



**FIRST METALS INC.**  
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***For immediate release***

***"FMA"-TSX***

## ***First Metals Inc. Completes Proposal Issuances***

Toronto, Ontario, September 2, 2009, First Metals Inc. ("First Metals" or the "Company") (TSX: FMA) announced today that, further to its press release dated July 10, 2009, it has issued 279,255,363 common shares of the Company (each a "Common Share"), 25,845,406 Common Share purchase warrants (each a "Warrant"), and \$2,618,000 in face value of secured promissory notes (each a "Note") all as required under the terms of the previously announced proposal (the "Proposal") under the *Bankruptcy and Insolvency Act*. The Proposal was approved by the creditors of First Metals on May 6, 2009 and by the Ontario Superior Court of Justice on June 17, 2009. The Common Shares and Warrants are being issued in reliance on the exemption contained in section 604(e) of the TSX Company Manual.

Under the Proposal, each person holding a proven secured claim will receive 75 Common Shares and 8 Warrants for each \$1 of proven secured claim. Each Warrant will be exercisable for a period of 18 months and will entitle the holder thereof to acquire one further Common Share at an exercise price of \$0.03 per Common Share for the first 12 months following the date of issue and \$0.05 for the remaining six months. Persons holding proven secured claims will also receive \$2,618,000 face value of Notes issued and \$882,000 in cash, on a pro rata basis. Each person holding a proven unsecured claim had the option to receive 2 Common Shares for each \$1 of proven unsecured claims held or a cash payment equal to ten per cent of that person's proven unsecured claim, up to a maximum of \$500.

It is anticipated that BDO Dunwoody Limited, the proposal trustee, will effect the distribution of the Common Shares, Warrants, Notes and cash by September 4, 2009.

The total number of issued and outstanding Common Shares, following the issuances announced herein is 322,106,561 and if all Warrants were exercised, would be 347,951,967. The exercise of the Warrants would result in cash proceeds to the Company of approximately \$775,000 to \$1,292,000.

For further information please contact Richard Williams, Chief Executive Officer of the Company, at (416) 364-3123 or email: rick.williams@firstmetalsinc.com.

*The statements made in this news release may contain certain forward-looking statements. Actual events or results may differ from the Company's expectations. Certain risk factors may also affect the actual results achieved by Company.*