

Fidelity Minerals Corp.: Corporate Update - Positioned for Growth

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FIDELITY MINERALS:

- - Cerro Dorado Gold Plant upgrade, commissioning and sale process on track.
- Registration of 100% owned exploration projects now complete.
- Plan to consolidate share capital to enable the company to engage investors.

Vancouver, BC - TheNewswire - December 4th, 2019 - [Fidelity Minerals Corp.](#) (TSXV:FMN) (FSE:S5GM) (SSE:MNYC) ("Fidelity Minerals" or "the Company") is pleased to provide the following corporate update.

Cerro Dorado Gold Plant Update

On 2 October 2019, Fidelity Minerals announced that it had signed binding agreements to sell the Cerro Dorado project, inclusive of the gold processing plant, mine and associated infrastructure, for gross proceeds of US\$1.43 million. The sale process is progressing well, with the final capital investments required to upgrade and commission the Cerro Dorado CIL plant in Arequipa, Peru, currently underway (refer Figure 1).

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Figure 1: Installation of weighbridge (scales) at Cerro Dorado Site, Arequipa, Peru, November, 2019.

To date, an initial payment of US\$100,000 has already been made by the Purchaser, with the remaining US\$1,330,000 payable in quarterly payments over the next 10 months. The sale proceeds include certain adjustments, deductions and disbursements to settle local accounts payable and entitlements, prior to the assumption of operatorship by the Purchaser. This transaction provides Fidelity Minerals with funding clarity during CY2020, enabling the Company to focus on adding value to the recently acquired project portfolio.

The indicative payment schedule of proceeds payable to Fidelity Minerals, is as follows:

Proceeds	21-Dec-19	21-Mar-20	21-Jun-20	21-Sep-20
Gross Purchaser Payments (USD)	\$400,000	\$300,000	\$310,000	\$320,000
Net Proceeds to FMN (CAD, est.)	\$183,650	\$200,090	\$318,750	\$331,090
FMN expected to receive net proceeds of				\$1,033,600

The Net Proceeds are subject to foreign exchange movements at the time of payment and other customary adjustments.

Fidelity Minerals will continue to monitor the Cerro Dorado capital improvement programme and operations of the Cerro Dorado mill complex until the transaction completion date on 21 September 2020. In the event the Purchaser has missed a payment, and this is not remedied within 15 days, the ultimate transfer of Cerro

Dorado SAC to the Purchasers will not complete and 100% ownership of the mill complex, mine and concessions including all improvements and on-property assets will remain with Fidelity Minerals.

Registration of Exploration Projects

In addition to the Las Huaquillas project (FMN: 44.5%), in the last year, Fidelity Minerals has successfully assembled a portfolio of highly prospective mineral projects in Peru, 100% owned by the Company.

The recently acquired projects include:

- - Greater Las Huaquillas (100% interest FMN, 9 concessions, 3,800 ha)
- Las Brujas (100% interest FMN, 4 concessions, 1,900 ha)
- Porphyritic Copper (100% interest FMN, 3 concessions, 1,200 ha)
- Cerro El Bronce (100% interest FMN, 2 concessions, 600 ha)

Fidelity Minerals has now completed the formal registration of the transfer of all these concessions and is further formalising the transfer of the Greater Las Huaquillas concessions from the Company's nominees to a subsidiary of Fidelity Minerals.

Whilst Fidelity Minerals has received third-party interest in the recently acquired projects, including from significant mining companies, these discussions were not materially advanced during the period of concession transfer and registration.

Plan to Consolidate Share Capital

Despite the rise in the gold price during 2019 and the recent merger and acquisition activity at the larger end of the resource sector, the recent exceptional underperformance of the junior resource sector is well documented: recent trading activity in shares of the Company has declined to \$0.01. Owing to restriction placed on the regular issuance of new shares at a price below \$0.05, the Company faces a constraint on its ability to raise growth capital to supplement the benefits of the Cerro Dorado sale. Following careful consideration the board has resolved to consolidate 132,294,222 pre-consolidation shares on issue on the basis of 5:1, reducing the issued shares in the Company to 26,458,844 post-consolidation shares.

Private Placement

The board has further agreed to place up to 4,000,000 post-consolidated units with each unit consisting of one common share and one share purchase warrant for a term of 2 years at a price of \$0.06 to parties, including existing shareholders, that have expressed an interest in supporting the recapitalisation of the Company. The board is conscious of the need to preserve shareholder value, and has taken steps to further reduce costs, minimise dilution and position the Company for growth.

The Company will apply for TSX Venture Exchange approval and anticipates the consolidation process and private placement to be completed in late December 2019.

Share Lockups

As part of the pending share consolidation, the board and major shareholders representing more than half the issued capital of the Company have provided the Company with commitments that they will not dispose of any shares in Fidelity Minerals until at least the 31st of July 2020.

Board Change

The Company has recently been advised by Luis F. Zapata of his intention to resign from the board of Fidelity Minerals. Luis was a co-founder of the Company, and in March 2019 transitioned to a non-executive director role, in order to focus on his appointment with Canaccord Genuity. The board would like to thank Luis for his valuable contributions to the Company and looks forward to continuing to benefit from his insights into the Latin American mining sector, albeit through a less formal arrangement. The board is actively considering a range of opportunities to broaden the experience and skill-sets available to contribute to the board.

MANAGEMENT COMMENTARY

Director & CEO of Fidelity Minerals, Mr. Ian Graham commented: "Notwithstanding a very difficult market for junior miners at the moment, we have been working diligently to preserve value and to position the company to benefit from a change of sentiment. Now that we have formalised our ownership in 4 very exciting predominantly gold and copper projects, we plan to provide the market with more details on our plans shortly. Despite the challenging market, given the relatively advanced nature of some of these projects, particularly Las Brujas and Cerro El Bronce, we are confident that with relatively low-cost exploration, we will be able to define sufficient exploration potential to attract significant commitments from much larger industry players".

Executive Chairman of Fidelity Minerals, Mr. Bahay Ozcakmak added: "As a board, we are acutely focused on preserving and growing the value of the company. Following the recent collapse in the market valuation of many junior resource companies, including Fidelity Minerals, we've revisited our corporate strategy to recalibrate and respond to the difficult operating environment. We have not taken the decision to consolidate the share capital of the company lightly. We note, these sorts of consolidations at times may be viewed as potentially value destructive, particularly in the event a large number of new shares are issued, and existing shareholders are diluted. In contrast, Fidelity Minerals is planning to perform only a small capital raising immediately after the share consolidation, to provide the Company with maximum operational and funding flexibility, as we approach the next scheduled payment from the sale of our Cerro Dorado project".

About Fidelity Minerals Corp.

[Fidelity Minerals Corp.](#) is assembling a portfolio of high-quality mining assets in Peru through the implementation of our Strategic Project Generator (SPG) model. The project generator model involves the identification and acquisition of appraisal stage opportunities with near-term valuation catalysts, including potential for high-impact M&A. The company is backed by an experienced management team with diverse technical, market, and commercial expertise and is supported by committed and sophisticated investors focused on building long term value.

On behalf of the Board of Fidelity Minerals;

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