

Calgary, Alberta (FSCwire) - [Morro Bay Resources Ltd.](#) (Morro Bay; or the Company) (TSX-V: MRB; OTCQX: MRRBF) announces that it has received a Notice of Default from [Riverside Resources Inc.](#) ("Riverside") in regard to the Joint Venture between Morro Bay and Riverside. Riverside alleges in its Notice of Default that Morro Bay has failed to incur \$750,000 of Joint Venture Expenditures at the Peñoles Joint Venture Property (the Peñoles Project). Riverside alleges in its Notice of Default that the failure of Morro Bay to incur these expenses constitutes a default pursuant to the Agreement between Morro Bay and Riverside. Morro Bay acknowledges that it has not incurred the full \$750,000 of expenditures on the Peñoles Project by on or before May 16, 2016 as required.

In the event the default is not corrected by June 13, 2016, Riverside intends to exercise its rights under the Agreement between Morro Bay and Riverside. Such remedies include the right of Riverside to reacquire the 51% held by Morro Bay (or its Mexican subsidiary) in the Peñoles Project and deliver to Morro Bay, or its assigns 80 percent of the Morro Bay shares held by Riverside. Morro Bay acknowledges that it is unlikely that it will be in a position to cure the default by June 13, 2016. Through-out 2015 and 2016 Morro Bay sought to locate capital to invest in the Peñoles Project but was unable to raise the necessary capital to meet the amounts required to move the development of the Peñoles Project forward.

Morro Bay intends to continue to consider its alternatives and will provide further information as it moves forward.

About Morro Bay

Morro Bay is a junior mineral exploration company based in Calgary, Alberta, Canada, focused on the exploration for precious metals in Mexico. Morro Bay's business strategy is to build shareholder value by rapidly advancing the Peñoles Project in Mexico through the resource delineation stage.

Further Information

For further information please contact:

Morro Bay Resources Ltd.

John C. Zang

President and Chief Executive Officer

E: jzang@morrobayresources.com

T: 403 680 9264

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Information in this news release may contain forward looking information. Statements containing forward looking information express, as at the date of this news release, the Company's plans, estimates, forecasts, projections, expectations, or beliefs as to future events or results and are believed to be reasonable based on information currently available to the company.

There can be no assurance that forward-looking statements will prove to be accurate. Actual results and future events could differ materially from those anticipated in such statements. Readers should not place undue reliance on forward-looking information.

The forward-looking information contained in this news release is as of the date hereof and Morro Bay does not undertake any obligation to update publicly or to revise any of the included forward looking statements contained herein, except as required by applicable law. The forward-looking statements contained herein are expressly qualified by this cautionary statement.

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