

# GFG Signs Option and Earn-In Agreement with Newcrest to Advance the Rattlesnake Hills Gold Project

9/11/2018

SASKATOON, Saskatchewan, Sept. 11, 2018 (GLOBE NEWSWIRE) -- GFG Resources Inc. (TSXV: GFG) (OTCQB: GFGSF) ("GFG" or the "Company") is pleased to announce that it has signed an option and earn-in agreement (the "Agreement") with Newcrest Resources Inc., a wholly-owned subsidiary of Newcrest Mining Limited (ASX: NCM) ("Newcrest") to advance GFG's Rattlesnake Hills Gold Project (the "Project") in Wyoming, United States. Under the terms of the Agreement, Newcrest has the right to acquire, in multiple stages, up to 75% of the Project by completing a series of exploration and development expenditures ("Exploration Expenditure") summarized below and making staged option cash payments totaling US\$1.25 million to GFG.

Newcrest is one of the world's largest gold mining companies, operating four mines in Australia and the Asia – Pacific regions producing approximately 2.35 million ounces of gold in 2018. Newcrest has extensive experience in discovering, developing and operating in alkalic gold systems similar to the Rattlesnake Hills Gold Project. Exploration and discovery of new ore bodies is an important element in Newcrest's growth strategy and they bring a strong and successful exploration track record.

"We are pleased and excited to have Newcrest as a partner to advance our Rattlesnake Hills project. They bring world class exploration experience and knowledge in alkalic gold systems," stated Brian Skanderbeg, President and CEO of GFG, "and the opportunity to partner with one of the world's largest gold producers validates the brownfield and greenfield opportunities that exist on the Project. This new partnership provides GFG and our shareholders with exposure to two active and fully-funded, district scale gold projects with significant upside in Wyoming and in Ontario, Canada."

GFG and Newcrest are currently preparing for an aggressive exploration program with the intention to conduct a drill program in the third and fourth quarters of 2018. The Company plans to provide further details of the program in the coming weeks.

## Terms of the Agreement

### Option Phase (18 months):

- A US\$100,000 cash payment upon signing the Agreement;
- Newcrest has a minimum commitment to spend US\$2.6 million on Exploration Expenditures within 18-months from executing the Agreement;
- GFG will operate the project during the Option phase and will receive a 10% management fee; and
- Prior to the expiry of the 18-month period, Newcrest will have the right to exercise its option to enter into the Earn-in phase of the Agreement.

### Earn-in Phase:

The Earn-in phase consists of three stages whereby Newcrest can earn up to 75% of the Project over an eight-year period.

#### Stage 1 (4-years):

If Newcrest elects to exercise the option to earn-in, it will make a cash payment to GFG of US\$500,000 and will have the right to earn 49% of the Project over a four-year period by spending an additional US\$14.0 million with a minimum annual Exploration Expenditure of US\$1.0 million.

#### Stage 2 (2-years):

If Newcrest elects to proceed to Stage 2 of the earn-in and makes a cash payment to GFG of US\$650,000, Newcrest's interest in the Project will increase to 51% and it will have the right to earn an additional 4% (total 55%) of the Project over an additional two-year period, by funding the delivery of a positive preliminary economic assessment, in compliance with National Instrument 43-101.

#### Stage 3 (2-years):

If Newcrest elects to proceed to Stage 3 of the earn-in, its interest in the Project will increase to 60% and it will have the right to earn in additional 15% (total 75%) of the Project over an additional two-year period by funding the lesser of: (i) additional Exploration Expenditures, after the completion of Stage 2, of US\$80.0 million; or (ii) the

delivery of a positive Bankable Feasibility Study, in compliance with National Instrument 43-101.

Additional terms:

- The Agreement contains pre-emptive rights provisions should either party elect to sell its interest in the Project.
- After Newcrest has met the minimum US\$2.6 million Exploration Expenditure commitment in the Option phase, Newcrest may terminate at any time without liability. Any expenditure incurred by Newcrest prior to termination will not be refunded by GFG.
- Newcrest has the option to extend each of Stage 2 and Stage 3 by making the following cash payments to GFG:
  - During Stage 2: US\$500,000 for one additional year.
  - During Stage 3: US\$500,000 for one additional year.
- Newcrest may elect at any time after the Option phase to become the Manager.

The Rattlesnake Hills Gold Project:

The Rattlesnake Hills Gold Project is a district scale gold exploration project located in central Wyoming approximately 100 kilometres southwest of Casper. The Project is comprised of 1,573 unpatented lode mining claims as well as eight Wyoming State mining leases covering an area of approximately 30,400 acres. The Project is centrally located within a roughly 1,500-kilometre-long belt of alkalic intrusive complexes that occur along the eastern side of the Rocky Mountains from Montana to New Mexico, several of which are associated with multiple +1-million-ounce gold deposits.

The Project has approximately 90,000 metres of historic drilling which has outlined four significant zones of alteration and precious metal mineralization that are associated with Eocene age alkalic intrusions at North Stock, Antelope Basin, South Stock and Blackjack. The majority of the drilling has focused on near surface, open pit targets in the North Stock and Antelope Basin area with highlights that include intercepts<sup>(1)</sup> of 1.85 grams of gold per tonne (g/t Au) over 236.2 metres ("m") hole length; 4.20 g/t Au over 77.7 m hole length; 2.08 g/t Au over 150.9 m hole length and 0.82 g/t Au over 99.1 m hole length. In addition to the outlined zones of mineralization, the Company believes that the district is highly prospective and has outlined several kilometre-scale greenfield targets that have never been drill tested. These greenfield targets were generated from the Company's geophysical and geochemical programs and host strong similarities to the North Stock and Antelope Basin systems.

(1) Gold intervals reported are based on a 0.20 g/t or 0.50 g/t Au cutoff. Weighted averaging has been used to calculate all reported intervals. True widths are estimated at 60-100% of drilled thicknesses.

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.

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About GFG Resources Inc.

GFG Resources is a North American 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 owns 100% of two large and highly prospective gold properties west of the prolific gold district of Timmins, Ontario, Canada. The Ontario properties are comprised of the 47,500-hectare Pen Gold Project and the 20,000-hectare Dore Gold Project. The consolidated land packages have the same geological setting that hosts most of the gold deposits found in the Timmins Gold Camp which has produced over 70 million ounces of gold. The Company also 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 Agreement and proposed activities thereunder (the "Transaction"), exploration plans for the Project and expected results, 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 Transaction, including requisite regulatory approval will be fulfilled in a timely manner and on acceptable terms; and that general business and economic conditions will not change in a materially adverse manner.

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 Transaction 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.