



PRESS RELEASE

GK RESOURCES LTD. ANNOUNCES ENTRY INTO LETTER OF INTENT FOR THE ACQUISITION OF TWO LATERITE NICKEL DEPOSITS IN BRAZIL

Toronto, Ontario, September 12, 2019

GK Resources Ltd. ("GK" or the "Company") (TSX-V:NIKL) is pleased to announce that it has entered into a letter of intent (the "LOI") dated September 9, 2019 for the acquisition of interests in (i) Guaporé Mineração Ltda. ("Guaporé") from Mineração Tanagra Ltda. ("Tanagra") and Anglo American Níquel Brasil Ltda. ("Anglo American", and together with Tanagra, the "Sellers") and (ii) the rights to the outstanding balance of the existing loans owed by Guaporé to Anglo American, currently in the amount of, approximately, US\$ 125,000, and all rights and obligations in connection therewith ("Transaction"). The LOI is effective from the date of its execution until the earlier of (i) the execution of a definitive share purchase agreement (the "Purchase Agreement") in connection with the Transaction and (ii) 15 November 2019. The LOI will be filed under GK's profile on SEDAR (www.sedar.com). The Purchase Agreement will also to be filed with the regulatory authorities in accordance with applicable laws of Brazil and Canada. The Company is arm's length from the Sellers.

Guaporé currently holds two nickel laterite deposits in Brazil, the Morro sem Boné ("MSB") and Morro do Leme ("MDL", and together with MSB, the "Mineral Rights"), and a 7,413-hectares property on the surface of the MSB deposit (the "Property", and together with the Mineral Rights, the **"Norwest Nickel Project"**).

Main terms of the Transaction as set out in the LOI are as follows:

- Total cash consideration will be in aggregate of US\$ 13,000,000, to paid as detailed below:
 - US\$ 1,000,000, payable by GK to the Sellers upon the execution of the Purchase Agreement and ancillary transaction documents;
 - US\$ 2,000,000, payable by GK to the Sellers on the earlier of (i) obtaining the Installation License for any of the Mineral Rights from the Mato Grosso State Environmental Agency ("SEMA"); (ii) obtaining a provisory mining permit ("*Guia de Utilização*") for any of the Mineral Rights and (iii) December 31, 2024;
 - US\$ 2,000,000 payable by GK to the Sellers on the earlier of (i) obtaining the Operation License for any of the Mineral Rights from SEMA; (ii) obtaining a provisory mining permit ("*Guia de Utilização*") for any of the Mineral Rights and (iii) December 31, 2026; and
 - US\$ 8,000,000, to be paid by GK to the Sellers within 6 months of the first sale, use or disposal of products derived from the Mineral Rights.
- In addition to the cash payments described above, GK will enter or cause Guaporé to enter as the case may be, into a NSR payment agreement with the Sellers, pursuant to the following terms:

- GK will pay the equivalent to 1% of the net smelter returns on all product derived from the Mineral Rights that is sold, used or otherwise disposed of by Guaporé or any affiliate or subsidiary (the “NSR Payment”);
 - If the Norwest Nickel Project is not in production by December 31, 2025, GK will pay the Sellers a yearly amount of US\$ 100,000, commencing January 1, 2026 until January 1, 2030, inclusive, and a yearly amount of US\$ 200,000 starting from January 1, 2031, each of which will be capitalized and deducted from the NSR Payment.
- The Transaction is subject to the following conditions precedent:
 - approval by the TSX Venture Exchange (“TSX-V”), as per the TSX-V listing rules, in Canada; and
 - the receipt of regulatory approvals in Brazil including national defense regulatory requirements.
 - If conditions precedent are not met by November 15, 2021 (“Long Stop Date”), the transaction shall terminate and all amounts eventually paid by GK shall be returned by the Sellers, except the US\$1,000,000 paid on the signing of the SPA. The Long Stop Date may be extended for another year provided that GK demonstrate best efforts to satisfy the conditions precedent.

Ian McDonald, President and CEO of GK, stated:

“We are very pleased to be able to announce this transformative transaction for GK and its shareholders. The acquisition is compelling and establishes GK as a significant nickel developer player from the onset. The transaction is well timed as nickel has been gaining strength in response to favorable market fundamentals.

Our immediate goal is to bring the technical information to National Instrument 43-101 (“NI 43-101”) compliant standards and prepare a preliminary economic assessment with our own view of project development strategy, size and timeline”.

Along with the signing of the LOI, GK is also pleased to announce the appointment of Wagner Lourenço as Chief Operating Officer (“COO”) of the Company.

Mr. Lourenço is a highly seasoned mining professional with over 25 years of experience in base metals mining and metallurgy industries, particularly nickel production.

Mr. Lourenço has worked for 15 years with Nexa Resources S.A., where he was Director of Operations responsible for the Nickel Business Unit, which included three industrial facilities - mines and metallurgy plants - and their respective corporate teams comprising the departments of Marketing & Sales, Engineering & Technology Development, and Capex/Opex management.

Mr. Lourenço says:

“I am very happy and motivated to join GK Resources for the development of the Norwest Nickel Project. I believe that we have the potential to develop a superior nickel project as we will now devote our efforts to rapidly advance into our own optimized economic studies.

The process route for FeNi production is traditionally known and employed in Brazil, with solid operations by large local companies, which helps to expedite the attraction and retention of talented

engineering professionals and technical contractors with experience in similar operations in order to move promptly to the next steps of project development.

In the coming months, our target is to prepare and refine the required studies, as well as focusing on identifying project upsides. Alternative and complementary process routes will be evaluated as such as project Capex and Opex optimization opportunities. I believe that the Norwest Nickel Project has all the attributes to build a success case story to the benefit to all GK's stakeholders".

About Morro Sem Boné and Morro Do Leme Deposits

The MSB deposit is approximately 90 km far from the municipality of Comodoro and 630 km from Cuiabá, capital of Mato Grosso. MDL deposit is located 35km from the MSB deposit, separated by a relatively flat valley region. GK believes that its 7,413-hectare Property which is at the surface of the MSB deposit will be sufficient to conduct future mining activities, including waste pile area and installation of plant facilities.

In GK's view, the highlights of both MSB and MDL deposits are as follows:

- **High Average Nickel Content** – High average Ni grade (%) of nickel content from both deposits compared to similar nickel projects with RKEF technology.
- **Adequate Distribution of Metal Throughout the Historical Resource Area** – Occurrence of higher Ni contents (up to ~16% in certain cases) in regions with superior sample densities with continuous physical aspect, which is favorable for mining process and optimization of mining schedule at higher than average grades in the early years of a potential operation.

The potential grade is derived from historical mineral resource estimates, as described elsewhere in this press release, and thus conceptual nature. There has been insufficient exploration to define a mineral resource and it is uncertain if further exploration will result in the target being delineated as a mineral resource.

- **Adequate Chemical Characteristics for Pyrometallurgical Process** - Iron (Fe) grade and SiO₂/MgO ratio within the adequate range to meet the requirements for a pyrometallurgical process.
- **Complementary Upside Potential from Nearby Lowland Regions** – Relevant potential to increase historical mineral resources by exploring nearby lowland regions and western side of MSB area.
- **Processing Route** - On GK's view, the deposits are suitable for proven Rotary Kiln Electric Furnace (RKEF) processing route, which has been commonly used in similar Ferro-Nickel projects in Brazil.
- **Land Ownership** - Acquisition package also includes land ownership over the surface of flagship deposit MSB with a total area of 7,413 ha. An independent valuation commissioned by GK valued the land at approximately C\$ 4.8 million.

Historical Mineral Resources Statement

To date, GK has not conducted any exploration work on the Norwest Nickel Project. All the existing exploration works on the mineral properties were carried out initially by the Brazilian Geological Survey (CPRM) and, subsequently, in an extensive manner, by Guaporé

A total of 1,372 Reverse Circulation (RC) drill holes for 43,490 linear-metres and 19 diamond (DD) holes for 2,934.60 linear-metres were completed on Norwest Nickel Project during the period between 1992 up to 2012 along the Morro Sem Bone and Morro do Leme deposits. The drilling program started with a 200

m x 50 m spaced pattern and was, subsequently, followed with a coverage at 100 m x 50 m in some portions of the deposits.

In accordance with the historical work developed by Guaporé, and reviewed independently by GK, the historical mineral resources (indicated and Inferred), using a 0.9% Ni cut-off, are estimated at 40,287 Kt grading 1.79% Ni and 17,716 Kt grading 1.73% Ni for Morro Sem Bone and Morro do Leme deposits, respectively. A qualified person has not done sufficient work to classify the historical estimate as current mineral resources, and GK is not treating the historical estimate as current mineral resources. Additional information with respect to historical estimates is located below.

Additional work is required before the historical estimates can be confirmed. The Company is not treating the historical resources as current resources under National Instrument 43-101 Standards of Disclosure for Mineral Projects, or resources verified by an independent qualified person. The data underlying the historical estimates has been reviewed by an independent qualified person, but no independent investigation was carried out to verify its accuracy or completeness. The independent qualified person completed a site visit, pursuant to which data collection procedures were observed and believed to be satisfactory, and the database integrity had been favourably tested. Limitations on the verification procedures include a lack of access to raw data, which prevent independent investigation of the underlying information.

Historical Mineral Inventory of Morro Sem Bone (2013), by Acid and Basic mineral composition and total (Cut-off 0.9% Ni).

Mineral Type	Category	Tonnage Kt	Grade (%)				SiO ₂ /MgO	Ni/Co	Contained Metal (t)
			Ni	Fe	SiO ₂	MgO			
Basic + Acid	Indicated	16,606	1.92	11.05	44.76	24.54	1.82	30.41	318,159
	Inferred	23,680	1.71	13.65	42.85	22.32	1.92	32.44	404,828
	TOTAL	40,287	1.79	12.58	43.64	23.23	1.88	31.51	722,987

Cut-off 0.90% Ni

Historical Mineral Inventory of Morro do Leme (2013), by Acid and Basic mineral and total (Cut-off 0.9% Ni).

Mineral Type	Category	Tonnage Kt	Grade (%)				SiO ₂ /MgO	Ni/Co	Contained Metal (t)
			Ni	Fe	SiO ₂	MgO			
Basic + Acid	Indicated	5,279	1.91	12.80	45.17	21.42	2.11	35.00	100,914
	Inferred	12,438	1.65	13.50	45.23	20.49	2.21	35.00	205,239
	TOTAL	17,716	1.73	13.29	45.21	20.77	2.18	35.00	306,153

Cut-off 0.90% Ni

Historical Mineral Inventory for Morro Sem Bone (2013) and Morro do Leme (2013) Ni laterite deposits

Areas	Mineral Type	Category	Tonnage Kt	Grade (%)				Contained Metal (t)
				Ni	Fe	SiO ₂	MgO	
MSB + MDL	Basic + Acid	Indicated	21,885	1.92	11.47	44.86	23.79	419,073
		Inferred	36,118	1.69	13.60	43.67	21.69	610,067
		TOTAL	17,716	1.78	12.80	44.12	22.48	1,029,140

Cut-off 0.90% Ni

Numbers are rounded

Note: Notwithstanding the above, there is no assurance that the historical resources can be converted to current mineral resources or that they will successfully convert to mineral reserves and demonstrate economic viability supported by either a preliminary economic assessment, pre-feasibility study or feasibility study.

Technical Information

Disclosures of a scientific or technical nature in this news release have been reviewed on behalf of GK by the independent senior geologist, Mr. Paulo I. Brito, BSc (Geology), a "Qualified Person" as defined by Canadian National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101").

Mr. Brito is a senior geologist, member of the Australian Institute of Geoscientists (MAIG), works as a full time independent consultant. Mr. Brito has sufficient experience, which is relevant to the style of mineralization and type style of deposit under consideration and to the activity which he has undertaken to qualify as a Competent Person, as defined in the JORC Code and a Qualified Person as defined by the NI43-101 instrument.

The information in this news release that relates to historical estimates for the Norwest Nickel Project is based on information compiled from the following documents and data sets produced and property of Guaporé:

- "Mineral Inventory Evaluation – Morro Sem Bone Project", which is an internal report from Guaporé, dated from August 2015. This document contains information about local geology/mineralization, existing drilling database, geological modelling and mineral internal resources estimates;
- "Morro Sem Bone Pre-feasibility Study Report – Draft Version" prepared by Guaporé and dated from November 2006'
- "Appraisal Study Report for Morro Sem Bone Project" prepared by Fiprogen on behalf of Guaporé and dated from September 2003; and

Database of technical information maintained by Guaporé as it relates to the Norwest Nickel Project.

Transaction Structure

GK will acquire a 49% interest in Guaporé through its Brazilian entity GK Brasil Mineração Eireli ("GKBR"), and ANC Mineração Ltda. will acquire the remaining 51% from the Sellers.

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About GK Resources Ltd.

GK Resources Ltd. is a mineral property exploration company that completed its initial public offering on March 21, 2019. On March 25, 2019, the shares of the Company began trading on the TSX Venture Exchange under the stock symbol NIKL.

Forward Looking Information

The information in this news release includes certain information and statements about management's view of future events, expectations, plans and prospects that constitute forward looking statements. These statements are based upon assumptions that are subject to significant risks and uncertainties. Because of these risks and uncertainties and as a result of a variety of factors, the actual results, expectations, achievements or performance may differ materially from those anticipated and indicated by these forward looking statements. Forward-looking statements in this news release include, but are not limited to, the completion of the Transaction, the ability of the Company to finance the Transaction, the adequacy of planned nickel processing methods, and the estimated targets for production. Any number of factors could cause actual results to differ materially from these forward-looking statements as well as future results. Although the Company believes that the expectations reflected in forward looking statements are reasonable, it can give no assurances that the expectations of any forward looking statements will prove to be correct. Except as required by law, the Company disclaims any intention and assumes no obligation to update or revise any forward looking statements to reflect actual results, whether as a result of new information, future events, changes in assumptions, changes in factors affecting such forward looking statements or otherwise.

Further Cautionary Statement

Completion of the Transaction is subject to a number of conditions, including but not limited to, the TSX Venture Exchange acceptance, the Brazilian National Defense Council approval, GK and Sellers corporate and shareholders approvals. The Transaction cannot close until the required conditions and regulatory approvals are 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 securities of GK should be considered highly speculative.

The TSX Venture Exchange Inc. has in no way passed upon the merits of the Transaction and has neither approved nor disapproved the contents of this news 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 THE RELEASE.