

NEWS RELEASE

# GFG Resources Announces Agreements to Consolidate Significant Timmins Land Package with Proposed Acquisition of Rapier Gold and Properties from Probe Metals and Osisko Mining

12/11/2017

GFG Resources Also Announces Private Placement of up to C\$7 Million  
SASKATOON, Saskatchewan, Dec. 11, 2017 (GLOBE NEWSWIRE) --

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GFG Resources Inc. (TSX-V:GFG) (OTCQB:GFGSF) (“GFG” or the “Company”) is pleased to announce that it has entered into agreements (the “Agreements”) to consolidate a large, highly prospective land package west of Timmins, Ontario (See Figure 1) with each of Rapier Gold Inc. (TSX-V:RPR) (“Rapier”), Probe Metals Inc. (TSX-V:PRB) (“Probe”), and Osisko Mining Inc. (TSX:OSK) (“Osisko”). Under the respective Agreements, GFG will acquire all of the outstanding common shares of Rapier pursuant to a plan of arrangement (the “Rapier Acquisition”) and the West Porcupine Property from Probe (the “West Porcupine Property Acquisition”) and the Swayze Project from Osisko (the “Swayze Property Acquisition”) via property purchase agreements. In addition to the Agreements, the Company announces a non-brokered private placement to raise gross proceeds of up to \$7 million (the “Concurrent Financing”). Upon completion of these transactions, GFG will hold nearly 700 square kilometres (“km<sup>2</sup>”) of highly prospective district scale gold assets in tier one mining jurisdictions.

Transaction Highlights:

- Creation of a prominent North American precious metals explorer: Combination of ~700 km<sup>2</sup> gold properties in tier one jurisdictions, Wyoming and Ontario;

- Significant exploration potential: Highly prospective district scale assets with brownfield and greenfield opportunities;
- Leading management and board of directors: Highly experienced leadership team with a proven track record and focused on aggressively advancing projects;
- Near term catalysts: GFG will plan to aggressively drill both Rattlesnake Hills and the Timmins portfolio in 2018. A maiden resource is expected at Rattlesnake Hills in H1 2018;
- Well capitalized company: Strong financial position and capital structure to aggressively advance projects; and
- Strong strategic investor support: GFG is pleased to welcome Probe Metals and Osisko Mining as significant stakeholders in the pro forma company.

For further information and a detailed presentation on the transaction and related assets, please visit the Company's website [www.gfgresources.com/investors/Transaction-Overview](http://www.gfgresources.com/investors/Transaction-Overview).

Brian Skanderbeg, President and CEO, commented, "We are very excited to announce these transactions, which will involve the acquisition of over 550 km<sup>2</sup> in one of the best mining camps in the world. This area of the West Timmins gold belt has all the geological hallmarks that have contributed to over 70 million ounces of historic gold production in the Timmins mining camp along with several large deposits in the southern Swayze district. These transactions perfectly complement our technical skill set and our strategy to aggressively explore district scale gold projects in tier one mining jurisdictions in North America. Our focus and commitment to our Rattlesnake Hills Gold Project will not be impacted by these transactions and we are excited to aggressively explore at both projects in 2018."

## Transaction Details

### Rapier Acquisition

Under the terms of the arrangement agreement dated December 11, 2017 between GFG and Rapier (the "Arrangement Agreement"), all of Rapier's issued and outstanding common shares will be exchanged on the basis of 0.15 of a common share in the capital of GFG (each whole share, a "GFG Share") for each one Rapier common share, representing total consideration of approximately C\$0.08 per Rapier share based on GFG's 20-day volume weighted average share price ("VWAP") ending December 7, 2017 on the TSX Venture Exchange ("TSXV"). The consideration represents a premium of approximately 47.5% based on the respective 20-day VWAPs of GFG and Rapier common shares.

Pursuant to the Arrangement Agreement, the Rapier Acquisition will be carried out by way of a court approved plan of arrangement and will require the approval of at least 66 2/3% of the votes cast by the securityholders of Rapier present in person or by proxy at a special meeting expected to be held in February of 2018 (the "Rapier Meeting") and, if required by Multilateral Instrument 61-101 – Protection of Minority Securityholders in Special Transactions ("MI 61-101"), "minority approval" in accordance with section 8.1 of MI 61-101. The Rapier Acquisition includes

customary deal-protection provisions, including non-solicitation provisions, a right to match in the event of a superior proposal and a termination fee payable under certain circumstances. Full details of the Rapier Acquisition will be included in the management information circular of Rapier to be mailed in respect of the Rapier Meeting.

The board of directors of each of GFG and Rapier have unanimously approved the Agreement. The directors, senior officers, and certain significant shareholders (the "Supporting Shareholders") have entered into voting support agreements pursuant to which each has agreed to vote all of their Rapier securities in favor of the Rapier Acquisition. Collectively, the Supporting Shareholders own approximately 35%, 63%, 48% and 100% of the outstanding common shares, options, warrants and deferred share units, respectively, of Rapier.

#### West Porcupine Property Acquisition

GFG and Probe have entered into a binding property purchase agreement dated December 11, 2017 pursuant to which GFG will purchase 100% of Probe's interest in the West Porcupine property, a land package consisting of 198 claims and covering approximately 245 km<sup>2</sup> located 50 kilometres southwest of Timmins, Ontario, in exchange for the issuance of 6,477,883 GFG Shares, representing an implied purchase price of approximately \$3.5 million based on GFG's 20-day VWAP. Completion of the West Porcupine Property Acquisition is subject to certain customary closing conditions, including approval of the TSXV to issue the 6,477,883 GFG Shares and completion of the Concurrent Financing.

#### Swayze Property Acquisition

GFG and Osisko have entered into a binding property purchase agreement dated December 11, 2017 pursuant to which Osisko will sell 100% of its interest in the Swayze property, a land package consisting of 56 claims and covering approximately 120 km<sup>2</sup> located 40 kilometres from Borden, Ontario, to GFG in exchange 1,110,494 GFG Shares, representing an implied purchase price of approximately \$600,000 based on GFG's 20-day VWAP. Completion of the Swayze Property Acquisition is subject to certain customary closing conditions, including approval of the TSXV to issue the 1,110,494 GFG Shares and certain consents to transfer the Swayze Property.

#### Concurrent Private Placement

The Company will proceed, subject to TSXV approval, with the Concurrent Financing by way of a private placement of up to 3,636,364 flow-through common shares at a price of C\$0.55 per share for gross proceeds of up to C\$2 million (the "FT Private Placement") and up to 10,000,000 units at a price of C\$0.50 per unit for gross proceeds of up to C\$5 million (the "Non-FT Private Placement"), each unit consisting of one GFG Share and one-half of a common share purchase warrant. Each whole warrant will entitle the holder to purchase one additional GFG Share at an exercise price of C\$0.75 for a period of 24 months. Gross proceeds raised under the FT Private Placement will be used for exploration activities in Ontario that will qualify as "Canadian Exploration Expenses". Net proceeds raised under the Non-FT Private Placement will be used for exploration activities on the Company's projects in Wyoming

and Ontario as well as for general working capital purposes.

#### Closing and Capitalization

Subject to regulatory approvals and other customary closing conditions, the Company expects to close the West Porcupine Property Acquisition, the Swayze Property Acquisition, and the Concurrent Financing on or about December 21, 2017. Completion of the Rapier Acquisition is expected to occur mid-February 2018 following receipt of all requisite regulatory, security holder and court approvals and the completion of the Concurrent Financing with minimum gross proceeds of C\$5 million.

Assuming completion of all of the transactions, including issuance of the Advisory Fee Shares (as defined below), GFG will have approximately 87,068,294 common shares outstanding, of which 58% will be held by current GFG shareholders; 17% will be held by the former Rapier shareholders; 7% will be held by Probe; 1% will be held by Osisko and 16% will be held by the purchasers under the Concurrent Financing, all on a non-diluted basis.

#### Advisors and Counsel

Macquarie Capital Markets Canada Ltd. ("Macquarie Capital") is acting as financial advisor and DuMoulin Black LLP is acting as legal counsel to GFG and its Board of Directors. In consideration for Macquarie Capital's services GFG has agreed to pay an advisory fee of which a portion will be paid, subject to TSXV approval, through the issuance of 500,000 GFG Shares (the "Advisory Fee Shares").

Figure 1: Regional Land Map of West Timmins and Locations of Acquired Properties

**[https://gfgresources.com/files/images/projects/photos\\_maps/GFG-Resources\\_Regional-Map-of-Timmins-Properties\\_Dec-11-2017.jpg](https://gfgresources.com/files/images/projects/photos_maps/GFG-Resources_Regional-Map-of-Timmins-Properties_Dec-11-2017.jpg)**

#### Qualified Persons

Brian Skanderbeg, P.Geo. and M.Sc., serves as President and CEO of GFG, and is a "qualified person" within the meaning of National Instrument 43-101 – Standards of Disclosure for Mineral Projects. Mr. Skanderbeg has reviewed and approved the information contained in this news release.

This news release does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities, in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction. The securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), or any state securities laws, and may not be offered or sold within the United States unless an exemption from such registration is available.

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About GFG Resources Inc.

GFG Resources is a publicly traded precious metals exploration company headquartered in Saskatoon, Saskatchewan, Canada, whose shares trade on the TSX Venture Exchange (GFG) and on the OTCQB (GFGSF). The Company controls 100% of the Rattlesnake Hills Gold Project, a district scale gold exploration project located approximately 100 kilometres southwest of Casper, Wyoming, U.S. 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, disclosure regarding possible events, the proposed completion of the Rapier Acquisition, West Porcupine Property Acquisition, Swayze Property Acquisition and Concurrent Financing (collectively, the “Transactions”), conditions or financial performance that is based on assumptions about future economic conditions and courses of action; planned use of proceeds, expenditures and budgets and the execution thereof. 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 current exploration and other objectives concerning its mineral projects can be achieved and that its other corporate activities will proceed as expected; that the current price and demand for gold will be sustained or will improve; the continuity of the price of gold and other metals, economic and political conditions and operations; that all conditions precedent to the West Porcupine Property Acquisition and Swayze Property Acquisition and Concurrent Financing will be fulfilled so as to permit such Transactions to be completed on or about December 21, 2017; that all conditions precedent to the Rapier Acquisition will be fulfilled so as to permit such Transaction to be completed mid-February 2018; all necessary approvals and consents in respect of each of the Transactions, including requisite regulatory, securityholder and court approvals, as applicable, will be obtained in a timely manner and on acceptable terms; and that general business and economic conditions will not change in a materially adverse manner. In addition, the similarity or proximity of other gold deposits of the Rocky Mountain alkaline province to the Rattlesnake Hill Gold Project is not necessarily indicative of the geological setting, alteration and mineralization of the Rattlesnake Hills 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: risks and uncertainties related to the Transactions not being completed in the event that any of the conditions precedent thereto are not satisfied; 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 assume no obligation to update any forward-looking statements, except as required by applicable laws.

Source: GFG Resources Inc.