



**FIRST METALS INC.**  
55 UNIVERSITY AVENUE, SUITE 1010  
TORONTO ON M5J 2H7  
TEL: 416-594-3223 FAX: 416-862-2659

**For immediate release**

## **First Metals Inc. Announces Court Approval of Proposal**

Toronto, ON, June 18, 2009, First Metals Inc. ("First Metals" or the "Company") (TSX: FMA) announced today that its previously announced proposal (the "**Proposal**") under the *Bankruptcy and Insolvency Act* (the "**Act**") has been approved by the Ontario Superior Court of Justice. As previously disclosed, First Metals initially commenced its restructuring proceedings under the *Act* as a result of the dramatic drop in copper prices which led to severe liquidity constraints and a default in making the interest payment due December 31, 2008 on its outstanding senior secured notes. The Proposal was approved by the creditors of First Metals on May 6, 2009.

Under the terms of the Proposal, each person holding a proven secured claim shall receive 75 common shares in the capital of the Company (each a "**Common Share**") and 8 warrants in the capital of the Company (the "**Warrants**") for each \$1 of proven secured claim; \$3,000,000 of secured promissory notes (each a "**Note**") shall be issued on a pro rata basis to persons holding a proven secured claim; and the Company shall distribute \$500,000 pro rata to secured claim holders along with the proceeds from the sale of any equipment by the Company over \$1,000. The holders formerly with \$20 million in notes of the Company were determined to have \$3.5 million in secured claims and \$16.5 million plus interest in unsecured claims.

Each person holding a proven unsecured claim shall receive 2 Common Shares for each \$1 of proven unsecured claims. Such persons may elect, instead of receiving shares, to receive a cash payment equal to ten per cent of that person's proven unsecured claim up to a maximum of \$500.

Each Warrant shall entitle the holder to purchase one additional Common Share for a period of 18 months after the effective date of issuance (the "**Expiry Date**"), at an exercise price of: (i) \$0.03 per Common Share for the first 12 months from the effective date of issuance; and (ii) \$0.05 per Common Share thereafter until the Expiry Date. Each Note shall have a five year term, with interest accruing on each Note at a rate of five percent per annum payable annually in arrears.

Based on the current estimates for secured claims and unsecured claims, approximately 314 million Common Shares could be issued in conjunction with the debt restructuring which when fully implemented could result in a total of approximately 357 million outstanding shares. These figures are subject to the proof of claim process by the Trustee. If the associated Warrants were to be exercised, then an additional approximately 28 million shares would be issued, resulting in approximately 385 million shares outstanding on a fully diluted basis, with cash proceeds to the Company from the Warrant exercises of \$840,000 to \$1.4 million

The Company intends to rely on the financial hardship exemption found in section 604(e) of the TSX Company Manual from the Toronto Stock Exchange requirement for shareholder approval to the issuance of the Common Shares and Warrants. The Proposal is conditional upon receipt of all regulatory approvals, including TSX approval.

First Metal's CEO Richard Williams commented "With the completion of the reorganization process, we can now get back to the business of mining. Our focus will now be on the development of the Magusi polymetallic deposit and other opportunities."

Further to the news release dated May 26, 2009 (the "**News Release**") which can be viewed at [www.sedar.com](http://www.sedar.com), in accordance with National Policy 12-203, First Metals confirms that it is anticipated that the Annual Financial Statements will be filed on or before June 19, 2009. This is the only material change from the information contained in the News Release. First Metals' stated intentions in the News Release have not changed other than announcing the expected filing date of the Annual Financial Statements on or before June 19, 2009. It is First Metals' stated intention to also file the March 31, 2009 unaudited financial statements once the annual financial statements have been filed and in any event by June 26, 2009. There are no actual or anticipated defaults of financial statement filing requirements subsequent to that disclosed in the News Release. There is no other material information concerning the affairs of First Metals that has not been generally disclosed.

**First Metals Inc.** has approximately 42.8 million shares issued and outstanding.

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