

First Energy Metals Enters Into Letter Agreement to Acquire Australian Gold Projects and Announces Private Placement for Gross Proceeds up to \$2,000,000

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VANCOUVER, BC, Aug. 25, 2020 /CNW/ - **First Energy Metals Ltd.** (CSE: FE) ("**First Energy**" or the "**Company**") is pleased to announce to announce that it has entered into a letter agreement dated August 25, 2020 between the Company and 1260945 B.C. Ltd., a private corporation incorporated in British Columbia, ("**TargetCo**") (the "**Letter Agreement**"), pursuant to which, subject to regulatory approval, the Company will acquire 100% of the issued and outstanding shares of TargetCo (the "**Proposed Transaction**"). TargetCo owns a 100% interest (subject to a 2% NSR) in three prospective gold projects in Australia, being the Dalmorton, Viserion and Rhaegal Gold Projects.

The Gold Projects

- The Dalmorton Gold Project, which is located in northern New South Wales, is relatively advanced as a shallow inferred resource has already been modelled:
 - Further, previous work has verified an 8km gold strike with four high-grade exploration targets that deliver incremental exploration upside
 - A high-level exploration plan has already been mapped out which includes expedited field trips to refine targets for an inaugural drilling campaign
- The two prospective contiguous Northern Territory projects – Viserion & Rhaegal – are located in the Tennant Creek region which is known for gold occurrences in sedimentary units, breccia fill and multi-vein style systems
- All projects are located near supportive mining communities, excellent infrastructure and road/rail networks to nearby ports
- Further, Australia is a well-regulated, stable jurisdiction, for developing emerging gold mining projects

The Proposed Transaction

Pursuant to the terms of the Letter Agreement, upon the date of closing of the Proposed Transaction (the "**Closing Date**"), First Energy will acquire 100% of the issued and outstanding securities of TargetCo in consideration for the issuance of an aggregate of 23,500,000 common shares of the Company (the "**Payment Shares**") at a deemed price of \$0.205 per Payment Share. The Company will be required to make cash payments in the aggregate of \$1,000,000 over a period of four years from the Closing Date (\$200,000 on the Closing Date; \$150,000 on or before 8 months from the Closing Date; \$150,000 on or before 12 months from the Closing Date; \$150,000 on or before 24 months from the Closing Date; \$150,000 on or before 36 months from the Closing Date; and \$150,000 on or before 48 months from the Closing Date). In addition, the Company may issue up to an additional 7,500,000 common shares of the Company upon the achievement of certain milestones (the "**Performance Shares**").

In connection with the Proposed Transaction, and subject to approval of the Canadian Securities Exchange (the "**CSE**"), the Company will issue 1,500,000 common shares to an arm's length third party finder in connection with the Proposed Transaction (the "**Finders' Shares**") at a deemed price of \$0.205 per Finders' Share. The Payment Shares and Performance Shares, if any, will not be subject to any hold periods under applicable securities laws. The Finders' Shares will be subject to a four month and one day hold period under applicable securities laws.

The Proposed Transaction remains subject to certain closing conditions including, without limitation, (a) completion of due diligence to the satisfaction of the respective parties; (b) the negotiation and execution of a definitive agreement on or before September 15, 2020 (the "**Definitive Agreement**"); (c) the receipt by the Company of all necessary corporate and regulatory approvals, including the approval of the CSE, as applicable; and (d) each party's representations and warranties in the Definitive Agreement being true and correct in all aspects as of the Closing Date, and each party meeting its terms and conditions and completing its covenants and obligations as contained therein. There can be no guarantees that the Proposed Transaction will be completed as contemplated or at all.

The Private Placement

The Company is also pleased to announce that it intends to complete a non-brokered private placement financing of up to 13,333,333 units of the Company ("**Units**") at a price of \$0.15 per Unit for gross proceeds of up to \$2,000,000 (the "**Offering**"). Each Unit is comprised of one common share and a one-half of one common share purchase warrant (each whole warrant, a "**Warrant**") with each Warrant entitling the holder to purchase one additional common share at a price of \$0.30 per share for a period of 12 months from closing.

In connection with the Offering, the Company may pay finder's fees on certain subscriptions in accordance with CSE policy. Proceeds of the Offering will be used to continue further exploration work on its existing precious/base metal properties, along with expenses related to the completion of the Proposed Transaction and general working capital.

Completion of the Offering is subject to standard closing conditions, including the approval of the CSE. All securities issued pursuant to the Offering will be subject to a four-month plus one day hold period from the closing date.

About First Energy Metals Limited.

First Energy Metals Limited is a junior resource company engaged in the exploration and development of energy and precious metals such as nickel, cobalt, gold and silver within its property portfolio in North America. The Company's goal is to acquire prospective mineral properties and develop them. The Company currently holds an option to acquire 100% interest in Phyllis Nickle-Copper-Cobalt property in Ontario. The Company has recently optioned Scramble Mine Gold Property in Ontario, along with two gold exploration properties (Kokanee Creek and Independence Gold properties) located in the Province of British Columbia, Canada. First Energy Metals Limited (formerly "Agave Silver ") was incorporated on October 12, 1966 in the Province of British Columbia. The Company's common shares trade on the Canadian Securities Exchange (CSE) under the symbol FE and are also listed on the US OTC Markets (Pink) as ASKDF and on the Frankfurt Stock Exchange as A2JC89.

ON BEHALF OF THE BOARD OF
FIRST ENERGY METALS LTD.

"Gurminder Sangha"

Gurminder Sangha
President & Chief Executive Officer

The CSE does not accept responsibility for the adequacy or accuracy of this release.

The Canadian Securities Exchange has not in any way passed upon the merits of the Proposed Transaction and has neither approved nor disapproved contents of this press release.

The securities to be issued in connection with the Proposed Acquisition and Offering have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "1933 Act"), or under any state securities laws, and may not be offered or sold, directly or indirectly, or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the 1933 Act) absent registration or an applicable exemption from the registration requirements. This news release does not constitute an offer to sell or a solicitation to

buy such securities in the United States.

Forward-looking Information

Except for the statements of historical fact, this news release contains "forward-looking information" within the meaning of the applicable Canadian securities legislation that is based on expectations, estimates and projections as at the date of this news release. "Forward-looking information" in this news release includes information about the Company's proposed Transaction with Geomap Consulting Inc; and other forward-looking information includes but is not limited to information concerning the intentions, plans and future actions of the parties to the transactions described herein and the terms thereon.

Factors that could cause actual results to differ materially from those described in such forward-looking information include, but are not limited to, the Company's proposed Transaction with Geomap Consulting Inc may not be completed on the terms and timing currently contemplated, or at all; and other risks as more fully set out in the Company's continuous disclosure filings at www.sedar.com.

The forward-looking information in this news release reflects the current expectations, assumptions and/or beliefs of the Company based on information currently available to the Company. In connection with the forward-looking information contained in this news release, the Company has made assumptions about the Company's ability to obtain required approvals and close the proposed Transaction with Geomap Consulting Inc. The Company has also assumed that no significant events occur outside of the Company's normal course of business. Although the Company believes that the assumptions inherent in the forward-looking information are reasonable, forward-looking information is not a guarantee of future performance and accordingly undue reliance should not be put on such information due to the inherent uncertainty therein.

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CNW 09:00e 25-AUG-20