Crest Petroleum Corp. (TSX VENTURE:CTP.H) (“Crest”) is pleased to announce that it has signed a binding letter of intent (the “LOI”) with GFG Resources Inc. (“GFG Resources”) to acquire 100% of the issued and outstanding shares of GFG Resources (“GFG Shares”) in exchange for shares of Crest (“Crest Shares”) that will result in a reverse takeover of Crest, a capital pool company, by the shareholders of GFG Resources (the “Transaction”).

GFG Resources is a private British Columbia company that has reached an agreement in principle to acquire (the “GFG US Acquisition”) all of the issued and outstanding shares of GFG Resources (US) Inc., a private Nevada corporation (“GFG US” and, together with GFG Resources, “GFG”) in exchange for common shares of GFG Resources, on a one share for one share equivalent basis. GFG US owns and/or controls, subject to underlying royalties, an undivided 100% interest in the Rattlesnake gold exploration project (the “Rattlesnake Project”) comprised of 1,281 unpatented lode mining claims and seven (7) state fee land leases totalling approximately 26,500 acres in Natrona County, Wyoming, U.S.A. In conjunction with the GFG US Acquisition, GFG Resources has raised approximately US$3,700,000, by way of a private placement of up to 14,800,000 common shares at a price of US$0.25 per share, (the “GFG Financing”) to fund, inter alia, the exploration and maintenance of the Rattlesnake Project and for general corporate and working capital purposes. Upon completion of the GFG US Acquisition and the GFG Financing it is anticipated that there will be approximately 35,114,250 GFG Shares issued and outstanding.

Terms of the LOI

Under the Transaction the shareholders of GFG (the “GFG Shareholders”) will exchange all GFG Shares for common shares of Crest (“Crest Shares”) on a one GFG Share for one Crest Share basis. Likewise all outstanding GFG stock...
options will be exchanged for stock options of Crest on an economically equivalent basis. As of the date hereof, there are a total of 3,312,500 stock options of GFG outstanding. The Transaction will be structured by way of a plan of arrangement, amalgamation, takeover bid, reorganization or other similar form of transaction as determined following a review of all relevant legal, regulatory and tax matters and the LOI contemplates that Crest and GFG will promptly negotiate and enter into a definitive agreement (the “Definitive Agreement”) on, inter alia, the terms and conditions set out in the LOI, provided that until such time as the Definitive Agreement is signed the LOI shall govern and be binding upon the parties. The Transaction is subject to requisite regulatory approvals, including the approval of the TSX Venture Exchange (the “TSXV”) and standard closing conditions, as well as the conditions described below.

The Transaction is also subject to the approval of the “disinterested shareholders” of Crest and Crest has agreed to call a special meeting of its shareholder to approve the Transaction as soon as reasonably practicable.

It is anticipated that the combined entity, after completion of the Transaction (the “Resulting Issuer”), will qualify as a Tier 1 Mining Issuer pursuant to the requirements of the TSXV.

Conditions to the Transaction

The LOI provides that completion of the Transaction is subject to a number of conditions including:

- GFG shall have successfully completed the GFG US Acquisition on substantially the terms noted above;
- Crest will have obtained all necessary approvals, consents and acceptances, including approval of the “disinterested shareholders” of Crest and the conditional acceptance of the Exchange.
- GFG will have obtained the requisite shareholder approval for the Transaction.
- Crest shall change its name to “GFG Resources Inc.” or such other name acceptable to GFG and the TSXV.

It is a further term of the LOI that on or before August 31, 2016 GFG shall provide Crest with (i) audited financial statements for its most recently completed fiscal years and unaudited financial statements for its most recent interim period, and (ii) a NI 43-101 technical report on the Rattlesnake Project.

The LOI may be terminated by either party if closing of the Transaction has not occurred on or before October 17, 2016.

Principals of the Resulting Issuer

Upon completion of the Transaction the Resulting Issuer’s board will be comprised of a minimum of four directors.

It is anticipated that Brian Skanderbeg, currently a consultant to GFG Resources, will become the President and
Chief Executive Officer and a director of the Resulting Issuer, and that Jonathan Awde, President of GFG US, will become a director of the Resulting Issuer. In addition, Patrick Downey will become a director of the Resulting Issuer and non-executive Chair of the Board and Stephen de Jong will become a director.

Mr. Skanderbeg is a professional geologist and former President and Chief Executive Officer of Claude Resources Inc., a former TSX listed gold exploration and mining company that was taken over by Silver Standard Resources Inc. on May 31, 2016 under a plan of arrangement valued at approximately $450 million.

Mr. Awde has spent the last 12 years financing junior resource companies and has focused on institutional accounts. He has raised over $200-million for public and private companies in the resource sector. As a co-founder, president/CEO and a director of Gold Standard Ventures Corp., he oversees all financing, strategy, corporate activities and developments for that company. Mr. Awde received his BA in economics and finance from Acadia University, and is a former sales and trading professional at a Canadian broker dealer.

Mr. Downey brings over 30 years of international experience in the resource industry. Most recently, Mr. Downey served as a director of Claude Resources Inc. and continues to serve as director with Dalradian Resources, Orezone Gold Corporation, Argentix Mining Corporation and Pan Global Resources Inc. Prior to joining Claude Resources, Mr. Downey held the positions of President, CEO and Director of Elgin Mining Inc., Aura Minerals Inc. and Viceroy Exploration Ltd., and as President of Oliver Gold Corporation.

Mr. de Jong has been the President and Chief Executive Officer of Integra Gold since 2012. Under his leadership, Mr. de Jong has attracted a high calibre team of geologists, engineers, entrepreneurs and consultants to advance Integra Gold’s Lamaque project towards production. He has been instrumental in the financing of the Company, having raised over $100 million in equity at subsequently higher prices since assuming the Chief Executive Officer position, despite the recent challenges faced by the mining sector.

Integra Gold’s strong financial position has enabled an aggressive exploration and growth strategy which underpins the Company’s proven ability to create value in all market conditions. Mr. de Jong has embarked on a number of innovative, unconventional and creative initiatives including the transformative and opportunistic acquisition of the Sigma-Lamaque Mill and Mine Complex, valued at over $100 million, and the $1 million Integra Gold Rush Challenge.

Mr. de Jong holds a Bachelor of Commerce degree from Royal Roads University and is also a Director of Eastmain Resources Inc.

Ownership of GFG and Capitalization of Resulting Issuer
There are currently 50 registered shareholders of GFG US holding approximately 21,383,557 shares and upon completion of the GFG US Acquisition and the GFG Financing, it is anticipated that there will be approximately 35,114,250 GFG Shares outstanding (assuming the entire GFG Financing is closed).

In addition, there are currently 4,750,000 common shares of Crest issued and outstanding such that upon completion of the Transaction there will be approximately 39,864,250 common shares of the Resulting Issuer outstanding.

Certain insiders and shareholders of Crest are currently shareholders of GFG US including Richard S. Silas, the President and Chief Executive Officer of Crest, and Jonathan T. Awde, a proposed director of the Resulting Issuer.

Mr. Silas currently owns 280,000 shares in Crest and 350,000 shares of GFG US. Mr. Awde owns a total of 456,000 shares of Crest and 2,675,576 shares of GFG US. In addition, Mr. Awde’s wife owns 450,000 shares of Crest and 500,000 shares of GFG US. The above figures are not within the knowledge of Crest and have been provided by the shareholders themselves or extracted from the shareholder register of GFG US and assume that no further shares are acquired by such individuals under the GFG Financing.

The Transaction may constitute a “related party transaction” under the policies of the TSXV and for the purposes of Multilateral Instrument 61-101, Protection of Minority Security Holders in Special Transactions, and, if such is the case, Crest intends to rely upon the exemption from the requirement to obtain a formal valuation for the Transaction on the basis that no securities of Crest are listed or quoted on the TSX, NYSE, NYSE-MKT, NASDAQ or any stock exchange outside of Canada or the United States.

As a result of the LOI, Crest will no longer be proceeding with the working capital private placement announced on March 22, 2016 and May 2, 2016.

About GFG

GFG is a private company which owns and/or controls, subject to underlying royalties, an undivided 100% interest in the Rattlesnake Project comprised of 1,281 unpatented lode mining claims and seven (7)state fee land leases totaling approximately 26,500 acres in Natrona County, Wyoming, U.S.A.

The Rattlesnake Project, located approximately 100 km SW of Casper in central Wyoming, is underlain by Archean metamorphic units that have been intruded by a middle Eocene, alkaline volcanic-intrusive complex. The geologic setting, alteration and mineralization seen in the Rattlesnake Hills are similar to other gold deposits of the Rocky Mountain alkaline province which, collectively, have produced over 50 million ounces of gold. Exploration efforts by a number of companies since 1985 have identified mineralization North Stock, Antelope Basin and South Stock that
share similarities with mineralization seen in the Cripple Creek Mining District. More recently, NV Gold Corporation intersected gold mineralization in 2014 at the Black Jack area, located nearly 5 miles to the west of the mineralization around North Stock, Antelope Basin and South Stock.

Historic drilling in the Rattlesnake Hills includes both reverse circulation drilling and core drilling by the various companies. A total of 258,540 feet (78,803 m) has been drilled through 2014. In addition, nearly 6,000 soil samples and 3,000 rock samples have been collected, assayed and plotted.

Sponsorship

Sponsorship may be required by the TSXV unless exempt in accordance with TSXV policies. Crest intends to apply to the TSXV for an exemption from such sponsorship requirements; however, there is no assurance that Crest will ultimately obtain this exemption. Crest will include any additional information regarding sponsorship in a subsequent press release.

All information contained in this news release with respect to Crest and GFG was supplied by the respective parties for inclusion herein and each party and its directors and officers have relied on the other party for all information concerning the other party contained herein.

Brian Skanderbeg, a consultant to GFG and the proposed President and Chief Executive Officer of the Resulting Issuer, is a professional geologist and the qualified person under National Instrument 43-101, Standards of Disclosure for Mineral Projects responsible for approving the scientific and technical information contained in this news release.

Completion of the Transaction is subject to a number of conditions, including but not limited to, TSXV acceptance and disinterested shareholder approval. The Transaction cannot close until the required shareholder and regulatory acceptance is obtained. There can be no assurance that the Transaction will be completed as proposed or at all.

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

The TSX Venture Exchange has in no way passed upon the merits of the proposed Transaction 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.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS: This news release includes certain “forward-looking statements” under applicable Canadian securities legislation. Forward-looking statements include, but are not limited to, statements with respect to: the terms and conditions of the proposed Transaction; the terms and conditions of the GFG US Acquisition and the GFG Financing; future developments and the business and operations of the “Resulting Issuer” after the proposed Transaction. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable, are subject to known and unknown risks, uncertainties, and other factors which may cause the actual results and future events to differ materially from those expressed or implied by such forward-looking statements. Such factors include, but are not limited to: general business, economic, competitive, political and social uncertainties, uncertain capital markets; and delay or failure to receive board, shareholder or regulatory approvals. There can be no assurance that the Transaction will proceed on the terms contemplated above or at all and that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. In addition, the presence of gold deposits on properties in close proximity to the Rattlesnake Project is not necessarily indicative of the gold mineralization on the Rattlesnake Project. Accordingly, readers should not place undue reliance on forward-looking statements. Crest and GFG disclaim any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

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