

GFG Drills 33.77 g/t Gold over 1.05 Metres at Pen Gold Project West of Timmins, ON

1/17/2019

Highlights:

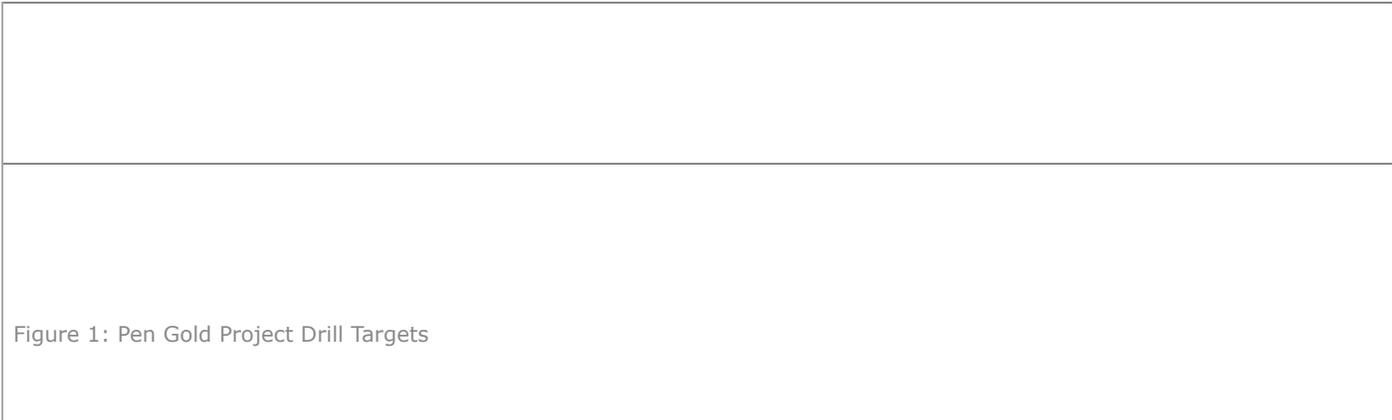


Figure 1: Pen Gold Project Drill Targets

Figure 2: Deerfoot and Sewell Target Map

Figure 3: Sewell Plan Map

Figure 4: Sewell Cross Section

Core Photo of PEN-18-015

- Intersected three distinct high-grade gold structures 50 metres (“m”) west of historic drilling at the Sewell prospect with PEN-18-001: 3.57 grams per tonne of gold (“g/t Au”) over 5.55 m, including 7.44 g/t Au over 1.85 m; 4.20 g/t Au over 1.00 m and 14.70 g/t Au over 0.75 m;
- Confirmed high-grade gold mineralization at the Sewell prospect with hole PEN-18-015 that returned 33.77 g/t Au over 1.05, including 63.88 g/t Au over 0.55 m;
- The Company completed 19 holes (4,744 m) with 13 holes pending assay results; and
- The 2019 exploration program at the Pen Gold Project will ramp-up in early-February with a 4,000 m drill program focused on high priority targets including Reeves, Slate Rock, Jehann and Deerfoot.

SASKATOON, Saskatchewan, Jan. 17, 2019 (GLOBE NEWSWIRE) -- GFG Resources Inc. (TSX-V: GFG) (OTCQB: GFGSF) (“GFG” or the “Company”) announces initial exploration results from its 2018 drill program at its 100% owned Pen Gold Project located 40 kilometres from the prolific Timmins Gold District in Ontario, Canada. During the fourth quarter of 2018, the Company completed 19 holes (4,744 metres) testing targets at Sewell, Deerfoot and Nib-Yellowknife (See Figure 1). Of the 19 holes, the Company has received assays from six holes located in the Sewell and Deerfoot regions (See Table 1 and Figures 1 - 4) while assay results from the remaining 13 holes are pending.

Brian Skanderbeg, President and CEO commented, “We are pleased to see multiple high-grade gold intercepts in a number of holes from the first six holes from our inaugural drill program at the Pen Gold Project. These initial results demonstrate the prospectivity of this underexplored area west of the prolific Timmins Gold District. While we await results from the remaining 13 holes, we are excited to begin our 2019 drill program in February which will test some of the best targets on our 475 square kilometre Pen Gold Project. We expect 2019 to be a very exciting year as we execute aggressive exploration programs at our Pen, Dore and Rattlesnake Hills gold projects to deliver numerous catalysts throughout the year.”

2018 Drill Program

The Phase 1 2018 drill program consisted of 4,744 metres in 19 holes ranging in depth from 150 to 500 metres. The objective of the Phase 1 drill program was to drill test six targets distributed across a 20-kilometre segment in the eastern portion of the Pen Gold Project (See Figures 1 - 4).

Highlights from the initial six drill holes are shown in Table 1. The assay results from the remaining 13 holes are expected to be received in the coming weeks and will be announced later in Q1 2019.

Table 1: Initial 2018 Drill Results from Pen Gold Project

| Hole ID | From (m) | To (m) | Length (m) | Au (g/t) | Target |
|------------|-----------------------|--------|------------|----------|-------------------|
| PEN-18-001 | 61.15 | 66.70 | 5.55 | 3.57 | Sewell |
| incl | 61.15 | 63.00 | 1.85 | 7.44 | |
| and | 86.60 | 87.60 | 1.00 | 4.20 | |
| and | 92.85 | 93.25 | 0.40 | 1.87 | |
| and | 123.90 | 124.65 | 0.75 | 14.70 | |
| and | 126.90 | 128.00 | 1.10 | 0.75 | |
| PEN-18-002 | Hole not completed | | | | Sewell |
| PEN-18-003 | 65.40 | 66.00 | 0.60 | 1.36 | Sewell |
| and | 82.00 | 82.50 | 0.50 | 1.18 | |
| and | 87.90 | 88.90 | 1.00 | 0.59 | |
| and | 97.20 | 97.80 | 0.60 | 0.57 | |
| and | 119.00 | 120.35 | 1.35 | 0.78 | |
| PEN-18-004 | 118.45 | 118.97 | 0.52 | 2.32 | Sewell West |
| PEN-18-005 | 161.35 | 163.40 | 2.05 | 0.62 | Sewell West |
| PEN-18-006 | No significant assays | | | | Deerfoot Regional |
| PEN-18-015 | 27.00 | 29.45 | 2.45 | 0.78 | Sewell |
| and | 48.00 | 52.00 | 4.00 | 0.77 | |
| and | 59.95 | 61.00 | 1.05 | 33.77 | |
| incl | 60.45 | 61.00 | 0.55 | 63.88 | |
| and | 87.50 | 88.40 | 0.90 | 1.96 | |

*Gold intervals reported in the above table are at 0.5 g/t cut-off and included intervals at 3.0 g/t cut-off. Weighted averaging has been used to calculate all reported intervals. True widths are estimated at 80-100% of drilled thickness.

Drill Results Commentary

PEN-18-001 tested the western extension of the Sewell system intercepting three distinct mineralized zones hosted in variably-deformed pyroxenite horizons within an intrusive complex composed of predominantly diorite and cut by numerous syenite dikes. The upper zone returned 7.44 g/t Au over 1.85 m within a broader interval that returned 3.57 g/t Au over 5.55 m at a downhole depth of 61.15 to 66.70 m. Gold mineralization is hosted within a strongly-sheared, altered and quartz-veined structure and associated with 2 to 7% disseminated and blebby pyrite.

A second structure returned 4.20 g/t Au over 1.00 m from 86.60 to 87.60 m associated with strong quartz-calcite veining and flooding and 15% disseminated pyrite. Further downhole, a third zone of mineralization returned 14.70 g/t Au over 0.75 m associated with quartz-veining and stockwork, 1 to 3% pyrite and fine-grained visible gold.

PEN-18-003 was drilled to test the eastern depth continuity of the Sewell system and returned five narrow, low-grade intervals. Grades ranged from 0.57 to 1.36 g/t Au over widths from 0.50 to 1.35 m. Gold mineralization is associated with sheared and variably, quartz-veined pyroxenite and diorite with trace to 5% disseminated pyrite.

PEN-18-004 was a 250 m step-out hole designed to test the southwestern extension of the Sewell system near an associated moderate chargeability anomaly. It intersected a sequence of pyroxenite and diorite intruded by syenite

and mafic dikes. An interval of 2.32 g/t Au over 0.52 m was returned from a depth of 118.45 m. Gold mineralization is spatially related to a quartz-calcite flooded, mafic dike hosting 10 % coarse pyrite.

PEN-18-005 was a 550 m step-out hole designed to test the southwestern extension of the Sewell system and its intersection with an interpreted, east-west-trending magnetic low. It intersected a sequence of pyroxenite and diorite followed by an intercalated package of mafic flows and tuff, fine-grained sediments, conglomerate and feldspar porphyry. An interval of 0.62 g/t Au over 2.05 m was returned from a depth of 161.35 m within silicified sediments and tuff. Gold mineralization is hosted within a faulted and brecciated, sericite-fuchsite-altered zone associated with 1% fine-grained pyrite.

PEN-18-015 was drilled into the core of the Sewell system to confirm historic drill results and provide detailed structural information on the orientation and controls of gold mineralization. The hole intercepted four mineralized zones that are hosted within a package of variably-deformed pyroxenite and syenite dikes. High-grade gold mineralization of 33.77 g/t Au over 1.05 m was returned from a strongly-sheared, sericite-altered and quartz-veined interval at 59.95 m depth. **(Click here to view core photo)** Mineralization is associated with 1 to 3% pyrite and chalcopyrite and fine-grained visible gold. This result validated the historic drilling down-dip that returned 7.63 g/t Au over 3.57 m including 33.46 g/t Au over 0.61 m.

Other Exploration Activities

In conjunction with the drill program, the Company completed a Phase 2 regional till sampling program on the Pen Gold Project. The Phase 2 program consisted of 108 till samples for a total of 467 till samples collected in 2018 (See news release: **“GFG Outlines 5 Priority Targets from Regional Till Sampling Program at the Pen Gold Project Near Timmins, ON”**). The Company’s regional till sampling program is the first of its kind on this property and successfully outlined five priority target areas that are associated with highly prospective regional structures and confirmed regional gold prospectivity. Phase 2 till sampling was designed to extend regional coverage and infill around priority Phase 1 results that returned up to 2,470 ppb gold and 142 gold grains. Phase 2 results are pending and expected to be received and announced in Q1 2019.

The Company also completed two detailed, IP surveys covering the Reeves and Deerfoot regions for a total of 112 line-kilometres. The IP data was used in combination with detailed airborne magnetic data, a structural model of the district, till geochemistry and an extensive surface rock sampling dataset to refine and prioritize drill targets.

Outlook

The Company expects to receive assays from the remaining 13 holes of its 2018 drill program in Q1 2019 and will provide an update once all assays are returned and analyzed. The Company will begin its 2019 exploration program in February with a fully-permitted 4,000 metre drill program focused on highly prospective targets at Reeves, Slate Rock, Jehann and Deerfoot (See Figure 1). A detailed outline of the 2019 exploration program for the Pen and Dore

Gold Projects will be announced in February.

In addition, the Company is working with its JV partner, Newcrest Mining Ltd., on the 2019 exploration budget and program at the Rattlesnake Hills Gold Project in Wyoming, U.S.. Currently, an extensive program of modelling the regional and target-scale geophysical datasets is in progress as well as a detailed review of the porphyry environment at depth and proximal to the North Stock deposit. The Company plans to provide a detailed summary for the 2019 exploration activities in Q2 2019 with an aggressive drill program anticipated to begin in early Q3 2019.

Figure 1: **Pen Gold Project Drill Targets**

Figure 2: **Deerfoot and Sewell Target Map**

Figure 3: **Sewell Plan Map**

Figure 4: **Sewell Cross Section**

Qualified Persons

Brian Skanderbeg, P.Geo. and M.Sc., President and CEO, is the Qualified Person for the information contained in this press release and is a Qualified Person within the meaning of National Instrument 43-101. Mr. Skanderbeg has reviewed the sampling and QA/QC procedures and results thereof as verification of the sampling data disclosed above and has approved the information contained in this news release.

Sampling and Quality Control

Surface grab and drill core samples are being analyzed by Bureau Veritas Commodities Canada Ltd. Preparation of a 1-kilogram pulp and gold assay of a 50-gram aliquot by Pb collection fire assay with an Atomic Absorption Spectrometry finish (Package FA450) are being done in Timmins, Ontario. Samples assaying above 3 ppm Au are being routinely re-run using gravimetric finish (Package FA550). Mineralized zones containing visible gold will also be analyzed by screen metallic fire assay. Multi-element analysis for 59 other elements using a four-acid digestion and an ICP-MS finish (Package MA250) is being done in Vancouver, British Columbia. Quality control and assurance measures include the monitoring of results for inserted certified reference materials, coarse blanks and preparation duplicates of drill core.

Sampling protocols, quality control and assurance measures and geochemical results related to historic rock grab, and drill core samples quoted in this news release have not been verified by the Qualified Person and therefore must be regarded as estimates.

About GFG Resources Inc.

GFG Resources is a North American precious metals exploration company focused on district scale gold projects in tier one mining jurisdictions, Ontario and Wyoming. In Ontario, the Company owns 100% of the Pen and Dore gold projects, two large and highly prospective gold properties west of the prolific gold district of Timmins, Ontario, Canada. The Pen and the Dore gold projects have the same geological setting that hosts most of the gold deposits found in the Timmins Gold Camp which have produced over 70 million ounces of gold. In Wyoming, the Company has partnered with Newcrest Mining Ltd. through an option and earn-in agreement to advance the Rattlesnake Hills Gold Project. 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.

Neither 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.

CAUTION REGARDING FORWARD-LOOKING INFORMATION

All statements, other than statements of historical fact, contained in this news release constitute “forward-looking information” within the meaning of applicable Canadian securities laws and “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995 (referred to herein as “forward-looking statements”). Forward-looking statements include, but are not limited to, the future price of gold, success of exploration activities and metallurgical test work, permitting time lines, currency exchange rate fluctuations, requirements for additional capital, government regulation of exploration work, environmental risks, unanticipated reclamation expenses, title disputes or claims and limitations on insurance coverage. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as “plans”, “expects” or “does not expect”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates” or “does not anticipate” or “believes”, or the negative connotation thereof or variations of such words and phrases or state that certain actions, events or results, “may”, “could”, “would”, “will”, “might” or “will be taken”, “occur” or “be achieved” or the negative connotation thereof.

All forward-looking statements are based on various assumptions, including, without limitation, the expectations and beliefs of management, the assumed long-term price of gold, that the Company will receive required permits and access to surface rights, that the Company can access financing, appropriate equipment and sufficient labour, and that the political environment within Canada and the United States will continue to support the development of mining projects in Canada and the United States. In addition, the similarity or proximity of other gold deposits to the Rattlesnake Hill Gold Project, the Pen Gold Project and the Dore Gold Project is not necessary indicative of the geological setting, alteration and mineralization of the Rattlesnake Hills Gold Project, the Pen Gold Project and the Dore Gold Project.

Forward-looking statements are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of GFG to be materially different from those expressed or implied by such forward-looking statements, including but not limited to: actual results of current exploration activities; environmental risks; future prices of gold; operating risks; accidents, labour issues and other risks of the mining industry; delays in obtaining government approvals or financing; and other risks and uncertainties. These risks and uncertainties are not, and should not be construed as being, exhaustive.

Although GFG has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance 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, forward-looking statements are provided solely for the purpose of providing information about management's current expectations and plans and allowing investors and others to get a better understanding of our operating environment. Accordingly, readers should not place undue reliance on forward-looking statements.

Forward-looking statements in this news release are made as of the date hereof and GFG assumes no obligation to update any forward-looking statements, except as required by applicable laws.

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Photos accompanying this announcement are available at

<http://www.globenewswire.com/NewsRoom/AttachmentNg/30ef47bd-605f-4c8a-a95b-5c134fa05add>

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