

# CELLSTOP SYSTEMS INC. ENTERS INTO OPTION AGREEMENT TO ACQUIRE MINERAL CLAIMS

## FOR IMMEDIATE RELEASE

July 29, 2020

Vancouver, British Columbia – CellStop Systems Inc. (the "**Company**") (NEX: KNO.H) is pleased to announce that it has entered into an arm's length option agreement (the "**Option Agreement**") with Metals Creek Resources Corp. ("**MCR**") to acquire 100% of the right, title and interest in and to the Clark's Brook Property in central Newfoundland.

The Company commissioned a technical report on the Clark's Brook Property, entitled "Technical Report on the Clark's Brook Property Central Newfoundland and Labrador" (the "**Technical Report**"). The Technical Report was prepared in accordance with National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("**NI 43-101**") by Desmond Cullen, P.Geol. and Michael Regular, P.Geol. of Clark Exploration Consulting. Each of Desmond Cullen, P.Geol. and Michael Regular, P.Geol. is a "Qualified Person" as defined in NI 43-101 and is independent of the Company and MCR. The Technical Report is available under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

The scientific and technical information contained in this press release relating to the Clark's Brook Property is supported by the Technical Report, which is subject to certain assumptions, qualifications, and procedures described therein. Reference should be made to the full text of the Technical Report which has been filed under the Company's profile on SEDAR.

The Clark's Brook Property consists of 31 claim units in one license (026731M) for a total of 7.7 sq. km (770 hectares). The license is held by MCR and is in good standing to August 1, 2028. The claims were staked in 2016 to cover two auriferous showings discovered in 2003. The Clark's Brook Property is located in central Newfoundland near Northwest Gander River, approximately 25 kilometers west of the town of Glenwood. It is situated on NTS map sheet 02D/14. The Clark's Brook Property is centered on UTM coordinates 614,950mE/5,407,000mN (NAD27 Zone 21) on NTS 02D/14.

The Clark's Brook Property itself was subject to limited prospecting carried out by Altius Resources Inc. ("**Altius**") from 2003 through 2009. Additional prospecting was carried out by MCR in 2016 after the acquisition of the claims.

As part of a large 1:10,000 geological mapping and prospecting program conducted by Altius, both the Clark's Brook East ("**CBE**") and West ("**CBW**") gold discoveries were made. On the CBE gold zone, seven representative grab samples were attained, each comprised of material from several mineralized boulders that assayed between 2.98g/t and 24.5g/t gold with an average of 7.93g/t gold. A sample of underlying bedrock on the northern edge of the boulder distribution pattern returned 1.25g/t gold. An additional outcrop exposure some 25m upstream cut by a narrow quartz vein and associated iron-carbonate alteration was sampled in two representative grab samples and returned 0.15g/t and 0.62g/t Au.

The CBW gold zone discovery was first made in mineralized boulders returning 8.9g/t and 9.28g/t gold. The site was revisited and found one of the auriferous boulders to fit on an adjacent outcrop. An additional eight samples of brecciated and altered siltstone were collected from boulder and outcrop, returning anomalous gold values to 0.335g/t Au.

In September 2017, MCR optioned the Clark's Brook Property to Sokoman Iron Corp. (now Sokoman Minerals Corp. ("**Sokoman**")) who immediately completed a Phase 1 drill program (515 meters) in an effort to locate in situ mineralization similar in tenor to the surface sampling at the CBE Zone. The program was a success in that all holes intersected gold mineralization similar in style and tenor to the surface float. In February 2018, Sokoman completed a second, three-hole (594 meter) phase of diamond

drilling. This program was also successful in that it expanded the extent of gold mineralization identified by the initial phase of drilling. A third and final, three-hole (1,209 meter) drill program was conducted in August 2019 where the drilling was conducted at a different orientation to drill the center of a magnetic low in an attempt to cut deeper mineralization. All three programs were successful in cutting intervals of vuggy, chalcedonic, quartz veining with 1-3% disseminated pyrite, minor arsenopyrite and very minor stibnite. Intercepts of 3.74g/t Au over 3.20m have been attained.

The Technical Report recommends that the Company conduct a \$100,400 Phase 1 exploration program of mapping, prospecting coupled with rock and soil sampling on the Property. The program will focus on evaluating the entire Clark's Brook Property to define new areas of the gold mineralization. The mapping program will focus on interpreting the relationships of the pyrite/arsenopyrite mineralization to structure or alteration. Soil sampling orientation surveys using various soil sampling techniques and analysis will be completed in the areas of known gold mineralization and new showings.

In order to maintain the Option Agreement in good standing, the Company must issue an aggregate of 1,500,000 common shares of the Company and make cash payments totalling \$225,000 over the course of a three year period. If the Company does not make any or all of the cash payments or issue any or all of the common shares, it will be in default under the Option Agreement and all right and title to the Clark's Brook Property shall remain with MCR. If the option is exercised in accordance with the terms of the Option Agreement, the Company will reserve to MCR a 2% net smelter royalty (the "NSR") on the mineral claims, provided, however, that the Company shall have the right at any time to purchase from MCR 1% of the NSR in consideration for a one time payment of the sum of \$1,000,000.

In conjunction with the execution of the Option Agreement, the Company intends to make an application to voluntarily delist its common shares from trading on the NEX board of the TSX Venture Exchange ("TSXV") and concurrently make an application to list the common shares for trading on the Canadian Securities Exchange ("CSE"). The application to voluntarily delist from the TSXV will require approval from the majority of the minority of the Company's shareholders in accordance with the requirements of the TSXV. The application to list on the CSE will require majority approval of the Company's shareholders in accordance with the requirements of the CSE.

In order to satisfy the listing requirements of the CSE and to finance the Company's obligations under the Option Agreement and the Phase 1 exploration program, the Company will be required to complete a non-brokered private placement of a minimum of 7,166,667 units (each, a "Unit") and a maximum of 10,000,000 Units at a price of \$0.06 per Unit. Each Unit shall be comprised of one common share in the capital of the Company and one common share purchase warrant. Each warrant shall entitle the holder to purchase one common share at a price of \$0.10 per share at any time within 18 months of the date of issuance of the warrant. All of the securities to be issued under the private placement will be subject to a four month resale restriction.

The Company also plans to complete a debt settlement with three directors and officers and eight arm's length creditors (the "**Debt Settlement**") to enable the Company to satisfy the working capital listing requirements of the CSE. The Debt Settlement will result in an aggregate of \$479,399.82 of indebtedness being retired in consideration for the issuance of 7,989,997 Units at a price of \$0.06 per Unit (same terms as the Units issued under the private placement). The Debt Settlement will not result in the creation of new insiders or a new control person. The Debt Settlement remains subject to the approval of the CSE in conjunction with the Company's intended application to list the common shares for trading on the CSE.

The completion of the acquisition of the Clark's Brook Property is subject to a number of conditions precedent including, without limitation, all director, shareholder, securities and regulatory approvals and acceptances (as required) and all third party consents (as required) having been obtained and the completion of due diligence on the Clark's Brook Property. In particular, if the Company is not able to complete the private placement and the Debt Settlement, obtain necessary shareholder approvals in

accordance with the respective requirements of the TSXV and the CSE and satisfy the listing requirements of the CSE, then it will not be able to satisfy its obligations under the Option Agreement and the Phase 1 exploration program and the Company will not be able to exercise the option under the Option Agreement. The Company's common shares would then remain listed on the NEX board of the TSXV.

Assuming that the Company satisfies all conditions precedent to the completion of the transactions discussed in this press release, the Company plans to change its name to General Gold Resources Inc. immediately prior to the listing of its common shares on the CSE.

Trading of the Company's common shares on the NEX board of the TSXV has been halted and will remain halted until the Company has obtained all necessary approvals to proceed with the voluntary listing from the NEX board of the TSXV and the concurrent application to list its common shares on the CSE. Further details regarding the transactions discussed in this press release will be available in the Company's listing statement being prepared in conjunction with its application to list the common shares on the CSE. If all necessary approvals are obtained, the listing statement will be posted under the Company's profile on SEDAR prior to the commencement of trading on the CSE. The Company will issue a news release as soon as further details are available regarding the transactions discussed in this press release and the resumption of trading.

The Company is also pleased to announce that Kelsey Chin, the current Corporate Secretary of the Company, has been appointed to succeed David Hughes as Chief Financial Officer of the Company, effective July 29, 2020. The Company would like to thank Mr. Hughes for his services to the Company and wishes him the best in his future endeavours.

Ms. Chin is a chartered professional accountant, certified general accountant and a graduate of the University of British Columbia (BCom). Ms. Chin has over 15 years of experience in audit, finance and accounting within the mining, exploration, health care and technology industries. She has served as a director and executive officer for numerous publicly traded companies, where she was responsible for all aspects of financial services, financial reporting, and corporate governance. Ms. Chin is intricately familiar with the financial reporting and corporate governance requirements within the industry which the Company operates.

Garry Clark, P. Geo., of Clark Exploration Consulting, is the "qualified person" as defined in NI 43-101, who has reviewed and approved the technical content in this press release.

For further information, please contact:

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Reader Advisory

*The Company cannot exercise the option under the terms of the Option Agreement, complete the private placement of Units or complete the Debt Settlement until the Company has delisted its common shares from the NEX board of the TSXV and has obtained the approval of the CSE to list its common shares on the CSE. If the Company is not able to complete the private placement and the Debt Settlement, obtain necessary shareholder approvals in accordance with the respective requirements of the TSXV and the CSE and satisfy the listing requirements of the CSE, then it will not be able to satisfy its obligations under the Option Agreement and the Phase 1 exploration program and the Company will not be able to exercise the option under the Option Agreement. The Company's common shares would then remain listed on the NEX board of the TSXV. There can be no assurance that the terms of the Option Agreement will be completed as proposed or at all.*

*This press release should not be considered a comprehensive summary of the terms of the Option Agreement and the Technical Report described above. Reference should be made to the full text of the Option Agreement and the Technical Report which will be posted under the Company's profile on SEDAR.*

*Trading of the Company's common shares on the NEX board of the TSXV has been halted and will remain halted until the Company has obtained all necessary approvals to proceed with the voluntary listing from the NEX board of the TSXV and the concurrent listing of the common shares on the CSE.*

*Except for statements of historical fact, this news release contains certain "forward-looking information" within the meaning of applicable securities law. Forward-looking information is frequently characterized by words such as "plan", "expect", "project", "intend", "believe", "anticipate", "estimate" and other similar words, or statements that certain events or conditions "may" or "will" occur. In particular, forward-looking information in this press release includes, but is not limited to, statements with respect to timing and completion of: (i) obtaining all necessary approvals including shareholder approvals in accordance with the respective requirements of the TSXV and the CSE, (ii) satisfying the listing requirements of the CSE, (iii) the minimum private placement of Units, (iv) the Debt Settlement, (v) the common shares issuances and cash payments under the Option Agreement, (vi) the change of the Company's name, (vii) the proposed delisting from the NEX board of the TSXV and the application to list the common shares on the CSE, and (viii) the Company's proposed Phase I exploration program. Although we believe that the expectations reflected in the forward-looking information are reasonable, there can be no assurance that such expectations will prove to be correct. We cannot guarantee future results, performance or achievements. Consequently, there is no representation that the actual results achieved will be the same, in whole or in part, as those set out in the forward-looking information.*

*Forward-looking information is based on the opinions and estimates of management at the date the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those anticipated in the forward-looking information. Some of the risks and other factors that could cause results to differ materially from those expressed in the forward-looking statements include, but are not limited to: general economic conditions in Canada, the United States and globally; industry conditions, including fluctuations in commodity prices; governmental regulation of the mining industry, including environmental regulation; geological, technical and drilling problems; unanticipated operating events; competition for and/or inability to retain drilling rigs and other services; the availability of capital on acceptable terms; the need to obtain required approvals from regulatory authorities; stock market volatility; volatility in market prices for commodities; liabilities inherent in mining operations; changes in tax laws and incentive programs relating to the mining industry; and the other factors described in our public filings available at [www.sedar.com](http://www.sedar.com). Readers are cautioned that this list of risk factors should not be construed as exhaustive.*

*The forward-looking information contained in this news release is expressly qualified by this cautionary statement. We undertake no duty to update any of the forward-looking information to conform such information to actual results or to changes in our expectations except as otherwise required by applicable securities legislation. Readers are cautioned not to place undue reliance on forward-looking information.*

*Neither the NEX board of the TSXV nor the CSE has in no way passed upon the merits of the proposed transactions and neither has approved nor disapproved the contents of this press release.*

*Neither the NEX nor the Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.*