

# Full Metal Minerals Announces New CEO and Director, Provides Updates on Private Placement and Announces Shares for Debt Transaction

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Vancouver, December 24, 2020 - Full Metal Minerals Ltd. (TSXV: FMM) ("Full Metal" or the "Company") announces that, further to its press releases disseminated on April 20, 2018 and October 8, 2020, it has increased its previously announced non-brokered private placement to provide for a maximum offering of up to 23,125,000 common shares at a price of C\$0.08 per share for gross proceeds of up to \$1,850,000 (the "Financing"), which is an increase from the previously announced maximum offering of up to 15,625,000 common shares for gross proceeds of up to C\$1.25 million. The increase is subject to TSX Venture Exchange approval.

The proceeds of the Financing will primarily be allocated towards exploration expenses, project evaluation and due diligence related to the Property (as defined below), along with general and administrative expenses and working capital. Except for the increase to the maximum offering amount, the Company has received conditional acceptance of the Financing from the TSX Venture Exchange ("TSXV").

## Change of Management

The Company also announces that Michael Williams has resigned as the President and Chief Executive Officer of the Company and Sheryl Dhillon has resigned as Corporate Secretary. The resignation of each of Mr. Williams and Ms. Dhillon will trigger the Change of Control Payments (as defined below) to Mr. Williams and Ms. Dhillon, respectively. Peter Voulgaris has accepted the position as President, Chief Executive Officer and Director. Mr. Williams and the Company's former Chief Financial Officer, Cale Moodie, will continue to serve on the Company's board of directors.

"On behalf of the Company's Board of Directors, I am extremely pleased to welcome Mr. Peter Voulgaris as the new CEO and Director of Full Metal", said Michael Williams, Chairman. "Peter is a well-respected geologist and engineer, having been associated with a number of successful mining projects during his 28 year mining career. Full Metal Minerals anticipates that it will be well served by Mr. Voulgaris' experience and mining acumen, as he has held a number senior operational and management roles at companies including Mount Isa Mines, Placer Dome, Newmont, Ivanhoe Mines and MMG. Peter brings to the Company experience in mine exploration and development, open pit and underground mining capabilities and a business development skillset, each across numerous commodities. Recently, Peter was instrumental in identifying and securing [Aftermath Silver Ltd.](#)'s portfolio of projects. We expect his appointment and role as CEO and Director to be a great asset to the Company moving forward."

## Option to Earn 60% Interest in Olivine Mountain Project

As previously announced, the Company has entered into an option agreement (the "Option Agreement") with [GSP Resource Corp.](#) ("GSPR"), pursuant to which the Company acquired the option (the "Option") to earn a 60% interest in GSPR's Olivine Mountain property (the "Property") in the Similkameen Mining Division, British Columbia (see the Company's press releases dated February 26, 2020, July 31, 2020 and October 8, 2020). The Company has entered into amending agreements dated August 28, 2020 and December 15, 2020 with GSPR which provide for: (i) the increase to the cash payments payable to GSPR from \$505,000 to \$510,000 (increased from \$80,000 to \$85,000 in the first 12 months subsequent to the date (the "Acceptance Date") upon which the Option Agreement and the transactions contemplated thereunder are accepted by the TSXV); (ii) the increase to the number of shares issuable to GSPR from 250,000 shares to 325,000 shares (increased from 70,000 shares to 145,000 shares in the first 12 months subsequent to the Acceptance Date); and (iii) an extension to the term of the Option Agreement, pursuant to which the Option Agreement will

expire if the Acceptance Date does not occur by January 31, 2021. The Option Agreement is subject to acceptance by the TSXV and completion of the Financing.

#### Shares for Debt Transaction

The Company announces that it intends to settle certain outstanding accounts payable and contingent liabilities in the aggregate amount of \$2,404,522.37 (the "Debt") owing to certain creditors (the "Creditors") through the issuance of up to 30,056,528 common shares of the Company (the "Settlement Shares") at a deemed price of \$0.08 per common share (the "Shares for Debt Transaction").

A portion of the Debt was accrued pursuant to management services agreements (the "Management Services Agreements") entered into in July 2011 between Full Metal and each of: (i) a company controlled by the former President and Chief Executive Officer of the Company ("CEO Co"); (ii) a company controlled by the former Chief Financial Officer of the Company ("CFO Co"); and (iii) the former Corporate Secretary of the Company (each, a "Contractor"). The Management Services Agreements provide for:

1. monthly fees payable to the Contractors (the "Service Fees") of \$30,000 plus bonus (in the case of the CEO Co), \$6,184.50 plus bonus (in the case of the CFO Co) and \$1,250 plus bonus (in the case of the Corporate Secretary). The Company's former Chief Financial Officer resigned on October 19, 2018, the Company's former President and Chief Executive Officer resigned on December 22, 2020 (as further discussed below) and the Company's former Corporate Secretary resigned on December 22, 2020 (as further discussed below); consequently, each of the Management Services Agreements were terminated and no monthly fees have accrued since the respective resignation dates; and
2. a change of control payment (each, a "Change of Control Payment") to the Contractor if, within 12 months following a "change of control" of the Company, a Contractor's engagement is terminated by the Company without good cause or such Contractor resigns. This 12 month period was subsequently extended to a period of 84 months following a "change of control" of the Company pursuant to amendments disclosed in the Company's press releases dated October 14, 2015, October 19, 2016, October 23, 2017, April 20, 2018, October 19, 2018, April 18, 2019, November 19, 2019 and October 8, 2020. The Change of Control Payments under each Management Services Agreement are a severance payment equivalent to 30 months of Service Fees.

The Company underwent a "change of control" on October 24, 2014 pursuant to the closing of the plan of arrangement between the Company, [Choice Gold Corp.](#), 0999279 B.C. Ltd., their respective securityholders and a wholly-owned subsidiary of the Company, as disclosed in the Company's information circular dated September 12, 2014. Consequently, the Change of Control Payments under each of the Management Services Agreements have been triggered.

Accordingly, pursuant to the Management Services Agreements, the Company owes an aggregate payment of \$2,374,522.37 for the following fees:

- \$119,766.96 in outstanding Service Fees owing to the CFO Co;
- \$194,811.90 in outstanding Change of Control Payments owing to the CFO Co, which were triggered upon resignation of the former Chief Financial Officer;
- \$1,035,568 in outstanding Service Fees owing to the CEO Co;
- \$945,000 in outstanding Change of Control Payments owing to the CEO Co, which were triggered upon resignation of the former President and Chief Executive Officer;
- \$39,375 in outstanding Service Fees owing to the Company's Corporate Secretary; and
- \$40,000 in outstanding Change of Control Payments owing to the Company's Corporate Secretary, which were triggered upon resignation of the former Corporate Secretary.

In addition to the accrued Service Fees and Change of Control Payments, the Company also owes an additional \$30,000 in service fees to an arm's length creditor of the Company.

Of the \$1,980,568 that is owed to CEO Co, approximately \$1,801,765 (to be settled through the issuance of approximately 22,522,074 Settlement Shares) will be assigned to certain arm's length persons in consideration for aggregate payments of approximately \$180,176. No new control person of the Company will be created pursuant to the Shares for Debt Transaction; however, one new insider of the Company will be created by virtue of holding over 10% of the Company's issued and outstanding shares upon completion of the Shares for Debt Transaction.

The Company is proposing to issue the Settlement Shares in order to preserve cash to fund future operations. The Company's board of directors believes that the Shares for Debt Transaction is necessary to provide the Company with a clean balance sheet in order to attract new capital and position the Company to unlock value from the Property and acquire new interests.

The Shares for Debt Transaction is subject to TSXV and disinterested shareholder approval. The Company intends to obtain disinterested shareholder approval of the Shares for Debt Transaction by way of written shareholder consents. All Settlement Shares will be subject to a four-month and one-day hold period in addition to any escrow requirements imposed by the TSXV.

In particular, the Settlement Shares issued to the debt assignees pursuant to the Shares for Debt Transaction will be subject to escrow provisions identical to those imposed by the standard TSX Value Security Escrow Agreement for a Tier 2 Issuer (as described in TSXV Policy 5.4 - Escrow, Vendor Consideration and Resale Restrictions). Pursuant to these escrow requirements, 10% of the Settlement Shares issued to the debt assignees will be released from escrow on the date of the TSXV bulletin announcing the Shares for Debt Transaction (the "TSXV Bulletin"), and 15% of such Settlement Shares will be released every six months from the date of the TSXV Bulletin for a period of 36 months.

The Company intends to complete the transactions contemplated in this press release approximately concurrently.

#### ON BEHALF OF THE BOARD OF DIRECTORS

"Peter Voulgaris"

Peter Voulgaris  
President/CEO and Director

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**Cautionary Note Regarding Forward-Looking Statements:** This press release includes certain forward-looking statements and forward-looking information (together, "forward-looking statements"). All statements other than statements of historical fact included in this release, including, without limitation, statements regarding, the Financing, the Option Agreement, exercise of the Option, the Shares for Debt Transaction and other future plans and objectives of the Company are forward-looking statements. There can be no assurance that such statements will prove to be accurate and actual results and future events may vary from those anticipated in such statements. Important risk factors that could cause actual results to differ materially from the Company's plans or expectations include failure to close the Financing, a failure to obtain

TSXV approval of the Option Agreement or the Shares for Debt Transaction, failure to obtain disinterested shareholder approval of the Shares for Debt Transaction, failure to raise sufficient funds on the proposed terms or at all and failure to exercise the Option. The forward-looking statements in this press release were developed based on the assumptions and expectations of management, including that TSXV acceptance for the Financing, the Option Agreement and the Shares for Debt Transaction will be obtained, disinterested shareholder will be obtained for the Shares for Debt Transaction, the required fundraising will be completed, the Option will be exercised and the other assumptions disclosed in this press release and that the risks described above will not materialize. There can be no assurance that the Financing or the exercise of the Option will complete. The Company expressly disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise, except as otherwise required by applicable securities legislation.

This press release does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities, in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction, including the United States. The securities referenced in this press release have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), or any state securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, a "U.S. person," as such term is defined in Regulation S under the U.S. Securities Act, unless an exemption from such registration requirements is available.

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