

## news release

August 13, 2020

**GRAY ROCK RESOURCES LTD.  
ANNOUNCES MEXICAN SILVER PROPERTY OPTION AGREEMENT**

**VANCOUVER, B.C., August 13, 2020: Gray Rock Resources Ltd. (TSX-V: GRK)**–(“Gray Rock” or the “Company”) announced today that an independent special committee of its board of directors has determined to proceed with an option agreement dated August 12, 2020 (the “Option Agreement”) with Avino Silver & Gold Mines Ltd. (“Avino”), as optionor. Pursuant to the terms of the Option Agreement, Gray Rock was granted the exclusive right to acquire an 100% interest in the Ana Maria and El Laberinto properties in Mexico (the “Option”), in consideration of the issuance to Avino of share purchase warrants to acquire 300,000 common shares of the Company at an exercise price of \$0.20 per share for a period of 36 months from the date of the TSX Venture Exchange’s final acceptance of the Option Agreement (the “Approval Date”). In order to exercise the Option, Gray Rock will:

1. Pay or issue to Avino a total of \$600,000 in cash or common shares of the Company as follows:
  - a. \$50,000 in common shares of the Company within 30 days of the Approval Date;
  - b. A further \$50,000 on or before the first anniversary of the Approval Date;
  - c. A further \$100,000 on or before the second anniversary of the Approval Date;
  - d. A further \$200,000 on or before the third anniversary of the Approval Date; and
  - e. A further \$200,000 on or before the fourth anniversary of the Approval Date; and
  
2. Incur a total of \$750,000 in exploration expenditures on the properties, as follows:
  - a. \$50,000 on or before the first anniversary of the Approval Date;
  - b. A further \$100,000 on or before the second anniversary of the Approval Date; and
  - c. A further \$600,000 on or before the fourth anniversary of the Approval Date.

All share issuances will be based on the average volume weighted trading price of the Company’s shares on the TSX Venture Exchange for the ten (10) trading days immediately preceding the date of issuance of the shares, and the shares will be subject to resale restrictions under applicable securities legislation for 4 months and a day from their date of issue. Under the Option Agreement, the parties intend that the first two year’s payments (\$200,000 in cash or shares), and first \$150,000 in exploration work will be firm commitments by the Company.

Any exploration expenditures in excess of any period stated above will be applied towards the next succeeding period’s minimum requirements. During the option period, the Company will also assume liability and be responsible for all required semi-annual property payments required to maintain the properties in good standing.

The Company also granted to Avino a right of first refusal on 60 days’ notice to Avino to purchase and process any ore or concentrate extracted from the properties under a custom milling contract at Avino’s mine facilities.

“These properties offer an opportunity for Gray Rock to explore in a well known and prolific silver district in Mexico. No modern exploration techniques have been applied to the Ana Maria asset however the geological features of the area look quite promising. Additionally, the historical work has identified mineralization and metal values that may be important components of the deposits on both properties. Gray Rock is eager to commence an initial exploration program once the agreement is finalized and the exploration program is financed.” said David Wolfin, President and CEO of Gray Rock Resources Ltd.

## **Ana Maria Property**

The Ana Maria property is located 21 kilometres (km) northwest of the City of Gómez Palacio and the adjacent City of Torreón, and 1 km north of the town of Dinimita, in the municipality of Gómez Palacio, Durango, Mexico. The claims are located in the Minitas mining district in the Guadalupe Victoria mining region. The property consists of 9 mining concessions encompassing 2,549 hectares (ha).

Minimal documentation exists regarding the history and production at Ana Maria; however, historical reporting states that La Lucha was exploited for Iron (Fe) and Manganese (Mn). Production terminated in 1943 and it was estimated to have produced 12,000 tons of material and reserves of approximately 25,000 tons.

*The historical estimates of production and reserves as stated above are for historical reference only and do not use the categories set out in NI 43-101. The estimates are deemed relevant from the perspective that mineralization is present on the property which may indicate the existence of other related mineral assemblages. The QP has not validated nor verified these historical estimates nor any underlying data as information and data is not available. The QP has not done sufficient work to classify the estimates and the issuer is not treating the historical estimate as current. The source of the information is the Mexican Government website and USGS (United States Geological Survey) website.*

These projects are located in the North West-South East (NW-SE) striking fold-thrust belt of the Sierra Madre Oriental within a west trending prong known as the Sierras Transversales or the Monterrey-Torreón transverse system. It divides the Mesa Central, an elevated plateau to the South, from the eastern Mexican Basin and Range to the North.

The region hosts a number of carbonate replacement deposits (CRD's) within Cretaceous limestones and dolomites. Mineralization is associated with large stocks, dykes or sills of granitoids ranging from diorites to quartz monzonites and rhyolites and inferred to be lower crustal in origin. Mineralization is present as skarns or massive sulphides and occurred during Mid-Tertiary volcanism when the aforementioned intrusions were emplaced (Megaw et al., 1988 and references therein). The deposits typically produce silver, lead, zinc and copper although some districts, such as Ojuela (~10 kilometres from Ana Maria and La Zorra), are enriched in gold relative to typical CRD's.

## **The Labertino Project**

The Laberinto Project is located in the "Sierra de la Silla" northwest of the town of Francisco I. Madero in the municipality of Panuco de Coronado. It is approximately 60 kilometres northeast of the city of Durango City, México. The property consists of mining concession encompassing 91.7 ha.

El Laberinto is situated within the Tepehuano terrane, as are Ana Maria, La Recompensa, and the El Soldado projects, but in close proximity to the contact with the Tahue terrane, W of the Sierra Madre Oriental. The carbonates that host the CRD projects are absent; no Mesozoic rocks survived erosional processes in the region. Instead of the thrust belts of the Sierra Madre Oriental, the region is controlled by a series of North West-South East (NW-SE) to North North West-South South East (NNW-SSE) striking faults that create a horst-and-graben topography.

The main mineralized material at El Laberinto are comprised of iron, lead and zinc sulphides with minor silver sulphosalts. Gold and silver are present with minor lead and copper and to a lesser extent zinc. Values of gold and silver are localized in oxidized portions of the system suggesting that supergene enrichment may be an important component of the deposit. Mineralization is found in quartz veins, veinlet zones and, to a lesser degree, dissemination around veins and veinlets.

In the mid-1990's, the El Laberinto historical exploration performed by "Compañía Minera Mexicana de Avino S.A. de C.V." was focused on the objective of evaluating the potential of the main vein.

The historic work consisted of mapping and geological surface sampling, diamond drilling (3 Holes totaling 753.73 metres), mine development of the Jabalí Tunnel, with a strike length of 300 metres over the main structure and 80 metres in a cross-cut.

*The historical exploration work as stated above are for historical reference only. The QP has not validated nor verified the data as the information is not currently available. The source of the information is an internal report from the previous operator, Endeavor Silver Corporation.*

From September 2012 through to July 2013, work was carried out as part of the agreement between Avino Gold & Silver Mines (Avino) and Endeavour Silver Corp. (EDR) to test the potential of mineralization in the El Laberinto Claim.

This historical work included a mapping and systematic sampling campaign, collecting a total of 208 samples on surface with values of up to 8 grams per tonne (g/t) gold & 421 g/t silver with the anomalous values mostly coming from the Laberinto Structure.

The drilling completed at that time was focused on the South part of the Laberinto Structure which was thought to have had the best potential of mineralization with large volumes and low grades. A total of 5 Holes were completed with 1,367 meters drilled and 2,800 samples were collected in both alteration zones and structures focused particularly in the host rock.

*The historic exploration activities as listed above were performed by previous operators. The QP has not validated nor verified the information nor any underlying data however the information is considered reasonable and reliable.*

#### **Qualified Person**

Mr. Garth Kirkham P. Geo, Independent Consultant for Gray Rock Resources Ltd, is a Qualified Person ("QP") as defined by National Instrument 43-101 ("NI 43-101"), and has approved the scientific and technical disclosure in this news release and prepared or supervised its preparation.

#### **Terms and Related Party Transaction**

The terms of the Option Agreement were recommended to the board of directors by an independent special committee due to the fact that Gray Rock and Avino have a director in common, namely David Wolfen, who also holds indirectly a control position in Gray Rock. Mr. Wolfen was not involved in the negotiations of the Option Agreement, and has abstained from voting thereon as a director of the Company and Avino. The independent special committee of the Company considered all material facts currently known concerning the properties, which were relevant to its recommendation to the board.

As a "related party transaction" within the meaning of Multilateral Instrument 61-101, the Company will rely upon the exemptions from the requirements of a formal valuation and majority of the minority approval afforded by sections 5.5(b) and 5.7(b) respectively.

The Option Agreement is subject to the acceptance for filing of the TSX Venture Exchange.

#### **Cautionary Note**

The information contained herein contains "forward-looking statements" within the meaning of applicable securities legislation. Forward-looking statements relate to information that is based on numerous assumptions and involve known and unknown risks, uncertainties and other factors, including risks inherent in mineral exploration and development, which may cause the actual results, performance, or achievements of the Company to be materially different from any projected future results, performance, or achievements expressed or implied by such forward-looking statements. Such information contained herein represents management's best judgment as of the date hereof based on information currently available. The Company does not assume the obligation to update any forward-looking statement.

*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 this news release.*