

PEZM GOLD INC.
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PEZM GOLD ENTERS INTO LETTER OF INTENT TO ACQUIRE ONTARIO-BASED INNOVATIVE HYDROGEN SOLUTIONS

December 22, 2021 – Vancouver, British Columbia – PEZM Gold Inc. (the “**Company**”) (TSXV: PEZM.H) announces that it has entered into a letter of intent (the “**LOI**”) dated effective December 19, 2021 outlining the general terms and conditions with respect to the acquisition (the “**Acquisition**”) by the Company of all the issued and outstanding share capital of Innovative Hydrogen Solutions Inc. (“**IHS**”).

The Company and IHS are at arms-length, and the Acquisition will constitute a change of business of the Company in accordance with the policies of the TSX Venture Exchange (the “**Exchange**”). Assuming completion of the Acquisition, it is anticipated that the Company will be listed on the Exchange as a Tier 2 Industrial Issuer.

IHS is a widely-held, Ontario-based, private company involved in the application of hydrogen-on-demand technology to energy-saving products in the industrial sector. Following completion of the Acquisition, it is anticipated that continued development and expansion of IHS will be the primary focus of the Company.

Terms of the Acquisition

In consideration for completion of the Acquisition, the Company will assume the obligation for repayment of a series of shareholder loans (the “**Shareholder Loans**”) made to IHS in the aggregate amount of \$3,175,000. It is a condition to completion of the Acquisition that IHS arrange for the restructuring of the Shareholder Loans such that they do not bear interest and are repayable as follows: (i) \$800,000 upon completion of the Acquisition; (ii) \$800,000 upon the one year anniversary of completion of the Acquisition; (iii) \$800,000 upon the two year anniversary of completion of the Acquisition; and (iv) \$775,000 upon the three year anniversary of completion of the Acquisition. The final amount of the Shareholder Loans is subject to confirmation by the Company. The actual amount of the Shareholder Loans may change once the financial statements of IHS have been audited.

Following the initial payment of \$800,000, the Company may elect to settle any future repayments of the Shareholder Loans through the issuance of common shares of the Company at a price equivalent to the volume-weighted average closing price of the common shares of the Company on the Exchange in the five trading days prior to settlement.

In addition to the assumption of the Shareholder Loans, upon completion of the Acquisition, the Company will arrange for existing shareholders to transfer 12,750,000 common shares for the benefit of the existing shareholders of IHS (the “**Consideration Shares**”). The Consideration Shares will be subject to a voluntary pooling arrangement for a period of five years from the date of completion of the Acquisition, from which they will be released annually in five equal tranches commencing on the one-year anniversary of completion of the Acquisition. The release of the Consideration Shares may be accelerated at the discretion of the Company, or in the event of a takeover or acquisition of the Company, subject to compliance with the escrow requirements prescribed by the Exchange and applicable securities laws.

In connection with completion of the Acquisition, it is anticipated that the Company will change its name to “Innovative Hydrogen Solutions Corp.” and will adopt the ticker symbol “IHS”.

Concurrent Financing

As a condition to completing the Acquisition, the parties intend to complete a non-brokered private placement financing (the “**Concurrent Financing**”) to raise sufficient capital to execute on the intended business plan of IHS and to meet the initial listing requirements of the Exchange. The final terms for the Concurrent Financing have not yet been determined, and the Company will provide additional detail regarding the Concurrent Financing as soon as it becomes available.

Board of Directors and Management Changes

On completion of the proposed Acquisition, the Company’s board of directors and management team will be reconstituted to consist individuals to be mutually agree between the Company and IHS. The final composition of the board of directors and management has not yet been determined, and the Company will provide additional details regarding the intended nominees as soon as they become available.

Shareholder Approval

Approval of the shareholders of the Company will not be required in connection with the Acquisition, in accordance with Exchange Policy 5.2, as the Acquisition is not a related party transaction and no other circumstances exist which may comprise the independence of the Company or other interested parties. The Company is without active operations, is not subject to a cease trade order or trading suspension, and shareholder approval is not required for the Acquisition under applicable corporate or securities laws.

Sponsorship

Sponsorship of the Acquisition is required by Exchange Policy 2.2, unless an exemption from the sponsorship requirement is available. The Company will be seeking a waiver of any requirement for a sponsor in connection with the Acquisition.

Further Information

Closing of the Acquisition is subject to a number of conditions including the satisfactory completion of due diligence, the negotiation and entering into of definitive agreements, the restructuring of the Shareholder Loans, the completion of the Concurrent Financing, receipt of all required shareholder, regulatory and third-party consents, including Exchange approval, and satisfaction of other customary closing conditions. The Acquisition and Concurrent Financing cannot close until the required approvals are obtained. There can be no assurance that the Acquisition and Concurrent Financing will be completed as proposed or at all. Except in connection with the Concurrent Financing, no finders’ fees or commissions are payable in connection with completion of the Acquisition, and no advances or loans to IHS are contemplated prior to completion of the Acquisition.

Further information on the Acquisition, including the financial statements of IHS, will be available and posted on SEDAR upon completion of a filing statement that will be prepared by the Company.

Trading in the common shares of the Company will remain halted pending further filings with the Exchange.

On Behalf of the Board of Directors,

PEZM GOLD INC.

Arness Cordick, Chief Executive Officer

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The TSX Venture Exchange has in no way passed upon the merits of the proposed Acquisition and has neither approved nor disapproved the contents of this press release. Neither the TSX Venture Exchange nor its 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.

Completion of the Acquisition is subject to a number of conditions, including but not limited to Exchange acceptance and shareholder approval, if applicable. The Acquisition and Concurrent Financing cannot be completed until such approvals are obtained. There can be no assurance that the Acquisition will be completed as proposed or at all.

Investors are cautioned that, except as disclosed in the filing statement to be prepared in connection with the Acquisition, any information released or received with respect to the Acquisition may not be accurate or complete and should not be relied upon. Trading in the securities of the Company should be considered highly speculative.

Statements included in this announcement, including statements concerning our plans, intentions and expectations, which are not historical in nature are intended to be, and are hereby identified as, "forward-looking statements". Forward-looking statements may be identified by words including "anticipates", "believes", "intends", "estimates", "expects" and similar expressions. The Company cautions readers that forward-looking statements, including without limitation those relating to the Company's future operations and business prospects, are subject to certain risks and uncertainties that could cause actual results to differ materially from those indicated in the forward-looking statements.