

Release: Immediate

GFG Provides Exploration Update and Initiates 2020 Drill Program at Pen Gold Project West of Timmins, ON

Highlights:

- Phase 1 2020 Drill program has commenced and is focussed on testing the HGM, Nib, Broadway and Slate Rock targets with approximately 3,500 metres;
- Hole PEN-19-40 intersected 2.29 g/t Au over 2.5 metres (including 7.30 g/t Au over 0.7 metres) in initial drilling at the new Broadway target; and
- Hole PEN-19-041 intersected altered feldspar-porphry at the Crawford target which graded 8.70 g/t Au over 0.6 metres.

February 19, 2020, Saskatoon, Saskatchewan, Canada: GFG Resources Inc. (TSX-V: GFG) (OTCQB: GFGSF) (“GFG” or the “Company”) reports the remaining drill core assay results from 2019 and announces the commencement of its 2020 drill program at its 100% owned Pen Gold Project (the “Project”) located 40 kilometres west of the prolific Timmins Gold District in Ontario, Canada.

Brian Skanderbeg, President and CEO commented, “We are excited to resume drilling at Pen as we follow up a very successful 2019 where we made a new discovery, expanded and identified new gold targets and drilled multiple economic intercepts at district-scale targets. In 2020, we begin our drilling program with a stronger model to follow up on targets such as Slate Rock, HGM, Crawford and Nib. Meanwhile, we will continue to advance earlier staged targets that have seen limited drill testing such as the Broadway and Boundary targets. Drilling is anticipated to be complete in early April and we are optimistic that we will continue to demonstrate the prospectivity of this region of the Abitibi.”

2020 Phase 1 Drill Program

The Company has resumed drilling at the Project with a plan to drill approximately 3,500 metres over the coming months. The drill program will focus on follow-up drilling at the HGM, Nib and Slate Rock prospects and reconnaissance drilling of other regional targets.

Deerfoot Region – HGM Prospect

Recent drilling by the Company has expanded the mineralized zones at HGM down-plunge and the system remains open at depth and along strike. (see news release: “[GFG Returns Multiple Zones of High-Grade Gold Mineralization at the HGM Target, Pen Gold Project West of Timmins, ON](#)”).

As part of the Phase 1 2020 drill program, depth continuity will be tested with two holes spaced 75 to 100 metres apart. Specifically, the holes will follow-up on visible gold-bearing intervals from PEN-19-039 that assayed 7.53 g/t Au over 2.2 metres (including 31.80 g/t Au over 0.5 metres) and 25.96 g/t Au over 1.0 metres (including 51.80 g/t Au over 0.5 metres) from 309.7 and 371.0 metres, respectively (see Table 1).

Slate Rock Region

Surface sampling (rock and till) and reconnaissance drilling completed by the Company have demonstrated that the Slate Rock mineralized system extends for four kilometres in the west block

of the Project and is associated with a multi-phase diorite intrusive body (see news release: “[GFG Identifies New Gold Target with up to 7 g/t Gold and Expands Slate Rock Target at the Pen Gold Project West of Timmins, ON](#)”). In the first quarter of 2019, following up on a till gold grain anomaly of up to 250 pristine grains and boulders containing up to 18.10 g/t Au, the Company intersected 0.47 g/t Au over 25.3 metres in PEN-19-025 (see news release: “[GFG Hits Gold Mineralization at Slate Rock and Crawford Targets at the Pen Gold Project West of Timmins, ON](#)”). Gold mineralization was associated with disseminated pyrite and veinlets of pyrite and magnetite in an intensely albite-sericite-carbonate altered diorite. As part of the ongoing drill program, three or four holes will be completed to locate the source of the till and boulder anomaly, test geophysical targets 600 metres to the east, and to follow-up on outcrop samples of up to 2.85 g/t Au located an additional 600 metres to the east.

Reeves Region – Nib Prospect

At the Nib Prospect, in the central part of the project, gold occurs in sheared and altered diorite (see Figure 1). Three distinct northeast-trending mineralized zones were outlined by the Company in 2018 with hole PEN-18-017 returning 0.89 g/t Au over 7.0 metres. This ‘lower-zone’ contained visible gold, up to 15% arsenopyrite and pyrrhotite and 20% quartz veining. As part of the 2020 drill program, two holes will be drilled across these structures to follow-up on this intercept and to test the extent of the mineralized system along strike to the northeast.

Tremblay Region – Broadway Prospect

Given the positive results from reconnaissance drilling at the Broadway Prospect (described below), the Company is planning to drill an additional hole to test for the southward extension of the gold-bearing structure (see Figures 1 and 3).

Jehann East Region – Boundary Trend

As reported previously, while prospecting in 2019 the investigation of a regional till gold grain anomaly identified several new gold occurrences along the three kilometre Boundary trend (see Figure 1). At eight different locations, grab samples collected from outcrop returned values in excess of 1.0 g/t Au with the highest assay being 6.98 g/t Au. There is no record of historic prospecting in the area and no drilling has been documented. Given the lack of outcrop in the area, one or two reconnaissance drill holes may be drilled as part of the 2020 campaign to test areas of intense alteration and to gain better geological context within this newly identified, highly prospective trend.

2019 Drill Program Results

In the fourth quarter of 2019, the Company completed 2,718 metres of drilling in eight drill holes testing six targets within the eastern portion of the project (see Table 1 and Figures 1-3). Initial results from four drill holes were reported previously (see news release: “[GFG Returns Multiple Zones of High-Grade Gold Mineralization at the HGM Target, Pen Gold Project West of Timmins, ON](#)”). Results from the remaining four drill holes from the 2019 program are described below.

Tremblay Region – Broadway Prospect

The Broadway Prospect is an early-stage, kilometre-scale target in the northeast portion of the Project in the Tremblay Region (see Figures 1 and 3). Surface grab samples collected by the Company from historic trenches and pits contained carbonate altered and quartz-carbonate veined diorite and returned up to 8.00 g/t Au. Historic drill logs from the 1970s and 1980s describe similar style veining and alteration although assay results were not reported. One kilometre to the south, till sampling completed by GFG returned highly anomalous gold grain counts (up to 55 grains; 84%

pristine) and prospecting revealed grab samples with up to 0.8 g/t Au suggesting the Broadway Prospect may contain an extensive mineralized system.

Hole PEN-19-040, designed to test the extent of the vein system approximately 150 metres to the south of the historic drill holes, returned 2.29 g/t Au over 2.5 metres including 7.30 g/t Au over 0.7 metres (see Table 1). The gold mineralization occurs in a deformed and altered diorite approximately 25 metres up-hole from the contact with fuchsite-altered and intensely deformed mafic volcanic rocks. Based on these positive results and the lack of historic drilling along trend to the south, the Broadway Prospect remains a high priority drill target.

Deerfoot Region - Crawford Prospect

The Company completed two holes at the Crawford Prospect, which was discovered by GFG in 2018, with hole PEN-19-016 returning 21.26 g/t Au over 1.7 metres at the sheared contact between quartz-porphyry and mafic volcanics (see release: “[GFG Discovers New Gold Zone with 21.26 g/t Gold over 1.7 Metres at Pen Gold Project West of Timmins, ON](#)”). Gold mineralization at Crawford is hosted in the same mafic volcanic package that hosts gold at the HGM Prospect located 500 metres to the east where the Company recently drilled 7.53 g/t Au over 2.2 metres and 25.96 g/t Au over 1.0 metre. While these two prospects have distinct styles of mineralization, the occurrence of high-grade gold in the same mafic volcanic package demonstrates the high prospectivity of this segment of the Destor Porcupine Fault Zone.

Hole PEN-19-041 was drilled to test for western extension to the Crawford gold mineralization and returned 8.70 g/t Au over 0.6 metres (see Table 1) from an interval of porphyry within an upper ultramafic unit. Hole PEN-19-042 was drilled to test for depth extension to the mineralization at Crawford beneath historic holes that returned 0.53 g/t Au over 8.0 metres, including 3.56 g/t Au over 1.0 metres. The prospective mafic volcanic package was intersected however only low gold values (0.1 g/t Au over 10.0 metres) were returned.

Outlook

The Company anticipates completing the current drill program in April 2020. In addition to the ongoing drill program at the Pen Gold Project, the Company will complete a prospecting, mapping and till sampling program in the summer months and a second 3,500-metre drill program during the third and fourth quarters of 2020.

Table 1: Results from the 2019 Phase 2 Drill Program at the Pen Gold Project

Hole ID¹	From (m)	To (m)	Length (m)²	Au (g/t)	Target
PEN-19-035	39.1	40.1	1.0	1.21	Sewell North
and	47.0	48.0	1.0	2.89	
PEN-19-036	269.6	277.0	7.4	0.93	HGM
incl	269.6	270.8	1.2	2.86	
and	321.4	322.7	1.3	0.42	
PEN-19-037	no significant intercept				Deerfoot Regional
PEN-19-038	no significant intercept				Deerfoot Regional
PEN-19-039	146.2	147.4	1.2	0.49	HGM
and	215.8	216.3	0.5	0.63	
and	233.6	234.6	1.0	1.24	
and	309.7	310.2	2.2	7.53	
incl	310.2	310.7	0.5	31.80	
and	371.0	372.0	1.0	25.96	
incl	371.5	372.0	0.5	51.80	

PEN-19-040	192.5	195	2.5	2.29	Broadway
incl	194.3	195	0.7	7.30	
PEN-19-041	81.0	81.6	0.6	8.70	Crawford
PEN-19-042	168.9	179	10.1	0.10	Crawford

*Gold intervals reported in the above table are at 0.1 g/t cut-off. Weighted averaging has been used to calculate all reported intervals. True widths are estimated at 70-90% of drilled thickness.

⁽¹⁾ Results from all drill holes from the 2019 Phase 2 program are included for completeness. Results from PEN-19-035, -036, -037, -039 were reported previously.

⁽²⁾ True width is unknown.

Figure 1: Plan Map of Regional Targets on the Pen Gold Project

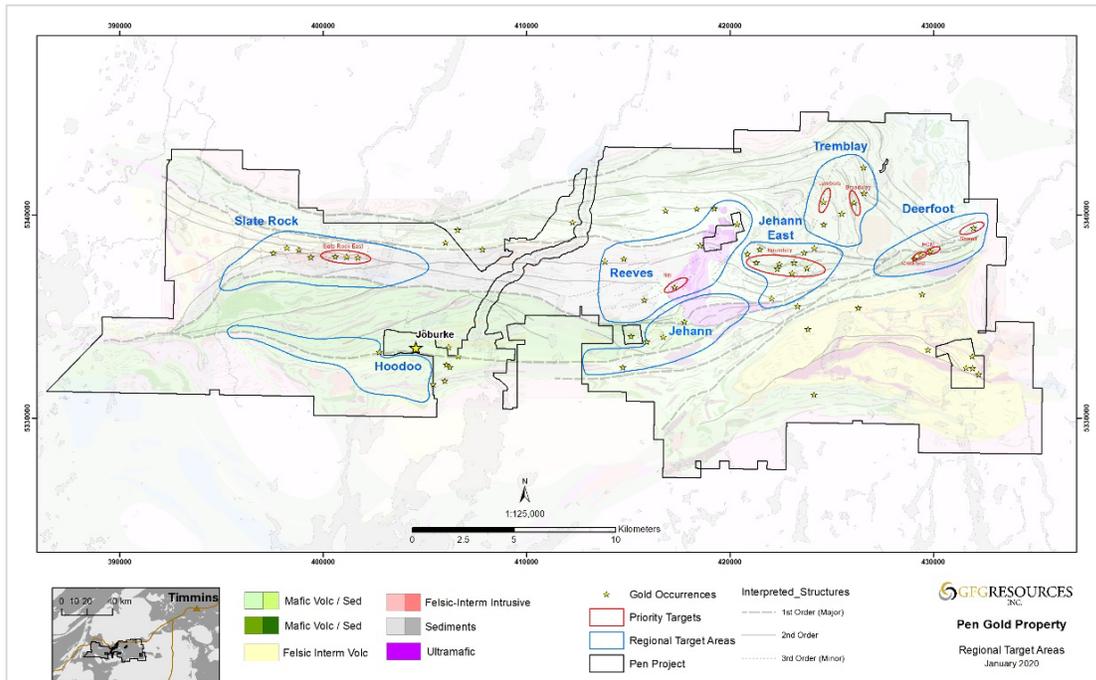


Figure 2: Plan Map of the Deerfoot Area and 2019 Drill Results

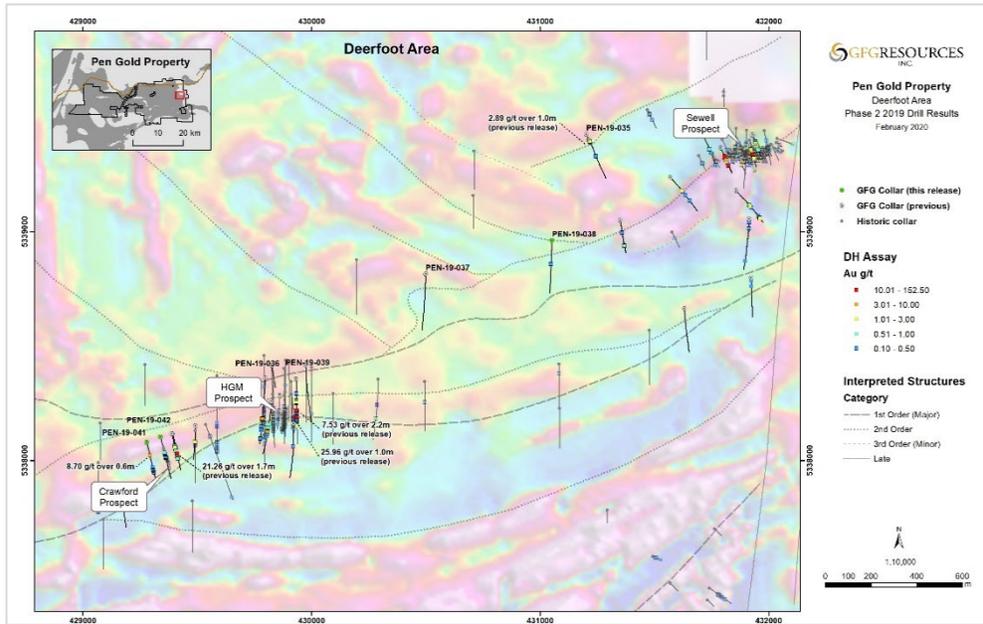
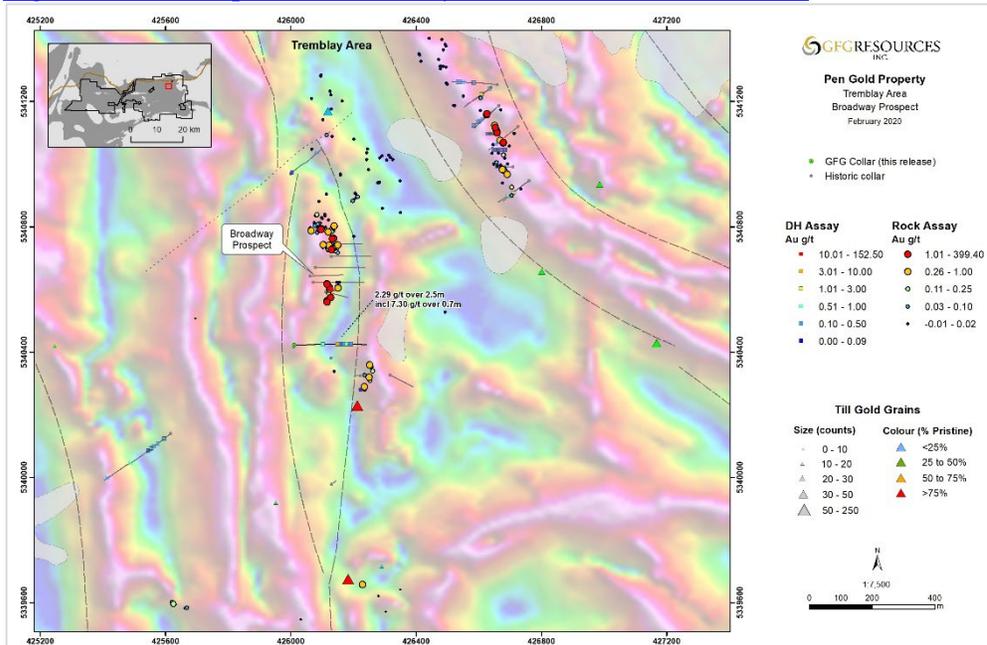


Figure 3: Plan Map of the Tremblay Area and 2019 Drill Results



Granting of Stock Options

Pursuant to the Company’s executive compensation program, the Company announced that it has granted stock options to officers, employees and senior consultants to purchase up to an aggregate of 972,500 common shares of the Company. These stock options vest over three years and are exercisable for a period of five years at a price of \$0.16 per common share.

The Company is also pleased to announce that the Company’s President and CEO and its Board of Directors will maintain their reduced annual cash compensation in a continued effort to maximize the Company’s in-the-ground exploration expenditures. In lieu of the reduced compensation, the

Company will grant the President and CEO and its Board of Directors stock options to purchase an aggregate of 744,520 common shares of the Company. These options vest over three quarters and are exercisable for a period of five years at a price of \$0.16 per common share.

The incentive and compensation stock options were granted in accordance with the Company's Stock Option Plan which provides for the issuance of up to 10% of the issued capital at any time. Currently, the Company has a total of 6,253,547 options outstanding, representing 5.7% of the issued capital of the Company.

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.

For further information, please contact:

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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

Drill core samples are being analyzed for gold by Activation Laboratories Ltd. in Timmins, Ontario. Gold analysis consists of the preparation of a 500-gram pulp and an assay of a 50-gram aliquot by Pb collection fire assay with an Atomic Absorption Spectrometry finish (Package 1A2-50). Samples assaying above 5 ppm Au are routinely re-run using a gravimetric finish (Package 1A3-50). Mineralized zones containing visible gold are analyzed by a screen metallic fire assay method. Selected samples are also undergoing multi-element analysis for 59 other elements using a four-acid digestion and an ICP-MS finish (Package MA250) by Bureau Veritas Commodities Canada Ltd. 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 till, 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.

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.