a significant impact on the Mine's net revenues. Treatment charges can fluctuate based on supply and demand fundamentals of the lead concentrate market. In the absence of a Hydrometallurgical Facility,

market fundamentals that lead to increases in treatment charges for the Mine's lead carbonate concentrate may have a material adverse impact on the Company's financial condition and cash flows.

Hydrometallurgical Facility

As described in the section above relating to the 'DFS Outcomes' the Hydrometallurgical Facility design and engineering is based on applying MSA to lead carbonate concentrates. The Hydrometallurgical Facility has not been operated at a commercial scale elsewhere and there can be no assurance that, despite the successful pilot plant program that it will operate to the levels forecast in the DFS.

Mine Operations

Upon recommencement of operations, recruiting, training and retaining qualified personnel in connection with mining and milling operations will be critical to the Company's success. The mining and oil and gas industries in Western Australia are highly competitive markets for attracting experienced managers, professionals and operators. Attracting, training and retaining qualified personnel are crucial and there can be no assurance of success in that regard. Additional events which may impact the Company's ability to maintain commercial production may include, among others: adverse weather conditions or natural disasters (such as rainfall or flooding), shortages, delays or difficulties in obtaining equipment, materials and containers; unanticipated increases in costs of labour, supplies and equipment; accidents; and unforeseen engineering, design, environmental or geological problems.

Regulatory Compliance and Approvals

The mining, processing and transporting of lead concentrate in Western Australia is a highly regulated industry. Further, the Mine has some of the most stringent conditions on operations, monitoring and reporting for any lead mine in the world. In particular, the Company is subject to numerous mining, environmental and occupational health and safety laws, regulations and conditions that govern its operations. Pursuant to the Operating Conditions that govern the Mine's operations, the Company is required to cease transportation of lead carbonate concentrate from the Mine in the event that isotopic testing of lead found in water, dust, soil or air sampling along the transport route or at the Port of Fremantle, above a baseline amount, show the presence of lead from the Mine. Accordingly, any future operations and transportation may be subject to stoppages as part of ensuring regulatory compliance.

The Company retains third party contractors to undertake a number of aspects of its operations, including mining, transporting lead concentrate to port, unloading of containers at port, shipping containers to customers and inspection/auditing activities related to compliance with various environmental conditions. In addition, the Company retains third parties to periodically audit its compliance with its Environmental Management Program and Sampling Program and to undertake testing for lead and, if required, isotopic analysis of water, dust, soil and air samples. The Company could be held liable if these third parties fail to perform their roles in compliance with the Operating Conditions if the Company has not exercised due diligence in the implementation of those Operating Conditions and in its contractual arrangements with third parties.

The Government of Western Australia has legal authority to respond to any perceived or actual breach of regulations or the Operating Conditions or risk to the environment by the Company or any third party. Such response could include fines, penalties, orders and/or other forms of regulatory enforcement. In particular, the EP Act grants the Minister and the CEO of the OEPA authority to issue orders against the Company, including orders to cease transport from the Mine, in certain circumstances including for acts or perceived acts of regulatory non-compliance.

The safety of the Company's employees, stakeholders and the community are paramount. The Company intends to continue to focus on ongoing improvements to ensure that its numerous

stakeholders in Western Australia and customers overseas can be assured that they are not at risk from the production or transportation of lead carbonate concentrate. While the Company strives for full compliance with all applicable regulations and conditions, the Company cannot provide any assurance that any actual or perceived act of non-compliance by the Company, or a third party, under the Operating Conditions will not result in the Company voluntarily ceasing operations or transportation in the future or a governmental or regulatory authority imposing sanctions on the Company. Any such actions could have an adverse effect on the Company and its operations.

The Company's continued operations and its growth and development will be subject to government licensing, including environmental, mining and dangerous goods licenses, as well as permits and other regulatory approvals. As an example, the ability of the Company to mine other ore bodies (namely the Pinzon, Pizzaro and Drake deposits) are subject to receipt of regulatory approvals from the DMP, DER and OEPA. The Company can provide no assurance that these regulatory approvals, or any other licenses or permits, will be granted on favourable terms, in a timely manner or at all. The inability of the Company to secure necessary licenses, permits, and regulatory approvals on favourable terms, in a timely manner or at all could have an adverse effect on the Company and its operations. For further details, see "Description of the Business of the Company – Operating Conditions and Permits".

The operation of the Hydrometallurgical Facility to produce a lead metal in ingots will largely remove many of these risk elements to the Mine's previous operations.

Matters Related to Public Opinion and the Transportation of Lead Carbonate Concentrate

The Company is seeking to continue to build on its reputation as having developed a safe and effective industry leading transportation practice in order to enhance confidence and trust with government, politicians and local communities in Australia. However, there can be no guarantee that the Company will be effective in doing so and that public opinion or the political climate will not have an adverse effect on the Company and its operations.

The operation of the Hydrometallurgical Facility to produce a lead metal in ingots will largely remove many of these risk elements to the Mine's previous operations.

Presence of a Majority Shareholders

As of March 28, 2018, Sentient holds 35,225,682 Common Shares or approximately 52.8% of the issued and outstanding Common Shares of the Company and InCoR holds 25,827,466 Common Shares or approximately 38.7% of the issued and outstanding Common Shares of the Company.

Shareholders should note that, among other things, majority ownership gives Sentient the ability to pass or block certain ordinary resolutions of shareholders, including resolutions to elect a slate of directors to the Board of Directors.

Regulatory Proceedings and Litigation

In the ordinary course of business, the Company may be subject to civil claims (including class action claims), based on causes of action including: breach of contract, unfair dismissal, negligence, breach of statutory duty (including environmental obligations), public nuisance or private nuisance.

While the Company is presently unable to quantify its potential liability, if any, under any of the above heads of damage, such liability could be material to the Company and could adversely affect its ability to continue operations.

As at March 28, 2018, the Company is not aware of any current action being taken against it with regards to the Mine or its operations.

Potential Failure to Realize Anticipated Benefits of Chief

Although the Company believes that the acquisition of Chief, while non-producing, offer future potential for mineral exploration, development and production, it is possible that the anticipated benefits may not materialize or be realized. Achieving the benefits of these acquisitions will depend in large part on receipt of additional funding to advance the exploration, development and extraction of economic mineralization on these properties. There can be no assurance that potential deposits of base metals, precious metals or industrial minerals on these properties will be identified, economic and/or form part of a future mineral resource or mineral reserve of these properties pursuant to NI 43-101. In addition, integration of these new assets may require substantial management effort, time and resources, may divert management's focus from other strategic opportunities and operational matters and ultimately LeadFX may fail to realize the anticipated benefits of these assets.

Actual future revenue and cost synergies, if achieved at all, may not be achieved at the levels expected and may take longer than anticipated. If these challenges are not adequately addressed, LeadFX may be unable to realize the anticipated benefits of the integration of the properties. An inability to realize the full extent of, or any of, the anticipated benefits of the acquisition of these assets, as well as any delays encountered in the integration process, could have an adverse effect on LeadFX's business and results of operations, which may affect the value of the Common Shares.

Undetected or Unregistered Interests or Claims over Chief

Although LeadFX believes it has taken reasonable measures to ensure that Chief has proper title to its mining properties, there is no guarantee that title to its mining properties is not defective or will not be challenged, altered or impaired. Third parties may have valid claims underlying portions of Chief's interests, including prior unregistered liens, agreements, transfers or claims, including aboriginal land claims, and title may be affected by, among other things, undetected defects or unforeseen changes to the boundaries of the properties by governmental authorities. An impairment to or defect in Chief's title to its mining properties could have an adverse effect on LeadFX's interest.

Exchange Rates

When in operation, substantially all of the revenues of the Company are (or are expected to be) denominated in US dollars, whereas a significant portion of its operating costs are denominated in Australian dollars. A portion of expenses of LeadFX are (or are expected to be) denominated in Canadian dollars. Fluctuations in the Australian/US dollar and the Canadian/US dollar exchange rates may significantly impact the earnings and cash flows of the Company.

Single Producing Mineral Property

Lead FX's only material mineral project and sole production stage mineral property is the Mine. Any adverse development affecting the Mine, its future potential for production or operations, could have a material and adverse effect on the Company and could materially and adversely affect its potential lead production, profitability, financial performance, cash flows and results of operations.

Shareholder Dilution

As of March 28, 2018, Sentient holds, in the aggregate, 52.8%% and InCoR holds 38.7% of the issued and outstanding Common Shares. While the Mine is on care and maintenance, the Company will require additional funding and LeadFX may issue additional shares as a source of funding. Furthermore, while none are outstanding as of March 28, 2018, LeadFX may issue convertible notes as well as options, warrants, convertible or exchangeable securities or additional Common Shares from time to time in the future. As a result, LeadFX's shareholders may be significantly further diluted.

Health and Safety

Lead is a toxic substance that can become concentrated in the food chain and affect human and animal health. Although the Company has implemented procedures that are designed to protect the health and safety of employees, contractors and others, such procedures require strict adherence by the respective individuals and no assurance can be given that employees, contractors or others will not be exposed to lead carbonate concentrate, which may attract liability to LeadFX . In the event that control measures are not completely successful, employees, contractors or others could absorb enough lead to raise their blood lead levels above permissible levels and require their removal from the site. Temporary workers would need to be employed to maintain operational continuity, which would result in additional labour costs.

Mining and processing operations also involve a variety of other hazards including geotechnical, heavy machinery, mobile plant, electricity, working at heights, confined spaces, water and tailings storage facilities and hazardous substances. While the Company has developed a comprehensive occupational health and safety program and work procedures, it needs to evolve with the changing hazards of the work environment. Risk management processes are used to maintain and update the occupational health and safety program and procedures.

Employees, contractors or others may not adhere to the occupational health and safety program and procedures that are in place. This risk is managed by selecting and employing capable people for the various roles and ensuring adequate supervision and training resources are available to maintain employee competence. The Company also has a fitness for work program which focuses on fatigue, stress, and alcohol and drug abuse.

The Company is aware that both careful monitoring and effective controls are paramount but there is still a risk that incidents will occur which will require remedial action and may result in curtailment of operations.

Environmental

Certain environmental issues could potentially affect the operation of the business. Although potential issues such as storm events, groundwater, land contamination, tailings storage seepage, pit wall failure, dust and noise emissions have all been assessed and appropriate strategies implemented as a means of reducing these risks, with these strategies being reviewed and improved where required, based on practices at other base metal mining and processing operations that have been adopted, there can be no assurance that an unforeseen event will not occur which could have an impact on the viability of the operation. Other than as disclosed herein, LeadFX is not aware of any other material environmental constraints affecting its existing mining or development properties that would preclude the economic development or operation of any specific mine or property.

Mining

The mining operations of LeadFX are subject to risks normally encountered in the mining business. Such risks include environmental hazards, health and safety incidents, unusual or unexpected geological formations or pressures, grade and rock-type variations, and periodic interruptions due to inclement or hazardous weather conditions. Such risks could result in damage to or destruction of mineral properties or production facilities, personal injury, environmental damage, delays in mining, monetary losses and possible legal liability.

Metallurgy

The Company is aware of the inherent risk of mineralogical changes in the planned treatment of the Mine ore bodies. Particle liberation and the effectiveness of selective chemical collection are the key variables in any flotation-based process and these have been assessed on the sample suites available for test work, which have been limited to a relatively small weight percent of the planned mining

operation. While every reasonable step has been taken to ensure that the metallurgical process is suited to the task, including third party reference advice, comparisons with similar operations both past and present and extensive test work on actual material, no assurance can be given that modifications will not be required or that the predicted performance will be achieved.

Labour and Employment Regulations

Although the Company has good relations with its employees, production at its mining operation is dependent upon the efforts of its employees and contractors. In addition, relations between the Company and its employees may be affected by changes in the scheme of labour relations that may be introduced by the relevant governmental authorities in whose jurisdiction LeadFX carries on business. Changes in such legislation or in the relationship between LeadFX and its employees may have a material adverse effect on LeadFX's business, results of operations and financial condition.

Government Regulation

LeadFX's activities are subject to extensive laws and regulations controlling not only the mining of and exploration for minerals, but also the possible effects of such activities upon the environment and upon interests of native and/or indigenous peoples. In addition, the Company will need to obtain and maintain various permits and approvals from governmental authorities for both Chief and North 67. Permits from a variety of regulatory authorities are required for many aspects of mine operation and reclamation. Future legislation and regulations could cause additional expense including increased or new royalty taxes and other capital expenditures, restrictions and delays in the development of the Company's properties, the extent of which cannot be predicted.

In the context of environmental permitting, including the approval of reclamation plans, the Company must comply with known standards, existing laws and regulations which may entail greater or lesser costs and delays depending on the nature of the activity to be permitted and how stringently the regulations are implemented by the permitting authority. It is possible that the costs and delays associated with compliance with such laws, regulations and permits could become such that LeadFX will not proceed with the development or operation of a mine. Other than as previously disclosed herein, the Company is not aware of any other material environmental constraint affecting its existing mining or development properties that would preclude the economic development or operation of any specific mine or property.

All phases of the Company's operations, particularly its mining and processing operations, are subject to extensive government regulations relating to the protection of the environment, including those relating to land, air and water quality, dangerous goods, solid and hazardous waste handling and disposal and mine reclamation and closure. Environmental and occupational health and safety legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments on proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There can be no assurance that future changes in environmental and occupational health and safety regulations, if any, will not adversely affect the Company's operations.

Insurance

Although the Company maintains insurance within ranges of coverage consistent with industry practice, no assurance can be given that such insurance will continue to be available at economically feasible premiums. To the extent that LeadFX is subject to certain environmental or other liabilities for which it is not insured, the payment of such liabilities would reduce the funds available to LeadFX. If the Company is unable to fund fully the cost of remedying an environmental problem, the Company might be required to suspend operations or enter into interim compliance measures pending completion of the required remedy.

Dependence on Key Personnel

The Company's success depends to a significant extent on the continued services of certain key personnel in Australia and the United States. The failure to retain certain personnel and to attract suitably qualified and experienced management in the future could adversely affect the Company's ability to manage its operations.

Constraints on Cash Distributions from the Mine

Cash flow generated from commercial production at the Mine is subject to constraints before it can be distributed by Rosslyn Hill Mining to the Company. These constraints include ongoing operating costs for the Mine, capital costs for mining operations, repayment of indebtedness to Sentient and royalty payments to native title claimants under the Wiluna Land Access Agreement and the Land Use Agreement. Accordingly, there can be no guarantee that such distributions, if any, will be sufficient to fund any other activities which the Company may wish to undertake, or to fund the payment of dividends on the Common Shares.

Nature of Mineral Exploration and Development

The exploration for and development of mineral properties includes significant financial risks which even a combination of careful evaluation, experience and knowledge may not eliminate. Considerable expenditure is required to assess mineralized occurrences and the progression of such discoveries to potential ore-bodies is a high risk process which requires constant review. While the discovery of an ore deposit may result in substantial rewards, few properties which are explored are ultimately developed into producing mines. Determining the commercial viability of a mineral deposit, such as the Mine or the Burgin Mine, is an extremely complex process which includes the consideration of technical, economic and political factors such as the particular attributes of the deposit, such as size, grade and proximity to infrastructure, as well as metal prices which are highly cyclical and government regulations, including regulations relating to prices, land tenure, taxes, royalties, land use, importing and exporting of minerals and environmental protection. Accordingly, there can be no assurance that LeadFX's current business plan will result in profitable and sustained commercial mining operations. While contingency levels deemed appropriate for this type of operation have been included, no assurances of achieving the targets can be given as many outside factors can interfere, such as actual availability of equipment and services at the appropriate time or unusual climatic events.

Common Share Price Volatility

The market price of the Common Shares of the Company could fluctuate significantly based on a number of factors in addition to those listed herein, including:

- the impact on the financial condition and results of operations of placing the Mine on care in maintenance in January 2015;
- changes in the market price of lead;
- the impact of decisions, if any, that its majority shareholder makes with respect to the Company's business and operations;
- the Company's operating performance and the performance of competitors and other similar companies;
- the public's reaction to the Company's press releases, other public announcements and the Company's filings with the various securities regulatory authorities;

- changes in earnings estimates or recommendations by research analysts who track the Common Shares of the shares of other companies in the resource sector;
- changes in general economic conditions;
- the arrival or departure of key personnel; and
- acquisitions, strategic alliances or joint ventures involving the Company or its competitors.

Determination of Mineral Resources and Mineral Reserves

The estimates of Measured, Indicated and Inferred Mineral Resources in relation to the Mine set out in this document are based upon information prepared by or under the supervision of one or more qualified persons, as that term is defined in NI 43-101. The estimates of Proven and Probable Mineral Reserves in relation to the Mine set out in this document are also based upon information prepared by or under the supervision of one or more qualified persons, as that term is defined in NI 43-101.

The Company's Mineral Resources and Mineral Reserves are reported in accordance with the 2012 JORC Code. The Qualified Persons named in this document in respect of the Mine are of the view that the estimates of Measured, Indicated and Inferred Mineral Resources and Proven and Probable Mineral Reserves set out in this document would not be materially different if they were reported in accordance with definitions adopted by the Canadian Institute of Mining, Metallurgy and Petroleum on November 14, 2004.

Although the Company believes that the estimates of Mineral Resources and Mineral Reserves set out in this document have been carefully prepared and that the methods of estimating these are reliable, no assurance can be given that the stated Mineral Resources and Mineral Reserves are present in the quantities stated, or that metal or concentrate will be produced in the quantities expected. Only Mineral Reserves have demonstrated technical and economic viability. Mineral Resources, Mineral Reserves and metal production will be affected by a number of factors including the following:

- unforeseen geological variations which may render portions of the estimated mineral reserves unmineable;
- metal price fluctuations may render Mineral Reserves containing relatively lower grades uneconomic and may ultimately result in a restatement of such Mineral Reserves;
- changes to the life-of-mine plan, including the mining method;
- short-term operating factors such as the need to develop ore bodies in an orderly manner or the processing of new or different ore types or grades may cause a mining operation to be unpredictable in any particular accounting period;
- changes in laws and regulations relating to mining activities, including environmental laws and regulations, may render certain Mineral Reserves uneconomic; and
- political and other factors.

DIVIDEND POLICY

LeadFX has not paid dividends or made distributions on the Common Shares since its incorporation and does not intend to pay dividends or make distributions on the Common Shares during fiscal 2017. Any decision to pay dividends on the Common Shares in the future will be made by the Board of Directors of the Company on the basis of cash flow, earnings, financial position and financing requirements of the Company, and other relevant factors.

CAPITAL STRUCTURE

LeadFX is authorized to issue an unlimited number of Common Shares and an unlimited number of preferred shares.

As at December 31, 2017, there were 43,753,204 Common Shares, no preferred shares, 31,124,301 Warrants and 106,666 options outstanding. The full capital structure, not including out of the money options, as at December 31, 2017 was as follows:

	Non-Diluted Equity		Fully-Diluted Equity		
	Common Shares Outstanding	Interest in Common Shares	Warrants to purchase Common Shares Outstanding	Fully-Diluted Equity	Interest in Fully-Diluted Equity
Sentient	35,225,682	80.5%	1,153,554	36,379,236	48.6%
InCoR	2,827,466	6.46%	29,970,747	32,798,213	43.8%
Other	5,700,056	13.0%	-	5,700,056	7.6%
Total	43,753,204	100.0%	31,124,301	74,877,505	100.0%

As at March 28, 2018, there are 66,753,204 Common Shares, no preferred shares, 8,124,301 Warrants and 106,666 options outstanding. The full capital structure, not including out of the money options, as at March 28, 2018 is as follows:

	Non-Diluted Equity		Balance of InCoR Umbrella Agreement Warrants	Fully-Diluted Equity		
	Common Shares Outstanding	Interest in Common Shares After Exercise of Warrants		Warrants exercisable at C\$0.61 per Common Share	Fully-Diluted Equity	Interest in Fully-Diluted Equity
Sentient	35,225,682	52.8%	-	1,153,554	36,379,236	48.6%
InCoR	25,827,466	38.7%	5,750,000	1,220,747	32,798,213	43.8%
Other	5,700,056	8.5%	-	-	5,700,056	7.6%
Total	66,753,204	100.0%	5,750,000	2,374,301	74,877,505	100.0%

The holders of Common Shares are entitled to receive, as and when declared by the Board of Directors, dividends in such amounts and in such form as may be determined from time to time. Holders are entitled to receive notice of and to attend all shareholders' meetings except for meetings at which only the holders of another class or series of shares are entitled to vote separately as a class or series and to one vote for each Common Share held at such shareholder's meetings.

Subject to any priority of the preferred shares as have been designated on their issuance, holders of the Common Shares are entitled to receive the remaining property of LeadFX on a pro rata basis in the event of liquidation, dissolution or winding-up.

The Board of Directors may, upon compliance with the applicable provisions of the Canada Business Corporations Act, issue preferred shares from time to time in one or more series, each series having such number of shares and such designation, rights, privileges, restrictions and conditions as the Board of Directors may determine, including voting rights, redemption provisions, dividend rights, dividend rates, liquidation preferences and conversion rights. Unless otherwise provided by the rights, privileges, restrictions and conditions attaching to a series of preferred shares or as required by law, holders of the preferred shares are not entitled to receive notice of or attend at or vote at a meeting of shareholders. Similarly, depending on the rights attaching to any preferred shares, some may rank prior to Common Shares with respect to dividends and with respect to distribution of assets in the event of a liquidation, dissolution or winding-up of LeadFX.

MARKET FOR SECURITIES

The Common Shares are listed and posted for trading on the TSX under the symbol "LFX". The following provides details of the price ranges and volumes traded each month in the fiscal year ended December 31, 2017:

2017	High C(\$)	Low C(\$)	Volume
January	0.79	0.63	115,780
February	0.80	0.62	25,444
March	1.13	0.58	207,312
April	0.85	0.65	4,363
May	0.65	0.35	193,888
June	0.66	0.49	53,554
July	0.53	0.51	37,834
August	0.60	0.55	44,220
September	0.72	0.56	266,878
October	0.59	0.58	1,037,563
November	0.65	0.60	9,302
December	0.64	0.60	47,746

PRIOR SALES

During the fiscal year ended December 31, 2017 the Company undertook two private placements. Refer 'Private Placements' under 'Financing Activities and Changes in Capital' above.

DIRECTORS AND OFFICERS

Set out below is the name, jurisdiction of residence, office with LeadFX and principal occupation of each director and executive officer of LeadFX, together with his period of service as a director, if applicable, as at December 31, 2017. Each director holds office until the next annual meeting of shareholders of LeadFX or until his successor is appointed.

Name and Jurisdiction of Residence	Office	Principal Occupation during the Five Preceding Years	Period(s) of Service as a Director
David Warner Ontario, Canada	Chairman, Director	Company director	2013 – present
Michel Marier New South Wales, Australia	Director	Investment manager, Sentient	2017 – present
David Dreisinger British Columbia, Canada	Director	Professor at the University of British Columbia	2017 - present
Andrew Worland Western Australia, Australia	Chief Executive Officer	Mining executive	N/A
Michael Roach Western Australia, Australia	Interim Chief Financial Officer	Accountant	N/A

The LeadFX board composition is undergoing transformation following the transactions with InCoR and the departure of a number of directors during the fiscal year ended December 31, 2017. On March 5, 2018 the Company appointed Mr. Stephen Dennis (residence of Western Australia, Australia) as a director and Chairman of the Board of Directors, Mr. George Molyviatis (residence of Monaco) to the Board of Directors and Mr. Andrew Worland (residence of Western Australia, Australia) as Managing Director.

Each of Mr. Warner, Mr. Marier, Mr. Dreisinger, Mr. Dennis, Mr. Molyviatis and Mr. Worland, will stand for reelection at the Company's 2018 annual general meeting of shareholders to be held before June 30, 2018.

To the best knowledge of LeadFX, as at the date of this AIF, an aggregate of nil Common Shares are beneficially owned, directly or indirectly, or control or direction over such Common Shares is exercised, by the directors and executive officers of the Company listed above as a group, representing 0% of the total issued and outstanding Common Shares.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Other than described below, to the knowledge of the Company, no director or executive officer is, or within ten years prior to March 28, 2018 has been, a director, chief executive officer or chief financial

officer of any company (including LeadFX) that: (i) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or (ii) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Other than described below, to the knowledge of the Company, no director, executive officer, or shareholder holding a sufficient number of our securities to affect materially control of LeadFX: (i) is, or within ten years prior to March 28, 2018 has been, a director or executive officer of any company (including LeadFX) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, or (ii) has, within ten years prior to March 28, 2018, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

To the knowledge of the Company, no director, executive officer, or shareholder holding a sufficient number of our securities to affect materially the control of LeadFX, has been subject to: (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Conflicts of Interest

As at December 31, 2017 two of three directors were independent – Mr. Warner and Mr. Dreisinger. As a result of the issue of common shares to InCoR on February 28, 2018 Mr. Dreisinger is no longer considered independent.

On March 5, 2018 Mr. Dennis, Mr. Molyviatis and Mr. Worland were appointed directors of the Company. Mr. Molyviatis is the Chairman of InCoR Holdings Plc (an affiliate of InCoR) and Mr. Worland is an executive officer of LeadFX. Accordingly as at March 28, 2018, two of the six directors are independent.

LeadFX's directors and senior officers may serve as directors or officers or directly or indirectly have significant shareholdings in other companies and, to the extent that such other companies may participate in operational, financial or other matters involving LeadFX, the director or directors may have a conflict of interest in negotiating and concluding terms of any contractual arrangements or otherwise. The directors of LeadFX are familiar with laws governing the accountability of directors for corporate opportunity and requiring disclosure by the directors of conflict of interests. LeadFX is aware of the following potential conflicts of interests involving directors of LeadFX.

Audit Committee

During the year the Board of Directors underwent a significant restructure with five of the six directors serving at the beginning of the year resigning during the year. At December 31, 2017 the

Company had three directors two of whom were regarded as independent and all three “financially literate” as the term is defined in relevant Canadian securities legislation.

As a consequence the Audit Committee was comprised of each of the Directors one of whom – Mr. Marier – was not independent. As a result of the issue of common shares to InCoR on February 28, 2018 Mr. Dreisinger is no longer considered independent.

NI 52-110 allows for certain exemptions from the audit committee independence and financial literacy requirements when the resignation of an audit committee member has resulted in a vacancy on the audit committee that the Board of Directors is required to fill. Namely, the appointed audit committee member to fill such vacancy is exempt from the independence and financial literacy requirements until that later of (a) the next annual general meeting, and (b) 6 months from the day the vacancy was filled. As a stipulation to the exemption, the Board of Directors must determine that the reliance on the exemption will not materially adversely affect the ability of the audit committee to act independently and to satisfy the other requirements of NI 52-110.

The following is the education and experience of each Audit Committee member serving as at December 31, 2017 and as of March 28, 2018 that is relevant to his or her skills at: (a) understanding accounting principles used by LeadFX to prepare its financial statements; (b) assessing the general application of such accounting principles in connection with the accounting for estimates, accruals and provisions; (c) preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by LeadFX’s financial statements, or actively supervising one or more persons engaged in such activities; and (d) understanding of internal controls and procedures for financial reporting.

1. David Warner (Chairman) is a senior professional accountant who holds the CA, CPA designation and who retired as a Partner at KPMG LLP in September 2010 after 36 years of service with KPMG LLP. During this time, Mr. Warner worked primarily with public companies in the areas of mining, oil and gas, regulated industries and real estate. Mr. Warner has extensive board and audit committee experience and previously served on the board and audit committee of Adriana Resources Inc. Mr. Warner has a Bachelor of Commerce and a Masters of Business Administration from McMaster University. Mr. Warner has extensive IFRS training as well as years of experience in assisting clients in the evaluation of their internal control frameworks required by Canadian securities legislation. Mr. Warner is a member of the Institute of Corporate Directors and holds an ICD.D designation from the Institute of Corporate Directors.
2. Michel Marier has been an investment manager with Sentient since 2009. Prior to joining Sentient, Mr. Marier worked for several years in the private equity division of la Caisse de dépôt et placement du Québec. Mr. Marier has many years of listed public company board experience applying his finance skills to assist companies develop their mineral projects. Mr. holds a Master's Degree in Finance from HEC Montreal and is also a CFA charterholder.
3. David Dreisinger has been a member of the faculty of the Department of Materials Engineering since 1988 and is currently Professor and Chairholder of the Industrial Research and Chair in Hydrometallurgy at the University of British Columbia. He has been a listed public company director for many years and is currently a non-executive director of Search Minerals, Inc. PolyMet Mining Inc and his broader business experience equips him to fulfill the functions required of an Audit Committee member of LeadFX. With the appointment of Mr. Dennis to the Audit Committee, Mr. Dreisinger has stepped down from the Committee.

4. Stephen Dennis was appointed to the Board of Directors and Audit Committee on March 5, 2018. Stephen has a Bachelor of Commerce and Laws from the University of Queensland and Graduate Diploma in Applied Corporate Finance and Investment from the Securities Institute of Australia. Stephen has been involved in the Australian mining industry for over 35 years, and currently serves as chairman on the board and in the audit committees of a number of listed resource companies. Until 2015, Stephen was Managing Director and Chief Executive Officer of CBH Resources Limited, a significant producer of lead and zinc in Australia and has also held senior corporate and Chief Financial Officer positions.

The Audit Committee Terms of Reference set out explicitly the roles and responsibilities of the Audit Committee and is reviewed annually by the Board of Directors. It is attached as Appendix 1.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

The legal proceedings and regulatory actions described in this AIF are the only material legal proceedings and regulatory actions to which the Company was a party or subject to during the 2017 financial year.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL CONTRACTS

Effective November 21, 2017 the Management Services Agreements were terminated meaning that the management of the Company was no longer undertaken by Enirgi Group employees, which is a 100% owned subsidiary of Sentient. Any officers of LeadFX that were Enirgi Group employees were terminated as officers of LeadFX on or before November 21, 2017. Sentient and LeadFX are party to the Second Amended and Restated Credit Agreement as described above under “General Development of the Business – Three-Year History of the Company – Financing Activities and Changes in Capital”.

On June 20, 2017 Sentient and InCoR entered into the Umbrella Agreement that provided for the transfer of lead hydrometallurgical processing technologies to LeadFX. On February 28, 2018, InCoR joined Sentient as shareholders owning more than 10% of the issued and outstanding Common Shares of Lead FX.

Mr. Marier is a director of LeadFX and an employee of Sentient. Mr. Molyviatis is a director of LeadFX and the Chairman of InCoR Holdings Plc (an affiliate of InCoR).

EXTERNAL AUDITOR SERVICE FEES

The following table provides information about the approximate fees billed to LeadFX and its wholly owned subsidiaries for professional services rendered by the Company’s external auditors during 2017 and 2016:

	2017	2016
Audit Fees	\$150,000	\$99,000
Tax Fees	\$-	\$63,000
Total	\$150,000	\$162,000

There were no Audit Related or other fees incurred during the years ended December 31, 2016 and 2017.

Audit Fees. Audit fees consist of fees for the audit of the Company’s annual financial statements or services that are normally provided in connection with statutory and regulatory filings or engagements.

Tax Fees. Tax fees consist of fees for tax compliance services, tax advice and tax planning. The services provided in this category in 2017 and 2016 included assistance and advice in relation to the preparation of corporate income tax returns and income tax provisions included in the financial statements plus assistance and advice in confirming a number of tax positions at the Rosslyn Hill Mining level.

EXPERTS

KPMG LLP, Chartered Professional Accountants, LeadFX’s external auditors, have prepared the audit report on the Company’s audited consolidated financial statements for its most recently completed financial year. KPMG LLP have advised that they are independent with respect to the Company within the

meaning of the Rules of Professional Conduct of the Institute of Chartered Professional Accountants of Ontario.

The scientific and technical information included in this AIF under 'DFS Outcomes' has been sourced directly from the press release dated February 28, 2018 which was reviewed and approved by Mr. Kahan Cervoj (MAUSIMM, MAIG), Mr. Lawrie Gillett FAUSIMM, Mr. Adrian Jones MAusIMM and Mr. Alan Taylor FAUSIMM(CP). SNC-Lavalin, who prepared the DFS outlined in 'DFS Outcomes', and each of the foregoing individuals is independent of the Company. Messers Cervoj, Gillett, Jones and Taylor are Qualified Persons within the meaning of NI43-101 and do not own directly or indirectly, any Common Shares or other property of the Company or of any of the Company's associates or affiliates.

MATERIAL CONTRACTS

Except for contracts entered into in the ordinary course of business, the only other material contracts entered into by the Company since the start of the most recently completed financial year, or before the most recently completed financial year but are still material and still in effect, are the (i) Umbrella Agreement and (ii) the Second Amended and Restated Credit Agreement; The particulars of each of the foregoing material contracts are included elsewhere in this AIF. In addition to the foregoing, on December 23, 2008, the Company, the State of Esperance Port Authority ("EsPA") and the State entered into the Esperance Settlement Agreement relating to certain aspects of the clean-up of the lead pollution in and around the Port of Esperance and allocation of costs thereof, and other matters. Full details are contained in the Company's prior year AIF and MD&A.

A copy of each of the foregoing material contracts has been filed on SEDAR at www.sedar.com.

TRANSFER AGENT AND REGISTRAR

The Company's transfer agent and registrar is Computershare Investor Services Inc., 100 University Avenue, 8th Floor Toronto, Ontario M5J 2Y1.

ADDITIONAL INFORMATION

Additional financial information for the Company is available in the Company's audited financial statements for the year ended December 31, 2017 and the accompanying management's discussion and analysis of the financial statements, which will be filed with Canadian securities regulators and will be available under the Company's SEDAR profile at www.sedar.com.

Information including directors' and officers' remuneration, principal holders of LeadFX's securities and securities authorized for issuance under equity compensation plans will be contained in LeadFX's management information circular for the next annual meeting of shareholders to be held in 2018 a copy of which will be filed with Canadian securities regulators and will be available under LeadFX's SEDAR profile at www.sedar.com.

Upon request made to the Corporate Secretary of LeadFX at 1D, 21 Teddington Street, Burswood, Western Australia, the Company will provide any person or company with a copy of:

- a) the Company's AIF together with any document, or the pertinent pages of any document, incorporated by reference in the AIF;
- b) the Company's comparative financial statements for its most recently completed financial year for which financial statements have been filed, together with the accompanying report of the auditor, and the Company's most recent interim financial statements that have been filed, if any, for any period after the end of its most recently completed financial year;

- c) the LeadFX's management information circular in respect of its most recent annual meeting of shareholders involving the election of directors; and
- d) when any securities of LeadFX are in the course of a distribution pursuant to a preliminary short form prospectus or a short form prospectus, any other documents that are incorporated by reference into the preliminary short form prospectus or the short form prospectus.

A copy of any of these documents may be obtained without charge at any time when any securities of LeadFX are in the course of a distribution pursuant to a preliminary short form prospectus or a short form prospectus. At any other time, any document referred to in (a), (b) or (c) above may be obtained by security holders of LeadFX without charge and by any other person or company upon payment of a reasonable charge.

TECHNICAL GLOSSARY

anglesite: lead sulphate mineral.

assay: the result of chemical testing of rock samples to determine the mineral or metal content.

breccia: a rock type made up of angular fragments of rock usually held together by mineral cement such as calcium carbonate or silica.

capacity: the design number of units which can be produced in a given time period based on operations with a normal number of shifts and maintenance interruptions.

cerussite: lead carbonate mineral.

concentrate: a metal-rich product resulting from a mineral separation process such as flotation, from which most of the waste material in the ore has been separated.

cut- off grade: the lowest grade of mineralization, based on economic factors, which is planned to be mined and processed.

dilution: the waste which is unavoidably included with ore in the mining process.

exploration: the activity of searching for potentially economic mineralization.

flotation: a process by which some mineral particles are induced to become attached to air bubbles so that the valuable minerals are separated from the worthless waste.

galena: lead sulphide, the most common ore mineral of lead.

grade: the amount of valuable metal in ore, expressed as a percentage by weight for lead and other base metals, and g/t for precious metals.

grizzly: a coarse screen for ROM ore.

JORC Code: the Australasian Code for Reporting of Mineral Resources and Ore Reserves published by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists and the Minerals Council of Australia.

milling: the process of crushing and grinding rock preparatory to extracting the economically valuable components using a method such as flotation; also used to describe the whole process of crushing, grinding and extraction.

mineralization: rock containing an undetermined amount of minerals or metals.

Mineral Reserve⁶: see definition of "Ore Reserve".

Mineral Resource⁷: defined in accordance with the JORC Code, and means a concentration or occurrence of material of intrinsic economic interest in or on the Earth's crust in such form and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade, geological characteristics and continuity of a mineral resource are known, estimated or interpreted based on specific geological information gathered from detailed and reliable exploration, sampling and testing of outcrops, trenches, pits, workings and drill holes. Mineral Resources are sub-divided, in order of decreasing geological confidence, into the following categories:

⁶ LeadFX's Mineral Reserves are reported in accordance with the 2012 update of the JORC Code. The JORC Code uses the term "ore reserve" which is equivalent to the term "Mineral Reserve" (as defined in NI43-101)

⁷ LeadFX's mineral resources for Magellan, Cano, Pinzon, Drake and Pizarro are reported in accordance with the 2012 update of the JORC Code.

Measured Resource: that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a high level of confidence. The locations of information points are spaced closely enough to confirm geological and/or grade continuity.

Indicated Resource: that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence. The locations of information points are too widely or inappropriately spaced to confirm geological and/or grade continuity but are spaced closely enough for continuity to be assumed.

Inferred Resource: that part of a Mineral Resource for which tonnage, grade, and mineral content can be estimated with a low level of confidence. It is inferred from geological evidence and assumed, but not verified, geological and/or grade continuity. This category of Mineral Resource is unable to be considered for conversion to an Ore Reserve under any circumstances.

Mt: million tonnes.

ore: a natural occurrence of one or more minerals which, at a specified time and place, may be mined and sold at a profit, or from which some part may be profitably separated.

orebody: an aggregate of ore sufficiently large to be mined economically.

Ore Reserve⁸: defined in accordance with the JORC Code, and means the economically mineable portion of a Measured or Indicated Mineral Resource. It includes allowances for losses and dilution of materials which may occur when the material is mined. Appropriate assessments, which may include feasibility studies, have been carried out and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified. Ore Reserves are sub-divided in order of decreasing confidence into the following categories:

Proven Reserve: the economically mineable part of a Measured Mineral Resource.

Probable Reserve: the economically mineable part of an Indicated, and in some circumstances Measured, Mineral Resource.

Pb: lead.

payable: that portion of metal in concentrate for which the producer is paid, usually by a smelter.

pyromorphite: lead phosphate mineral.

reclamation or rehabilitation: the process of restoring an impacted area such as a mine site or tailings facility to an acceptable end use.

RC: reverse circulation.

ROM: run of mine.

semi-autogenous grinding (SAG): the process of grinding rock to the required size, in which the grinding medium is comprised of coarsely crushed ore and steel balls.

sphalerite: zinc-iron sulphide, the most common ore mineral of zinc.

tailings: the waste material that remains after the mineral separation process.

⁸ Refer Mineral Reserve above

tpa: tonnes per annum

APPENDIX 1

LEADFX INC.

TERMS OF REFERENCE FOR AUDIT COMMITTEE

Statement of Purpose

The purpose of the Audit Committee (the “Committee”) of the board of directors (the “Board”) of Lead FX Inc. (the “Corporation”) will be to provide oversight and make recommendations to the Board with respect to the quality and integrity of the accounting, auditing, internal control and financial reporting practices of the Corporation and compliance with related legal and regulatory requirements. In addition, the Board may refer to the Committee such matters and questions relating to the financial position of the Corporation and its subsidiaries and other matters within the scope of the Committee’s responsibilities as the Board deems appropriate.

In exercising its oversight, the Committee is not responsible for preparing the Corporation’s financial statements, designing internal controls or planning or conducting audits. It is the responsibility of management of the Corporation to prepare financial statements that are complete and accurate and in accordance with generally accepted accounting principles and to design and implement an effective system of internal controls. The Corporation’s external auditors are responsible for planning and performing an audit in accordance with generally accepted auditing standards and expressing an opinion as to the fair presentation of the Corporation’s financial statements in accordance with generally accepted accounting principles.

Membership

The Committee will be appointed by the Board and will consist of at least three directors of the Corporation who meet the independence and financial literacy requirements applicable to the Corporation from time to time.

A member may be removed at any time by the Board and will cease to be a member upon ceasing to be a director of the Corporation.

Meetings and Procedure

The Committee will meet at least four times per year. Unless otherwise directed by the Board, the Committee will have the power to fix its quorum at not less than a majority of its members and to determine its own procedures for the calling and holding of meetings. The Committee will not transact business except at a meeting at which a quorum is present or by a resolution in writing signed by all of the members of the Committee.

The Chair of the Committee will be determined by the Board. If the Chair of the Committee is not present at any meeting of the Committee, one of the other members of the Committee who is present at the meeting will be appointed to preside as chair of the meeting.

The Committee may appoint a Secretary, who need not be a director of the Corporation, to keep minutes of all Committee meetings. The Committee will, when the Committee may deem appropriate but in any event not later than the next regular meeting of the Board, report to the Board all action it has taken since its previous report to the Board, and will make such recommendations to the Board as it deems prudent as a result of such action. The Committee may require the external auditors and any officer of the Corporation to attend its meetings and to take part in the discussion and consideration at any meeting or part thereof.

Relationship With External Auditors

The Committee will recommend to the Board each year (i) the external auditors to be nominated for appointment by the shareholders for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation, and (ii) the compensation of the external auditors. The Committee will review the circumstances surrounding any proposed change in the external auditors and will recommend the removal of the external auditors if the circumstances warrant.

The external auditors of the Corporation will report to and ultimately be accountable to the Committee and the Board as representatives of the shareholders of the Corporation. The Committee will be directly responsible for overseeing the work of the external auditors, including the resolution of disagreements between management and the external auditors regarding financial reporting.

Duties and Responsibilities

1. In addition to the duties and responsibilities set out elsewhere herein, the Committee will:

Financial Reporting and Disclosure

- a) review and discuss with management and the external auditors the Corporation's financial reporting and the preparation of its financial statements, including the assessment of the external auditors as to the quality and appropriateness of the Corporation's accounting principles, material estimates and judgments as applied in its financial reporting;
- b) review and discuss with management and the external auditors, where appropriate, the following financial documents and reports prior to public disclosure:
 - (i) the annual and interim financial statements of the Corporation and management's discussion and analysis of financial condition and results of operations with respect to such financial statements;
 - (ii) all annual and interim earnings press releases of the Corporation;
 - (iii) all certifications that may be made by the Chief Executive Officer and Chief Financial Officer regarding the Corporation's annual or quarterly financial results, disclosure controls and procedures and internal controls over financial reporting; and
 - (iv) any financial information contained in any prospectus, annual information form, management information circular or other disclosure document or regulatory filing of the Corporation;
- c) ensure that adequate procedures are in place for the review of the Corporation's public disclosure in any other document of financial information extracted or derived from the Corporation's financial statements, and will periodically assess the adequacy of those procedures;
- d) review with management and external counsel the status of any material pending or threatened litigation, claims, assessments and regulatory proceedings that may have a material impact on the Corporation's financial statements;

Policies, Procedures and Internal Controls

- e) review with management and the external auditors all significant accounting practices and policies and all changes or proposed changes in such practices and policies and in financial reporting requirements that may affect the Corporation's financial statements, as well as key estimates and judgments of management that may be material to financial reporting;

- f) review with management the adequacy of the Corporation's insurance coverage, including directors' and officers' liability coverage;
- g) review with management the financial and other risks facing the Corporation and any changes in these risks, and assess the systems, procedures and other steps management has taken to manage such risks, including the use of any financial derivatives and hedging activities;
- h) review with management the quality and adequacy of the Corporation's accounting systems and internal control procedures in light of legal and regulatory requirements, and where recommendations are made for the improvement of such systems and procedures, monitor management's corrective actions;
- i) establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters, including procedures for the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters;

Relationship with External Auditors

- j) review and discuss with the external auditors all significant relationships that the external auditors have with the Corporation and its affiliates in order to assess the external auditors' independence and recommend that the Board take appropriate action in response to any such relationships that bear on such independence;
- k) review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Corporation to ensure compliance with the rules of any applicable regulatory authority;
- l) review annually with management and the external auditors the audit plan for the current year, including the proposed timing, scope and fees for such audit;
- m) review any matters raised by the external auditors as affecting the conduct of their audit, including any restrictions imposed by management on the scope of the external auditors' examinations;
- n) review the performance of the external auditors including the relationship between the external auditors and management; and
- o) pre-approve all non-audit services to be provided to the Corporation or any of its subsidiaries by the Corporation's external auditors, which may be by the adoption of policies and procedures for the engagement of such services which are detailed as to the particular services, require the Committee to be informed of each such service and do not include delegation of the Committee's responsibilities to management;
- p) review any post-audit or management letters containing the recommendations of the external auditors, and management's response;

Other

- q) consider any matters that management or the external auditors wish to refer to the Committee, including any unresolved disagreements between management and the external auditors; and
- r) at the request of the Board or on the Committee's own initiative, investigate such other matters as are considered necessary or appropriate in the circumstances.

2. The Committee will be entitled in its sole discretion to (i) retain independent counsel and other advisors as it determines necessary to carry out its responsibilities, (ii) set and pay the compensation for any advisors retained by the Committee, and (iii) communicate directly with the Corporation's internal and external auditors.
3. The Committee will be entitled to delegate from time to time to any individual or subcommittee any of its responsibilities that lawfully may be delegated.
4. The Committee will review and reassess these Terms of Reference, including the Committee's performance, at least annually and otherwise as it determines to be appropriate and propose any recommended changes to the Board.