



BLACK DRAGON GOLD

ANNUAL INFORMATION FORM

For the Year ended December 31, 2018

Dated as of March 31, 2019

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INTRODUCTORY NOTES

References to "we", "our", "us", the "Company" or "Black Dragon" in this annual information form (this "Annual Information Form") is to the consolidated operations of Black Dragon Gold Corp. and its subsidiaries. Unless otherwise indicated, the information in this Annual Information Form is given as of March 29, 2019. Mineral resources, which are not mineral reserves do not have demonstrated economic viability. The estimate of mineral resources may be materially affected by environmental, permitting, legal, marketing, or other relevant issues, none of which have been identified at this time.

REPORTING CURRENCY

All financial amounts contained in this Annual Information Form are expressed as Canadian dollars currency unless otherwise stated. Conversions may not reconcile due to rounding. All references to "\$" or "C\$" are references to Canadian dollars, all references to "US\$" are references to United States dollars, all references to "A\$" are references to Australian dollars and all references to "€" are references to Euros. The reporting currency for the Company is Canadian dollars.

CAUTIONARY STATEMENT REGARDING FORWARD LOOKING INFORMATION

Certain statements in this Annual Information Form are forward-looking statements or forward-looking information (collectively "forward-looking statements") within the meaning of applicable Canadian Securities laws. We are hereby providing cautionary statements identifying important factors that could cause the actual results to differ materially from those projected in the forward-looking statements. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance are not historical facts and may be forward-looking and may involve estimates, assumptions and uncertainties which could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements.

Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "believes" or the negatives thereof or variations of such words and phrases or statements that certain actions, events or results "if", "may", "could", "would", "might" or "will" be taken, occur or be achieved.

Forward-looking statements in this Annual Information Form include, but are not limited to, statements with respect to: (i) the estimation of Inferred and Indicated Mineral Resources; (ii) that once the Company obtains a positive Environmental Impact Declaration ("EID") and the authorisation of the project, it will be able to commence construction of the Salave gold mine, pending municipal permits; (iii) the market and future price of gold; (iv) the timing, cost and success of future exploration and development activities; (v) currency fluctuations; (vi) requirements for additional capital; and (vii) increases in mineral resource estimates..

Forward-looking statements are based on the reasonable assumptions, estimates, analysis and opinions of management made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such statements are made, but which may prove to be incorrect. The Company believes that the assumptions and expectations reflected in such forward-looking information are reasonable.

Assumptions have been made regarding, among other things, the estimation of mineral resources, the realization of resource estimates, gold and other metal prices, the timing and amount of future

exploration and development expenditures, the estimation of initial and sustaining capital requirements, the availability of necessary financing and materials to continue to explore and develop the Salave Gold Property in the short and long-term, the progress of development and exploration activities, and assumptions with respect to currency fluctuations, environmental risks, title disputes or claims, and other similar matters. Readers are cautioned that the foregoing list is not exhaustive of all factors and assumptions which may have been used. While the Company considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect.

By their nature, forward-looking statements involve numerous assumptions, inherent risks and uncertainties, both general and specific, which contribute to the possibility that the predicted outcomes may not occur or may be delayed. The risks, uncertainties and other factors, many of which are beyond the control of the Company, that could influence actual results include, but are not limited to: risks inherent in the exploration and development of mineral deposits, including risks relating to changes in project parameters as plans continue to be redefined, risks relating to variations in ore reserves, grade or recovery rates resulting from current exploration and development activities, risks relating to changes in the price of gold, silver and copper and the worldwide demand for and supply of such metals, risks related to current global financial conditions, uncertainties inherent in the estimation of mineral resources, access and supply risks, reliance on key personnel, risks inherent in the conduct of mining activities, including the risk of accidents, labour disputes, increases in capital and the risk of delays or increased costs that might be encountered during the development process, regulatory risks, including risks relating to the acquisition of the necessary licenses and permits, financing, capitalization and liquidity risks, including the risk that the financing necessary to fund the exploration and development activities at the Salave Gold Property may not be available on satisfactory terms, or at all, risks related to disputes concerning property titles and interest, and environmental risks.

Readers are cautioned that the foregoing lists of factors are not exhaustive.

The forward-looking statements in this Annual Information Form are based on the reasonable beliefs, expectations and opinions of management on the date of this report. Although we have 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 is no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information.

The forward-looking statements contained in this Annual Information Form are expressly qualified by this cautionary statement. Except as required by applicable laws, the Company does not undertake any obligation to publicly update or revise any forward-looking statements contained in this Annual Information Form.

NOTICE TO U.S. INVESTORS

Technical disclosure contained or incorporated by reference in this Annual Information Form has not been prepared in accordance with the requirements of United States securities laws and uses terms that comply with reporting standards required in Canada. Specifically, the Mineral Resource Estimate and all technical information related to the Salave Gold Deposit presented in this Annual Information form has been prepared in accordance with Canadian National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101"). NI 43-101 is a set of rules and guidelines developed by the Canadian Securities Administrators that establishes standards for all public disclosure an issuer makes of scientific and technical information concerning mineral projects. Unless otherwise indicated, all Mineral Resource Estimates contained in this Annual Information Form have been prepared in accordance with NI 43-101 and the Canadian Institute of Mining, Metallurgy and Petroleum ("CIM") classification system.

U.S. investors are cautioned that Canadian or NI43-101 standards for reporting mineral resources and reserves differ significantly from the requirements of the United States Securities and Exchange Commission ("SEC"). In particular, the terms "measured mineral resources", "indicated mineral resources" or "inferred mineral resources" are not recognized by the SEC according to the standards defined in SEC Industry Guide 7. Estimates other than proved or probable reserves, and any estimated values of such reserves shall not be disclosed unless such information is required to be disclosed by foreign or state law.

The SEC will permit U.S. issuers to report mineralisation that does not constitute "reserves" as "mineralised material" or some similar term, but the term "resource" cannot be used. When reporting "mineralised material", tonnages and grade or quality can be published but the amount of metal or mineral contained should not be reported by companies which are subject to SEC rules.

In both Canadian and U.S. regulatory jurisdictions, mineralisation may not be classified as a "reserve" unless the determination has been made that the mineralisation could be economically and legally produced or extracted at the time the reserve determination is made.

THIRD PARTY INFORMATION

We have obtained certain information contained in this Annual Information Form concerning the industries in which we operate from publicly available information from third party sources. We have not verified the accuracy or completeness of any information contained in such publicly available information. In addition, we have not determined if any such third party has omitted to disclose any facts, information or events which may have occurred prior to or subsequent to the date as of which any such information became publicly available or which may affect the significance or accuracy of any information contained in any such information and summarized herein.

GLOSSARY OF TECHNICAL TERMS

Allotriomorphic

is marked by a form different from the normal or expected because of development in special circumstances. Used especially of mineral grains of igneous rocks whose mutual growths have prevented the assumption of outward crystal form. This is contrasted with idiomorphic.

Antiform

Any fold whose form is convex upward is an antiform. Antiforms containing progressively younger rocks from their core outwards are anticlines. An anticline or antiform has a crest, which is the highest point on a given stratum along the top of the fold. Contrasts with synform and syncline.

Bio-oxidation

is an oxidation process caused by microbes where the valuable metal remains (but becomes enriched) in the solid phase. Conversely the pressure oxidation process is used to prepare such ores for conventional gold extraction processes such as cyanidation. It is performed in an autoclave at high pressure and temperature, where high-purity oxygen mixes with a slurry of ore.

BQ Core

is a standard diamond drill tube size of 60 millimeters outer diameter and 36.5 millimeters inner diameter.

CIM Definition Standards

means the definitions contained in the 2014 CIM Definition Standards – for Mineral Resources and Mineral Reserves.

Cut-off grade

is a calculated minimum metal grade at which material can be mined and processed at break-even cost.

Dore

is a compound containing gold and silver metal and various impurities.

Feasibility study

means a comprehensive technical and economic study of the selected development option for a mineral project that includes appropriately detailed assessments of applicable Modifying Factors together with any other relevant operational factors and detailed financial analysis that are necessary to demonstrate, at the time of reporting, that extraction is reasonably justified (economically mineable). The results of the study may reasonably serve as the basis for a final decision by a proponent or financial institution to proceed with, or finance, the development of the project. The confidence level of the study will be higher than that of a Prefeasibility Study.

HQ Core

has a drill core diameter of 63.5 millimeters.

Indicated Mineral Resource

means that part of a Mineral Resource for which quantity, grade or quality, densities, shape and physical characteristics are estimated with sufficient confidence to allow the application of Modifying Factors in sufficient detail to support mine planning and evaluation of the economic viability of the deposit. Geological evidence is derived from adequately detailed and reliable exploration, sampling and testing and is sufficient to assume geological and grade or quality continuity between points of observation. An Indicated Mineral Resource has a lower level of confidence than that applying to a Measured Mineral Resource and may only be converted to a Probable Mineral Reserve.

Induced Polarisation Survey (IP)

is a geophysical imaging technique used to identify the electrical chargeability of subsurface materials, such as ore.

Inferred Mineral Resource

means that part of a Mineral Resource for which quantity and grade or quality are estimated on the basis of limited geological evidence and sampling. Geological evidence is sufficient to imply but not verify geological and grade or quality continuity. An Inferred Mineral Resource has a lower level of confidence than that applying to an Indicated Mineral Resource and must not be converted to a Mineral Reserve. It is reasonably expected that the majority of Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continued exploration.

Inverse Distance Weighting (IDW)

is a type of deterministic method for multivariate interpolation with a known scattered set of points. The assigned values to unknown points are calculated with a weighted average of the values available at the known points.

Measured Mineral Resource

means that part of a Mineral Resource for which quantity, grade or quality, densities, shape, and physical characteristics are estimated with confidence sufficient to allow the application of Modifying Factors to support detailed mine planning and final evaluation of the economic viability of the deposit. Geological evidence is derived from detailed and reliable exploration, sampling and testing and is sufficient to confirm geological and grade or quality continuity between points of observation. A Measured Mineral Resource has a higher level of confidence than that applying to either an Indicated Mineral Resource or an Inferred Mineral Resource. It may be converted to a Proven Mineral Reserve or to a Probable Mineral Reserve.

Mineral reserve

means the economically mineable part of a Measured and/or Indicated Mineral Resource. It includes diluting materials and allowances for losses, which may occur when the material is mined or extracted and is defined by studies at Pre-Feasibility or Feasibility level as appropriate that include application of Modifying Factors. Such studies demonstrate that, at the time of reporting, extraction could reasonably be justified. The reference point at which Mineral Reserves are defined, usually the point where the ore is delivered to the processing plant, must be stated. It is important that, in all situations where the reference point is different, such as for a saleable product, a clarifying statement is included to ensure that the reader is fully informed as to what is being reported. The public disclosure of a Mineral Reserve must be demonstrated by a Pre-Feasibility Study or Feasibility Study.

Mineral Resource

means a concentration or occurrence of solid material of economic interest in or on the Earth's crust in such form, grade or quality and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade or quality, continuity and other geological characteristics of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge, including sampling.

Modifying Factors

mean considerations used to convert Mineral Resources to Mineral Reserves. These include, but are not restricted to, mining, processing, metallurgical, infrastructure, economic, marketing, legal, environmental, social and governmental factors.

Net Smelter Return

is the net revenue that the owner of a mining property receives from the sale of the mine's metal/non-metal products less transportation and refining costs.

NI 43-101 Definitions

This Annual Information Form utilizes the following defined terms from NI 43-101, which are adopted from the CIM.

NQ Core

has a drill core diameter of 47.6 millimeters.

Ordinary Kriging (OK)

Ordinary kriging is an optimal predictor if the mean is assumed constant but unknown over the entire region of interest. If the mean is constant but known, a method called simple kriging gives optimal predictions (rarely used in practice).

Peraluminous

(of an igneous rock) containing a higher proportion of aluminium than of sodium and potassium (taken together).

Pre-feasibility study or preliminary feasibility study

means a comprehensive study of a range of options for the technical and economic viability of a mineral project that has advanced to a stage where a preferred mining method, in the case of underground mining, or the pit configuration, in the case of an open pit, is established and an effective method of mineral processing is determined. It includes a financial analysis based on reasonable assumptions on the Modifying Factors and the evaluation of any other relevant factors which are sufficient for a Qualified Person, acting reasonably, to determine if all or part of the Mineral Resource may be converted to a Mineral Reserve at the time of reporting. A Pre-Feasibility Study is at a lower confidence level than a Feasibility Study.

Preliminary economic assessment or scoping study as defined in NI 43-101, means a study, other than a pre-feasibility or feasibility study, that includes an economic analysis of the potential viability of mineral resources.

Probable Mineral Reserve

means the economically mineable part of an Indicated, and in some circumstances, a Measured Mineral Resource. The confidence in the Modifying Factors applying to a Probable Mineral Reserve is lower than that applying to a Proven Mineral Reserve.

Proven Mineral Reserve or Proved Mineral Reserve

means the economically mineable part of a Measured Mineral Resource. A Proven Mineral Reserve implies a high degree of confidence in the Modifying Factors.

QA/QC

means quality assurance/quality control.

Qualified Person or "QP"

as defined in NI 43-101, means an individual who, among other things: (i) is an engineer or geoscientist with a university degree, or equivalent accreditation, in an area of geoscience, or engineering, relating to mineral exploration or mining; (ii) has at least five years of experience in mineral exploration, mine development or operation or mineral project assessment, or any combination of these, that is relevant to his or her professional degree or area of practice; (iii) has experience relevant to the subject matter of the mineral project and the technical report; and (iv) is a member in good standing of a professional association that, among other things, is self-regulatory, has been given authority by statute in a jurisdiction of Canada, admits members based on their qualifications and experience, requires compliance with professional standards of competence and ethics, and has disciplinary powers to suspend or expel a member. A professional association in a foreign jurisdiction is recognized for the purpose of this definition if it admits members who have (a) attained a position of responsibility in their profession that requires the exercise of independent judgement; and (b) passed a confidential peer evaluation of the individual's character, professional judgement, experience and ethical fitness, or received a recommendation of membership by at least two peers and demonstrated prominence or expertise in the field of mineral exploration or mining.

RC Drilling

is reverse circulation drilling.

Refractory material

Mineralised material from which metal is not amenable to recovery by conventional cyanide methods without any pre-treatment. The refractory nature can be due to either silica or sulfide encapsulation of the metal or the presence of naturally occurring carbon or other constituents that reduce gold recovery.

RMR

is rock mass rating.

RQD

is rock quality designation.

Swath Plot

is a one-dimensional graph in a specific direction of interest.

Xenolith

is a piece of rock within an igneous mass which is not derived from the original magma but has been introduced from elsewhere. Typically, xenoliths are fragments of the surrounding country rock the igneous magma has intruded.

ABBREVIATIONS

In this Annual Information Form, the following abbreviations are used to express elements and units of measurement:

Ag - silver

Au – gold

As - arsenic

Cu - copper

g/t - grams per tonne

ha - hectares

Koz - thousand ounces

Ma - million years

masl - metres above sea level

Moz - million ounces

Mt - million tonnes

oz - ounces

Pb - lead

Ppb - parts per billion

Troy oz - troy ounces, with each troy ounce being equal to 31.1034768 grams

Zn - zinc

µm – micrometre

CORPORATE STRUCTURE

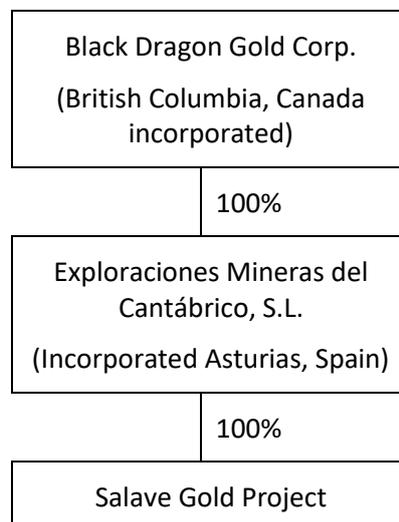
NAME, ADDRESS, AND INCORPORATION

Black Dragon Gold Corp. (the “Company”) was incorporated under the laws of the Province of British Columbia on August 20, 2007 and is classified as a junior mining issuer with the Australian Securities Exchange (“ASX”) and as a Canadian non venture issuer. The Company’s head office address is Second Floor, Stamford House, Cheltenham, Gloucestershire, GL50 1HN U.K. The registered and records office address is 1000 Cathedral Place, 925 West Georgia Street, Vancouver, BC V6C 3L2.

CORPORATE ORGANISATION CHART

COMPANY STRUCTURE

The Company’s corporate structure is as follows:



EMC was incorporated under the laws of Spain in 1965 and is engaged in the acquisition and exploration of mineral resource properties in Spain. EMC is the owner of the Concessions and the Investigation Permit. EMC has no subsidiaries

DESCRIPTION OF THE BUSINESS

GENERAL OVERVIEW

The Company was incorporated under the BCBCA on 20 August 2007 under the name “Dagilev Capital Corp.” The Company filed its prospectus for an initial public offering with the TSX-V on 4 February 2008, received TSX-V regulatory approval on 6 February 2008 and commenced trading on the TSX-V under the trading symbol of “DCC” on 28 February 2008.

The Company was initially classified as a “Capital Pool Company” as defined in TSX-V Policy 2.4. The principal business of the Company was the identification and evaluation of assets or a business and once identified or evaluated, to negotiate an acquisition or participation in a business subject to receipt of shareholder approval and acceptance by regulatory authorities (Qualifying Transaction).

Until the completion of a Qualifying Transaction, the Company was prohibited from carrying on any business other than the identification and evaluation of assets or businesses in connection with a potential Qualifying Transaction.

On 10 February 2010, the Company entered into an agreement with Rio Narcea Gold Mines, Ltd. (RNGM) and Rio Narcea Corporativa S.L (RNC) pursuant to which the Company agreed to acquire 95.04% of the issued and outstanding shares in EMC, the holder of the Concessions comprising the Project.

On 17 March 2010, the Company entered into an agreement with RNGM, RNC, Isabel Freire, Isabel Kienel Freire and Olimpia Freire (together, Freire) pursuant to which the Company agreed to acquire the remaining 4.96% of the issued and outstanding shares in EMC.

On 14 April 2010, the Company completed the acquisitions of the issued and outstanding shares in EMC.

On 4 June 2010, the Company changed its name to “Astur Gold Corp.” and changed its trading symbol on the TSX-V to “AST” to more accurately reflect the Company’s business activities in the historic mining province of Asturias, Spain. Since this time, the Company has progressed exploration, engineering studies, environmental impact studies and permitting processes at the Project. The Company has also expanded the concession profile originally acquired through successful applications to the General Directorate of Mines and Energy of the Principality of Asturias.

On 12 July 2016, the Company announced that it had entered into strategic agreements for the restructuring and refinancing of the Company in order to repay its debt facilities then in place. The Company settled its previous debts as part of this restructure and is now debt-free. The Company also changed its name as part of this restructure from Astur Gold Corp. to Black Dragon Gold Corp. and began trading on the TSX-V under the symbol BDG.V. This change of name and trading symbol took effect from 14 October 2016. On 4 July 2017, the Company appointed a new Board of Directors to lead the Company through its next chapter. The current Board have significant experience in operating exploration and predevelopment mining projects, particularly in Europe. The Board’s focus is now on fast-tracking the progress of the Project to production.

On 29 August 2018, the Company announced that it had commenced trading on the Australian Securities Exchange (“ASX”) following a highly successful and oversubscribed Initial Public Offering (“Prospectus Offering”) that raised A\$6,000,000 (approximately C\$5,760,000) (before costs).

SALAVE PROJECT OVERVIEW

Black Dragon Gold Corp. (BDG, Black Dragon) owns 100% of the Salave gold deposit (Salave) through its wholly owned Spanish subsidiary Exploraciones Mineras del Cantábrico SL (EMC). The BDG tenure includes five Mining Concessions and associated extensions covering 662 ha and an Investigation Permit covering another 2,765 ha. Within the concession boundaries, the Company owns 109,753 m² of freehold land over the surface mineralisation.

The project has had some €55 million spent on its development and resource definition. A prominent geophysical anomaly coincident with favourable geology, alteration and mineralisation defines a significant gold target that prompted intense drilling campaigns by major gold companies resulting in some 69,000 metres of drilling plus extensive social, environmental and engineering studies and testwork.

The company applied for an administrative authorisation permit (“AAP”) in 2015, which is similar to a construction permit. This was denied due to the Company not adequately addressing the concerns of the relevant stakeholders in relation to certain water issues. The Company subsequently brought administrative judicial proceedings against the relevant authorities claiming both the reversal of the decision and €8 million in damages. The legal proceedings essentially blocked the development process as it halted further consultation and negotiation. All judicial proceedings have now been dismissed. No mining is currently occurring at the Salave deposit. The only known past production of gold from the Salave project dates from Roman times.

The Salave deposit is primarily hosted by the Salave granodiorite, an elongate body of granodiorite, trending west-northwest and covering an area approximately 2 km x 500 m. Most of the gold mineralisation at Salave has been delineated within an area 400 m wide, 500 m long, and 350 m deep. Gold mineralisation occurs in a series of stacked, north to northwest trending, shallowly southwest dipping irregular lenses related to faults and fracture zones that are parallel to the contact of the intrusive and overlying metasedimentary rocks. Mineralisation at Salave is related to hydrothermal alteration of the host granodiorite. The highest gold grades are associated with intense albite-sericite alteration with fine-grained arsenopyrite, commonly disseminated as fine needles, pyrite and stibnite.

Gold mineralisation in the deposit area was discovered and explored by various companies since 1967. BDG completed a seven-hole confirmation drilling program (2,217m) in 2018 and an updated mineral resource estimate (MRE) which included the 2018 drill-holes.

The 2018 MRE has been reported and classified as Measured, Indicated and Inferred in accordance with CIM Standards and is therefore suitable for public release. The classification level is based upon an assessment of geological understanding of the deposit, geological and grade continuity, drill-hole spacing, quality control results, search and interpolation parameters, and analysis of available density information.

Table 1: Mineral Resource Estimate for the Salave Gold Deposit at a 2.0 g/t Au cut-off grade, Effective date, 31 October 2018

Resource Category	Tonnes (Mt)	Au grade (g/t)	Au contained metal (koz)
Measured	1.0	5.6	190
Indicated	7.2	4.4	1,020
Measured + Indicated	8.2	4.6	1,210
Inferred	3.1	3.5	350

Notes:

- *The Mineral Resource Estimate (MRE) was carried out by Dmitry Pertel, MSc (Geol), MAIG, GAA of CSA Global, the independent Qualified Person as defined by National Instrument 43-101. A copy of the technical report “Salave Gold Project Mineral Resource Update for Black Dragon Gold Corp.” is posted on the Company’s website www.blackdragongold.com*

- *Classification of the MRE was completed based on the guidelines presented by Canadian Institute for Mining (CIM -May 2014), adopted for Technical reports which adhere to the regulations defined in Canadian National Instrument 43-101 (NI 43-101).*
- *A cut-off grade of 2 g/t Au has been applied when reporting the Mineral Resource.*
- *All density values were interpolated, except CHL and SER domains where a single density value of 2.67 t/m³ was used.*
- *Rows and columns may not add up exactly due to rounding.*
- *Mineral Resources that are not Mineral Reserves do not have economic viability.*
- *The quantity and grade of the Inferred resources reported in this estimation are conceptual in nature and there has been insufficient exploration to define these Inferred resources as an Indicated and Measured resource. It is uncertain if further exploration will result in upgrading them to an Indicated or Measured category, although it is reasonably expected that the majority of the Inferred resources could be upgraded to Indicated Mineral Resources with further exploration.*

The resource cut-off grade of 2.0 g/t Au was chosen to capture mineralisation that is potentially amenable to underground mining, sulphide concentration, and gold recovery using off-site processing. This cut-off grade was selected based on a gold price of US\$1,300/ounce, a gold recovery of 92%, a mining cost of US\$50/tonne, a processing cost of US\$18/tonne, and a general and administration (G&A) cost of US\$6/tonne. The reported resources occur in bodies of sufficient size and continuity to meet the requirement of having reasonable prospects for eventual economic extraction. Due to the necessity to maintain a surficial crown pillar in a potential underground operation, all material from the present surface to a depth of 40 m is not included in the Salave Resources. For full details regarding the Salave MRE please refer to the CSA Global technical report titled “Salave Gold Project Mineral Resource Update for Black Dragon Gold Corp.” on the Company’s web site, www.blackdragongold.com.

Several phases of metallurgical testwork has been be carried out on the Salave Deposit. The most comprehensive metallurgical program consisting of bench-scale and pilot testing was managed by Ausenco Ltd. From 2005 to 2006 on two bulk samples from the Upper and Lower Zones of the Salave orebody. The results from metallurgical testwork to date indicate that the Salave mineralisation is refractory and shows consistently high gold recoveries by flotation and subsequent pressure or bio oxidation of the sulphide concentrate. The Ausenco testwork demonstrated that the Salave ore is moderately hard with a bond work index ranging from 16.3 to 17.2 kWh/tonne, yields flotation recoveries ranging from 96.3 to 97.8% and subsequent recovery from pressure oxidation of the gold bearing sulphide concentrate of over 98%. The resulting overall potential gold recovery is approximately 96.5%.

CORPORATE STRATEGY

The 2018 strategic plan focused on creating shareholder value through fast tracking the progress of the Salave asset to production. Before assuming management of the Company, previous management had identified the construction permitting issues and the existing RMB debt as the sole restraints on the realization of the asset’s significant value. Previous management resolved the RMB debt by renegotiating an option to repurchase the US\$10 million facility for US\$3 million plus certain other consideration. Management’s strategy for the construction approval was on clearing adversarial legal proceedings to allow the Company to reset the relationships with the relevant authorities and stakeholders. All proceedings have now been concluded with the final proceedings being dismissed by the Superior Court of Justice of Asturias during 2017.

On January 23, 2018 the Company announced that it had commenced a 2,200m exploration drilling program on the Salave Gold Deposit (“Salave” or “Salave Project”) in Asturias, Spain, following the receipt of approval from the Asturias Ministry of Employment, Industry & Tourism, as well as the Municipality of Tapia de Casariego. This drilling program was completed in April of 2018, totalling 2,217 metres and final results were released on September 24, 2018.

The previous NI 43-101 Mineral Resource Estimate for the Salave Project (Amended Technical Report with effective date of October 7, 2016) defined measured and indicated resources totalling 6.52 million Tonnes grading 4.51 g/t Au containing 944,000 ounces of gold using a 2.0 g/t cutoff grade. This mineral resource estimate identified sub-vertical structures which require further understanding and definition. The 2018 drilling program was designed to accomplish the following:

- Confirm the orientation of higher grade gold mineralisation intersected in numerous drill-holes during previous diamond drilling programs.
- Provide information on the orientation of structures that potentially control the orientation of gold mineralisation at Salave;
- confirm the gold tenor and intersection lengths of previous diamond drill-holes;
- provide additional samples for metallurgical test work optimisation studies; and
- provide additional structural and geotechnical data for ongoing project development studies.

The program pushed deeper into the Salave Lower Zone with depths reaching 350m from surface (vertical), but with holes angled between 65° and 75°. Two drill rigs were mobilized to the Salave project in the spring of 2018 and all holes were drilled from two locations, minimising surface disturbance, and reducing the time required to complete the program.

The results of this program have been released to the market (April 5, September 10 and September 24, 2018) and a new Mineral Resource Estimate has been prepared by CSA Global and released on October 25, 2018. The updated mineral resource estimate (Table 1) represents a 28% increase in Measured and Indicated Resource ounces, and a 228% increase in Inferred Resource ounces.

The resource cut-off grade of 2.0 g/t Au was chosen to capture mineralisation that is potentially amenable to underground mining, sulphide concentration, and gold recovery using off-site processing. This cut-off grade was selected based on a gold price of US\$1,300/ounce, a gold recovery of 92%, a mining cost of US\$50/tonne, a processing cost of US\$18/tonne, and a general and administration (G&A) cost of US\$6/tonne. The reported resources occur in bodies of sufficient size and continuity to meet the requirement of having reasonable prospects for eventual economic extraction. Due to the necessity to maintain a surficial crown pillar in a potential underground operation, all material from the present surface to a depth of 40 m is not included in the Salave mineral resource estimate.

Additionally, the company is in the process of defining an extensive exploration program across its concessions in Asturias with the aim to identify other high priority drill targets along the granodiorite alteration zones to the east, west and south of the current Salave deposit where historical soil and rock chips samples identified anomalous high-grade gold mineralisation.

A Preliminary Economic Assessment of the Salave project is currently underway and is expected to be complete before the end of 2018. This document will form the basis of the Environmental Applications to be made to the government of Asturias in early 2019.

RECENT DEVELOPMENTS

The following are subsequent events to the most recent fiscal year end at December 31, 2018:

On February 11, 2019 the Company announced the positive results of the Preliminary Economic Assessment ("PEA") completed on its 100% owned Salave Gold based on the recently completed Mineral Resource Estimate completed by CSA Global.

On February 18, 2019 the Company announced that the Company's common shares without par value (the "Shares") will be voluntarily delisted from the TSX Venture Exchange (the "TSX-V") effective at the close of trading on February 28, 2019. The Shares will continue to trade on the Australian Securities Exchange (the "ASX") as CHESS Depository Interests (or "CDIs") under the ASX Code "BDG".

PRINCIPAL PRODUCTS

Black Dragon Gold Corp is in exploration stage, and as such, does not produce, develop or sell mineral products. We are primarily focused on gold properties.

SPECIALISED SKILLS AND KNOWLEDGE

Our business and long-term strategy requires specialized skills and knowledge in the areas of geology, geochemistry, planning, implementation of exploration programs, mine and plant engineering, drilling, mineral processing, metallurgy and compliance. To date, we have been able to locate and retain such professionals in all of the jurisdictions in which we operate and we believe that we will continue to be able to do so.

COMPETITIVE CONDITIONS

The mining industry is intensely competitive in all of its phases and we compete with many companies possessing greater financial and technical resources. Competition in the precious metals mining industry is primarily for: (a) mineral rich properties that can be developed and produced economically; (b) technical expertise to find, develop, and operate such properties; (c) labour to operate the properties; and (d) capital for the purpose of funding such properties. Such competition may result in our being unable to acquire desired properties, to recruit or retain qualified employees or to acquire the capital necessary to fund its operations and develop mining properties. Existing or future competition in the mining industry could materially adversely affect our prospects for mineral exploration and success in the future. We believe that our success is dependent on the performance of our management and key employees, many of whom have specialized skills and knowledge. We believe we currently have the personnel with specialized skills and knowledge to successfully carry out our operations.

ENVIRONMENTAL PROTECTION

The Company is committed to protecting health and safety and the environments in which it operates in and impacts. This commitment forms an integral part of building value for all stakeholders and contributes to the sustainability of our neighboring communities.

KEY PRINCIPLES

The company has the following key principles:

- demonstrate a commitment to health, safety, security, sustainability and environment at all locations and maintain a safe, healthy work environment;

- ensure adequate resources are allocated to health, safety, security, sustainability and environmental performance;
- comply with local laws relating to health, safety, security, sustainability and environment as well as embrace international laws and best practice, where possible;
- respect for human rights and social and cultural rights including the rights of indigenous and vulnerable people; promote where possible, local communities through procurement and employment practice;
- and ensure that proper management systems for health, safety, security, sustainability and environment are in place through training, information sharing and continuous monitoring.

Further information on the Company's Corporate Governance policies can be found on the Company's website at www.blackdragongold.com.

EMPLOYEES

As of December 31, 2018, we had 1 full time employee in Spain, and 3 full time employees in the U.K. We rely upon and engage consultants on a contract basis to provide services, management and personnel who assist us to carry on our administrative, shareholder communication, project development and exploration activities in Spain, Canada and the U.K.

FOREIGN OPERATIONS

The Project is located in Spain. As such, the Company is subject to governmental, political, economic, and other uncertainties, including, but not limited to, expropriation of property, changes in mining policies or the personnel administering them. The Company's operations may also be adversely affected by laws and policies of Canada affecting foreign trade, taxation and investment.

In the event of a dispute arising in connection with the Company's operations in Spain, the Company may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdictions of the courts of Canada or enforcing Canadian judgments in such other jurisdictions. The Company may also be hindered or prevented from enforcing its rights with respect to a governmental instrumentality because of the doctrine of sovereign immunity.

Accordingly, the Company's exploration, development and production activities in Spain could be substantially affected by factors beyond the Company's control, any of which could have a material adverse effect on the Company.

The Company may in the future acquire mineral properties and operations outside of Spain and Canada, which expansion may present challenges and risks that the Company has not faced in the past, any of which could adversely affect the results of operations and/or financial condition of the Company.

Any material adverse changes in government policies or legislation of Spain, Canada or any other country that the Company has economic interests may affect the viability and profitability of the Company.

The Company's activities will involve mineral exploration and mining and regulatory approval of its activities may generate public controversy. Political and social pressures and adverse publicity could lead to delays in approval of, and increased expenses for, the Company's activities. The nature of the Company's business attracts a high level of public and media interest and, in the event of any resultant adverse publicity; the Company's reputation may be harmed.

DESCRIPTION OF MINERAL PROJECTS

SALAVE GOLD PROJECT, SPAIN

The following description of the Salave project is based on information extracted from the Company's current technical report titled "Salave Gold Project Mineral Resource Update for Black Dragon Gold Corp." and the references therein, effective date October 31, 2018. The report was authored by Ian Stockton, B.Sc. (Geol), MAusIMM, FAIG, RPGeo, Belinda van Lente PhD (Geology), PriSciNat, MGSSA, and Dmitry Pertel MSc (Geol), MAIG, GAA of CSA Global.

Where appropriate certain information related to land tenure has been updated to reflect changes subsequent to the effective date of the technical report.

PROPERTY DESCRIPTION AND LOCATION

The Salave gold deposit is situated on the northern coast of the Iberian Peninsula, in the Asturias region of Spain (Figure 1). The nearest village is Tapia de Casariego (population 2,000) about 2 km west of the Salave Gold Project. The nearest city is Oviedo (population 226,000) about 140 km east of the project (2012 population, Instituto Nacional de Estadística).



Figure 1: Location of the Salave Gold Project

LAND TENURE AND PERMITS

BDG owns 100% of the Salave gold deposit through its wholly owned Spanish subsidiary, EMC. The BDG tenure includes five Mining Concessions and associated extensions covering 662 ha and an Investigation Permit covering another 2,765 ha (Table 1) and (Figure 21).

An Investigation Permit gives the holder the right to carry out, within the indicated perimeter and for a specific term (a maximum of three years), studies and work aimed at demonstrating and defining resources and the right, once defined, to be granted a permit for mining them. The term of an Investigation Permit may be renewed by the Regional Ministry of Economy and Employment for three years and, exceptionally, for successive periods.

A Mining Concession entitles its holder to develop resources located within the concession area, except those already reserved by the State.

Under Spanish regulations, ownership of the land is independent of ownership of the mineral rights. CSA Global to the extent known, is not aware of all environmental liabilities to which the property is subject;

To the extent known, CSA Global is not aware of the permits that must be acquired to conduct the work proposed for the property, and if the permits have been obtained; and

To the extent known, CSA Global is not aware of any other significant factors and risks that may affect access, title, or the right or ability to perform work on the property.

Table 1: BDG Concessions – Salave Gold Project, Spain

Concession/Investigation Permit name	Registration no.	Area (ha)	Date granted	Expiration date
Concessions				
Dos Amigos	24.371	41.99	10 Sep 1941	10 Oct 2045
Salave	25.380	67.98	10 Apr 1945	10 Oct 2045
Figueras	29.500	212.02	25 Jan 1977	25 Jan 2037
Demasia		92.55		
Ampliación de Figueras	29.969	10.99	9 Nov 1988	9 Nov 2018
Demasia		68.85		
Segunda Ampliación de Figueras	29.820	100.04	16 Sep 1981	16 Sep 2041
Demasia		67.55		
TOTAL		661.97		
Investigation Permit				
IP Salave	30.812	2,765	18 Feb 2014	15 Nov 2021

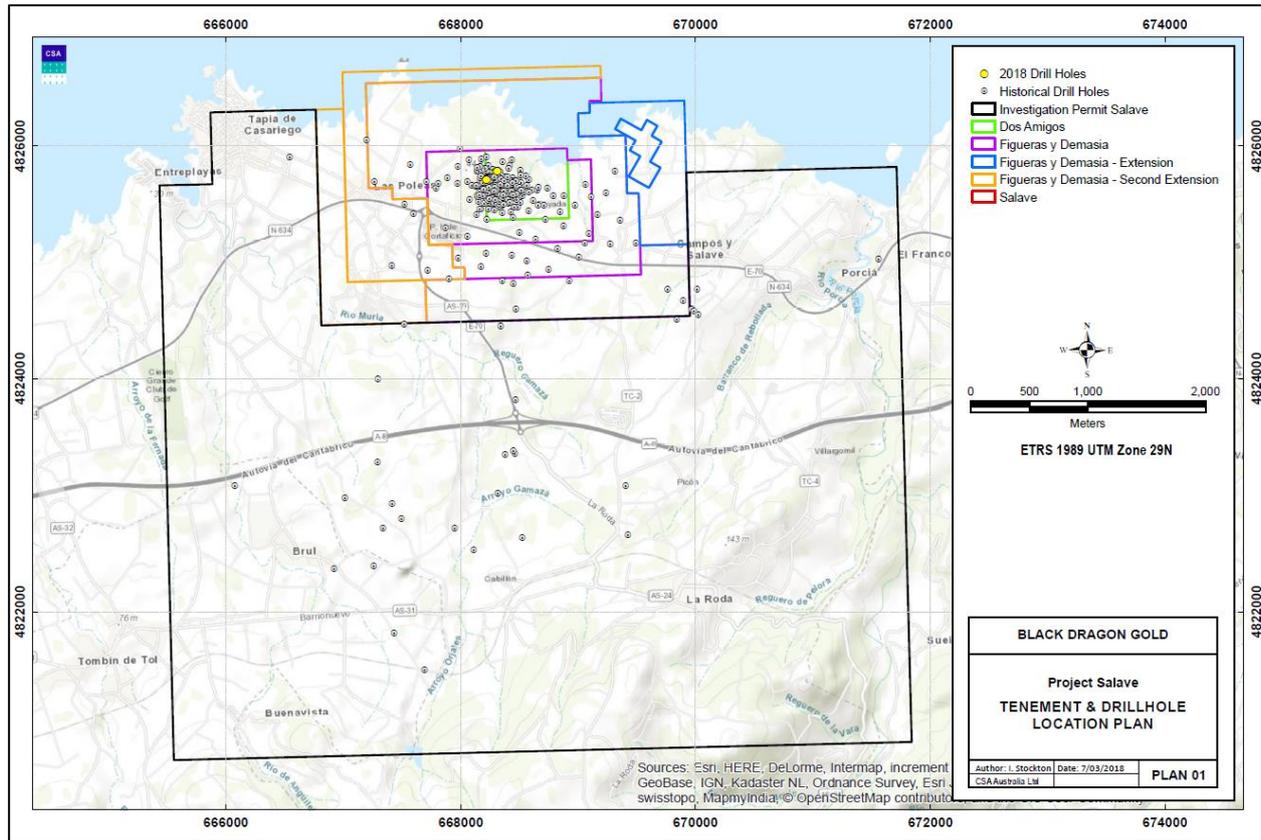


Figure 2: Tenement and drill-hole location plan

TOPOGRAPHY, ELEVATION AND VEGETATION

The physiography of the area is characterised by low elevations, with a coastal terrace in the north and hills of the Cantabrian range in the south. The coastal terrace ends, with cliffs 20–40 m high and draining into the Cantabrian Sea.

The land around Salave is used for agriculture and forestry, cattle, farming and tourism. The high rainfall, humidity and mild temperatures favour a vigorous growth of vegetation. Small areas of the original oak and birch forest remain in some mountain valleys to the south, but for the most part, these have been replaced with faster growing species, such as pine and eucalyptus. The frequent plantations of eucalyptus, alternating with green meadows, are an outstanding feature of the countryside. The Salave Project is locally covered by thick vegetation and woodland. Wildlife in the area includes deer, rabbits, various migratory birds, and various species of fish.

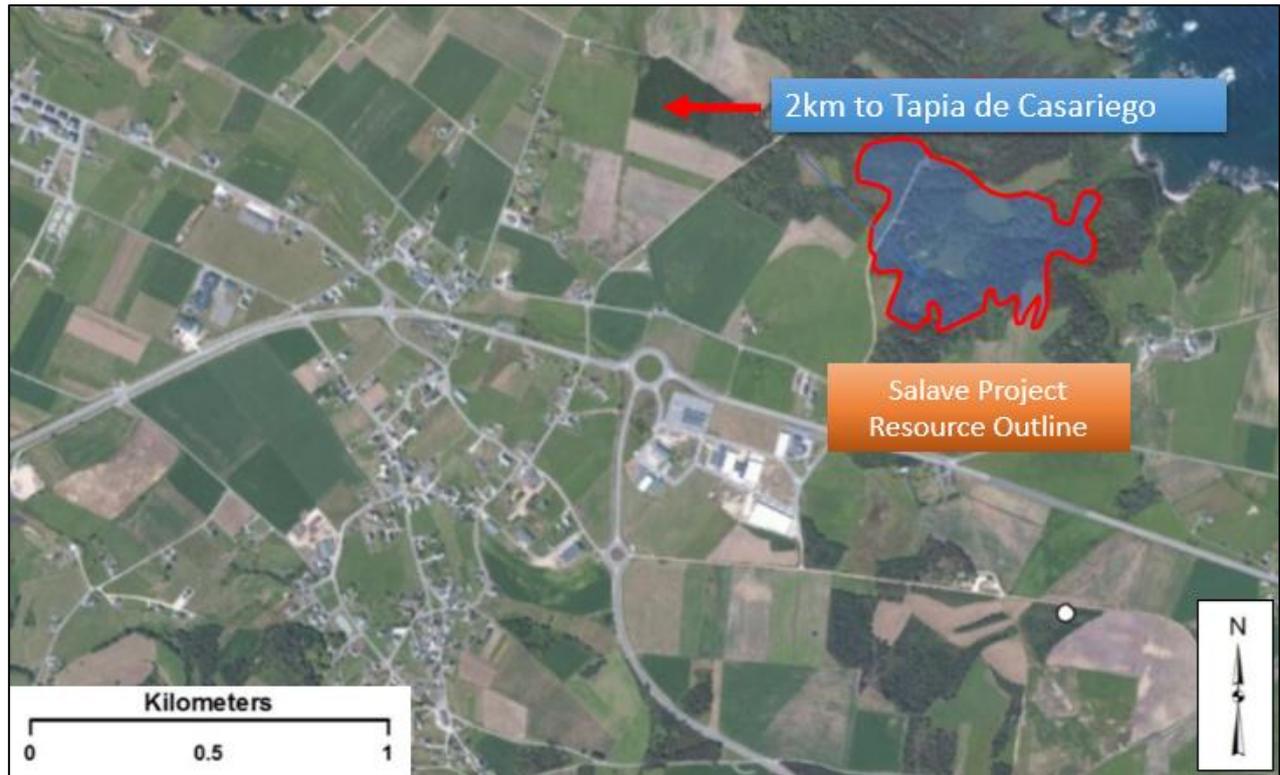


Figure 3: Location of the Salave Gold Project and land use

ACCESSIBILITY

Access is by paved highways, the A-8 and N634, which are less than 1 km from the property and access is also possible by boat. The nearest airport is Aeropuerto de Asturias (OVD), near Aviles, 87 km to the east by highway A-8. There is a rail line nearby and port facilities 10 km to the west at Ribadeo. Local drill tracks provide access throughout the area.

INFRASTRUCTURE

Power is available at Tapia, which is linked to the Asturias power grid. There is an existing network of powerlines that enters the property and is connected to the national network.

Infrastructure is reasonable with the area having a long history of mining. Orvana Minerals Corporation operate the El Valle gold mine, some 100 km east of Tapia de Casariego.

Local towns have capacity to supply services and skilled workers and there is sealed road access to the site for staff and equipment. There are plentiful water supplies available.

CLIMATE

The climate at the Salave area is mild and humid with a typical average daily temperature of approximately 20°C in the summer and around 15°C in the winter. Annual rainfall average is 1,195 mm (ranging between 850 mm and 1,550 mm) and snow is very rare. The operation can be operated all year-round.

HISTORY

KEY OWNERSHIP HISTORY AND EVENTS

The following is a summary of the key ownership and events since 1980.

Table 2: Ownership history

Date	Transaction/Event
Feb 1980	EMC acquires the concessions from the original owners.
6 Jul 1992	EMC leased the property to Lyndex Resources (John Sheridan), of Toronto, Canada.
28 Oct 2003	Naraval Gold SL, subsidiary of Rio Narcea Gold Mines SA, acquired 85% of the shares of EMC.
9 Mar 2004	End of contract with Lyndex Resources.
2004–2005	Naraval Gold SL increases ownership of the property to hold 90.7%, subject to a 1.3% net smelter return royalty to EMC.
Aug 2005	The Regional Government of Asturias halted the open pit project development of Salave due to the introduction of certain zoning legislation and ordered all exploration activities to be terminated on the property until further notice. EMC initiates legal proceedings against the Government of Asturias seeking reversal of the decision or monetary compensation.
Nov 2007	Lundin Mining Corp. announced that it has acquired the shares of Rio Narcea Gold Mines SA, including the interest in the Salave property, and increasing their interest to hold 95% at the beginning of 2010.
10 Feb 2010	Dagilev Capital Corp., of Vancouver, signs an agreement to acquire Rio Narcea Gold Mines SA's 95% interest in EMC.
18 Mar 2010	Dagilev Capital Corp. reaches an agreement for the remaining 5% shares of EMC from other parties, to hold 100% of the company.
14 Apr 2010	Dagilev Capital Corp. announces that they have closed the acquisition of 100% of EMC from Lundin Mining Corp. and other parties.
4 Jun 2010	Dagilev Capital Corp. changes name to Astur Gold Corporation.
16 Oct 2016	Astur Gold Corporation changes name to Black Dragon Gold Corp., the current owner.

Exploration activities commenced in 1967 with several periods of exploration and mining studies prior to BDG taking ownership of the Project in 2010.

A significant amount of drilling has been undertaken at the Project, with 484 drill-holes for 69,586 m completed prior to the 2018 program. This drilling commenced in 1970 and continued until 2013 (Table 3). BDG commenced a seven-diamond drill-hole program in February 2018, the first to be undertaken since 2013. A summary of exploration drilling activities by previous owners is provided in Table 3 and Figure 4.

Table 3: Summary of historical drilling

Period	Company	Core holes		Percussion/RC holes		Total drill-holes	
		Number	Metres	Number	Metres	Number	Metres
1970–1971	Northgate	34	7,026.40			34	7,026.40
1971–1972	Rio Tinto	10	2,014.00			10	2,014.00
1976	Gold Fields	8	1,855.00			8	1,855.00
1981–1988	Anglo	99	15,412.10	26	116	125	15,528.10
1981–1989	Anglo	22	1,080.50			22	1,080.50
1988	Oromet	20	503.00			20	503.00
1990–1991	Newmont	32	5,873.60	2	202.5	34	6,076.10
1996–1997	Lyndex	23	9,077.70	109	5333	132	14,410.70
2004–2005	Rio Narcea	77	17,331.80	2	140	79	17,471.80
2011–2013	Astur	10	589.1			10	589.1
2013	Astur	10	3,031.0			10	3,031.0
Total		345	63,794.20	139	5,791.50	484	69,585.70

Note: RC = reverse circulation

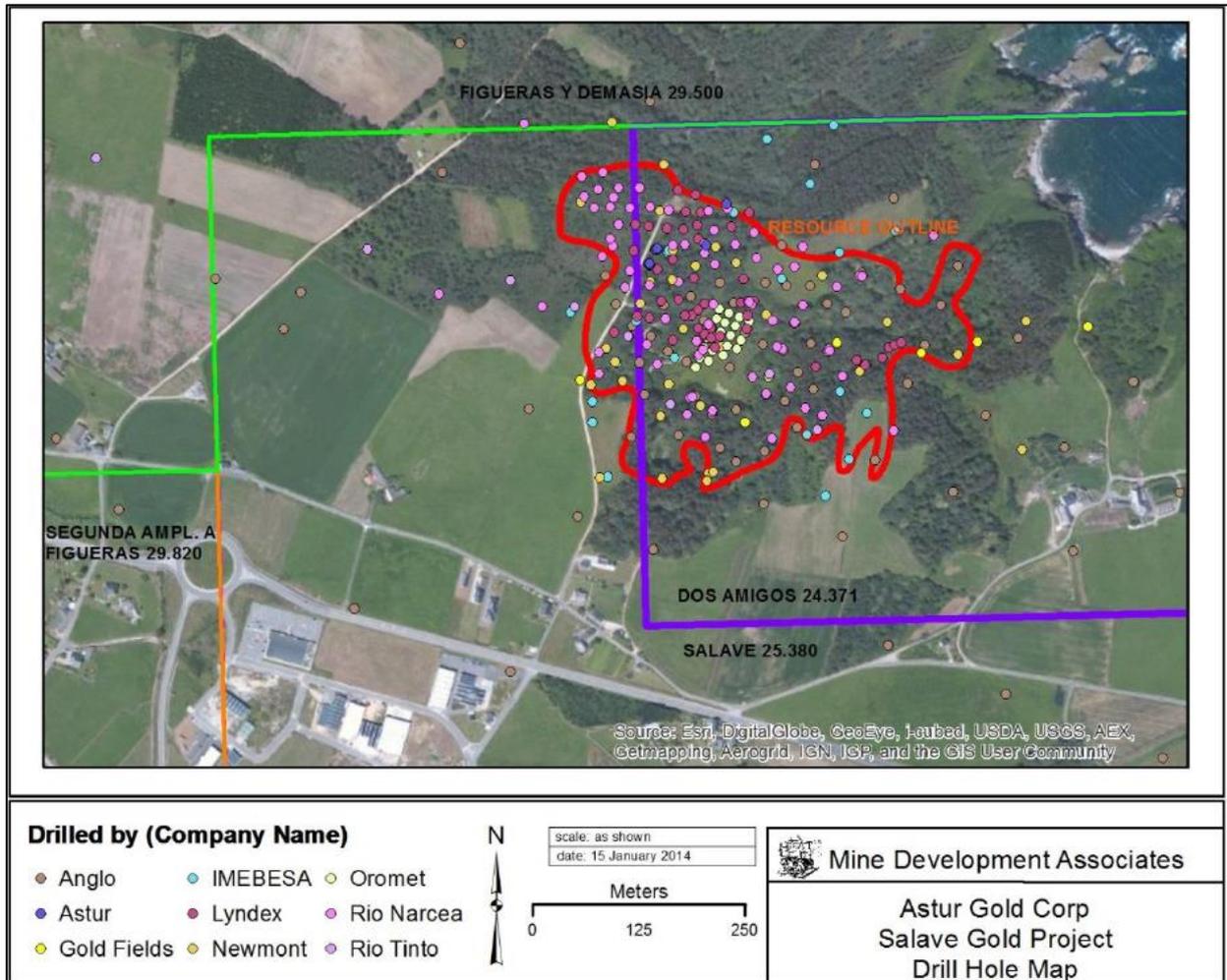


Figure 4: Location of drill collars by various explorers

HISTORICAL EXPLORATION

Cominco Ltd (1967)

Cominco Ltd was the first company to undertake modern exploration with an induced polarisation (IP) survey over the Salave area in 1967, although no further exploration by Cominco Ltd is recorded on the property.

Northgate Exploration Ltd (1970–1971)

Northgate Exploration Ltd (Northgate) examined the Salave property from 1970 to 1971. From late May 1970 to the end of 1970, Northgate conducted geological mapping, geochemical surveying, and diamond drilling. Drilling consisted of 34 core holes totalling 7,026.4 m. These holes tested the depth extension of the mineralisation below the Roman open-pit workings and outlined a substantial area of significant gold mineralisation.

There is no information on the drill contractor and type of rig or procedures used for IMEBESA's remaining holes and no information on the size of core drilled for any of their holes.

Rio Tinto (1971–1972)

Rio Tinto explored the Salave property from 1971 to 1972, conducting geological, geochemical and geophysical surveys and drilling. An IP and resistivity survey covering 28-line kilometres was undertaken in April 1972 to investigate the intrusion surrounding the open pit, exploring for extensions to the mineralisation. A magnetic survey yielded negative results.

Rio Tinto drilled 10 vertical core holes (holes numbered 33 to 42) totalling 2,014 m from 1971 to 1972. Downhole survey data are not available for the Rio Tinto drill-holes. They contracted Agua y Suelo Company to complete the drilling, who used two rigs: a Longyear 38 and a Craelius D-750. Drilling was with NQ and BQ core. Recovery always exceeded 95% and reached 100% for large intervals (Ayala, 1973).

Core logging paid special attention to petrography, structure, alteration, and mineralisation. Each core box was marked with the depths, and core recovery was calculated. All mineralised zones were prepared and analysed. All sample intervals measured one meter. Core was split lengthwise with a mechanical splitter, and one half was placed back into the box while the other half was sent for analysis. When the condition of the core did not permit splitting, the sample was crushed and divided into two parts with a riffle splitter.

Thomas (1982) reported that when Anglo was evaluating the property, there were assay sheets but no logs or records of core recovery for Rio Tinto's drilling.

Consolidated Gold Fields Ltd (1975–1976)

Consolidated Gold Fields Ltd carried out geological and mineralogical studies as well as core drilling at Salave from October 1975 to December 1976. Field work commenced in October 1975 with geological mapping and thin and polished section examination of selected drill core.

Gold Fields drilled eight core holes (holes 43 through 50) totalling approximately 1,855 m in 1976. Some previous references listed only seven Gold Fields core holes, excluding hole 49, but Harris (1979) indicated hole 49 was drilled, although it is likely that this hole was lost prior to reaching mineralisation. All but one of the holes were inclined; one was vertical, with limited downhole survey information.

Gold Fields contracted with Compañia General de Sondeos to conduct the drilling at Salave, which began in January 1976. Two types of drills were used: a Longyear 38 and a Craelius D-750. Most of the drilling was NQ and BQ core.

With the exception of holes 44 and 46, recovery exceeded 95%. Those two holes encountered highly fractured rock, and core recovery approximated 80% overall. Sludge samples (cuttings) were collected routinely for every run on all holes.

Samples for analysis were 2 m in length. Where practicable, core was cut with a diamond saw prior to preparation; one half was sampled and the other kept in storage. In sections where the rock was extensively broken, the core was jaw and roller crushed prior to splitting. All core was analysed for drill-holes 43 through 48, but in hole 50, the visually barren sections were not sampled.

Consolidated Gold Fields Ltd subsequently relinquished the property, concluding it was uneconomic at that time.

EMC/Anglo American Corporation of South Africa (1980–1988)

EMC acquired the concessions that comprise the Salave property in 1980 and entered into a joint venture with Anglo American Corporation of South Africa Ltd (Anglo). Anglo completed 14 vertical core holes to confirm the previously identified mineralisation, and these holes showed similar gold values to those obtained in earlier drilling.

Anglo conducted geological mapping, channel sampling, geochemical and outcrop sampling, and percussion drilling to probe for extensions to the mineralisation. Channel sampling over the area of the Roman workings and along the cliff faces west of the old workings, showed significant gold mineralisation, (up to 22 g/t Au over 2 m) in the eastern part of the old workings. Shallow percussion drilling south and east of the Roman workings showed anomalous concentrations of arsenic and gold, with a peak value of 1.45 g/t Au. Outcrop sampling within the old workings but beyond the limits of previous drilling revealed several areas with greater than 0.5 g/t Au.

Anglo completed an IP survey totalling 14.75 line-kilometres in 1983 over the area west of the Roman workings. Resistivity and chargeability profiles indicated several anomalies and seven core holes were drilled to test these anomalies to depths of between 50 m and 100 m for a total of 488.8 m. No granodiorite or significant mineralisation was intersected.

In 1984, Anglo signed an option agreement with EMC for the Fabrica de Mieres property adjoining the eastern end of the Salave granodiorite. An IP survey was completed, and Anglo drilled an additional 22 core holes to test the granodiorite and to investigate IP anomalies but found no significant mineralisation. Anglo did not renew the option on the Fabrica de Mieres property.

During their tenure on the Salave project from 1981 to 1988, Anglo drilled 99 core holes totalling 15,412.14 m, and an additional 22 FM-series shallow core holes totalling 1,080.45 m that were drilled in 1984 on another property Anglo held for one year just off the southeast corner of the present Salave property. In addition, Anglo drilled 26 percussion holes (H-series) totalling 116 m.

Two drill rigs were used in Anglo's initial core drilling in 1981 (Anglo, 1981a) and were also being used in 1983, when they were drilling HQ core (Charter Exploraciones S.A., 1983a). For the drilling completed in 1983, the drill contractor was Drill Sure Sucursal en Espana (Drill Sure) (Charter Exploraciones S.A., 1983a). There is no information on the drill contractor used for Anglo's other core drilling.

All the Anglo core drill-holes were vertical, with downhole survey information available for all the holes.

Core was sawn longitudinally, with approximately 2 m half core samples sent for assay (Hutchison, 1986).

A small percussion drill rig was used to drill the 26 H-series holes (Hutchison, 1982, 1983), but a high-water table in the area south and east of the old Roman workings where these holes were drilled severely

limited the effectiveness of this percussion drilling (Hutchison, 1982). These 26 holes are not in the database used for the resource estimate.

Anglo relinquished the Salave property following dissolution of an agreement with the Oromet Joint Venture.

Oromet Joint Venture (1988–1989)

The Oromet Joint Venture (Oromet) was a joint venture between Glamis Gold Inc. and Biomet Technology Inc. Oromet negotiated a controlling interest of the Salave property with Anglo to investigate the response of the Salave mineralisation to bio-oxidation.

Oromet completed 503 m of shallow core drilling in 20 holes (12.5 m x 12.5 m grid) in the central part of the old Roman pit in 1988. Summaries of drill logs indicate core was sampled on 2 m intervals and analysed for gold. There is no further information about drill contractors, the type of rig used, or drilling procedures.

Oromet soon after withdrew from Salave, and Anglo chose not to continue work on the Project, which reverted to EMC.

Newmont Mining Corp. (1990–1991)

Newmont Mining Corp. (Newmont) acquired a two-year lease with a purchase option on the Salave property from EMC in November 1990.

Newmont reportedly drilled a total of 5,870.45 m in 29 HQ-diameter, vertical core holes plus two failed RC holes totalling 181.05 m (Knutsen, 1991b); however, the database includes 34 holes totalling 6,076.05 m. The difference appears to be that Knutsen (1991) did not include the three additional NSC05 core holes lettered A-C. The database also showed 202.5 m as the total of the two RC holes, rather than the 181.05 m reported by Knutsen (1991). Downhole survey data are included in the drill-hole database.

The following information on Newmont's drilling is taken from Knutsen (1991).

Newmont's drilling was conducted by Drill Sure. The drillers used two trailer-mounted Boyles BBS 56 or 37 rigs, according to the drill-contract specifications. Drill Sure set 116 mm conventional core casing into solid bedrock and drilled HQ wireline core to depths up to 300 m. Knutsen (1991) reported that core recovery was very good.

An attempt was made to use RC downhole hammer drilling, but problems with air leaks in the drill steel and the head drive precluded a viable test of the system. The attempt was abandoned after drilling holes NSR20 and NSR23.

Downhole surveys were conducted in each hole using a downhole Eastman camera; usually two surveys were conducted in each hole.

Because of proximity to the Bay of Biscay, Newmont paid attention to geotechnical evaluations (Knutsen, 1991). All drill core was photographed and geotechnically logged before cutting. Information recorded included: length of core run; core recovery; rock quality designation (RQD); Rock Mass Rating (RMR); fractures per metre of core; rock hardness; fracture type, orientation, and filling; and remarks relating to fracture sets. Uniaxial compression tests were performed in conjunction with evaluation of geotechnical logging. Piezometers were installed in 17 drill-holes and monitored periodically. They revealed fluctuations in the water level, which were tentatively correlated with tidal variations.

Newmont commenced but did not complete a feasibility study and returned the property to EMC at the end of 1991 due to inadequate tonnage and grade for an underground mine.

In 1992, EMC leased the Salave property to John Sheridan, Lyndex Explorations Ltd (Lyndex) and an estimate of the mineral resources that could be exploited by underground mining was completed.

Lyndex Explorations Ltd (1993–2004)

Lyndex completed magnetic and electromagnetic surveys in November 1995 without detecting any significant anomalies.

Lyndex drilled 23 vertical core holes and 109 RC holes at Salave from October 1996 to December 1997. Downhole survey information is available for the core drill-holes. In 2002, they drilled a percussion hole as a pilot for a proposed shaft. The following information has been taken from Catuxo (1997) and Campos de Orellana Pardesa (2001a, 2003; and Lobo, 1997a), unless otherwise noted.

Lyndex's 1996–1997 core drilling was conducted with three different rigs: one with their own crew used their own Craelius 90 rig drilling NQ and BQ core; the other two rigs, from contracted drilling company Insera, were a Longyear 44 and a Longyear 38, both truck-mounted and drilling HQ and NQ core. Core remaining after sampling was stored in waxed cardboard boxes kept in a warehouse the company maintained in the town of Barres. Logging of the core placed special emphasis on alteration, structure, and geotechnical features of the core.

Catuxo (1997) and Campos de Orellana Pardesa (2001a) identified 23 vertical core holes (S-96-1 and S-97-1 through S-97-22) totalling 9,044.9 m, although the database had a total of 9,077.65 m for the same holes. The Lyndex crew drilled holes S-96-1, S-97-1 through 3, 7, 11, 14, 16, 18, and 20-22; the INSERSA crews drilled the remaining 11 core holes.

The core was cut longitudinally. Sample intervals were variable, depending on lithology and mineralisation, but were a maximum of 1.5 m. Many were 1 m, and some were 0.5 m in length. Initially, Lyndex only sampled sections rich in sulphides as had been done by previous operators, but later the remaining sections were analysed, and subsequent holes were sampled in their entirety.

Geotechnical data were gathered on the 23 core holes, including RQD, RMR, structural discontinuities, fracture spacing, tensile strength, etc.

Lyndex's RC drilling consisted of very shallow holes. An Atlas-Copco Roc 203 rig was acquired by Lyndex in 1996 and used for this drilling with a contract drill crew. This rig can use conventional drilling or RC with diameters of 131, 115, or 105 mm at the beginning and ending with 85 mm, and can drill to a depth of 50 m under optimum conditions (Campos de Orellana Pardesa and Lobo, 1997; Campos de Orellana Pardesa, 2001); however, 56 of the Lyndex holes exceeded 50 m in depth with a maximum of 75 m. Campos de Orellana Pardesa (2001) reported that Lyndex drilled 109 RC holes totalling 5,333 m, but Agnerian (2010) reported that Lyndex drilled 102 holes totalling 5,454 m. It was not possible to account for the difference.

The downhole hammer percussion hole drilled as a pilot for a proposed shaft in 2002 was drilled by Sondeos Principado, from Avilés, using a JR EFMS 3/2002 hydraulic drill on wheels with a #8 hammer and 4/3 drill. This hole was 30 cm in diameter and 200 m deep. The presence of Quaternary sediments and metasedimentary rocks in the first 42 m of the hole caused problems with stability of the walls, which were addressed with ground-freezing techniques. Water was encountered at a depth of 9 m, and at 15 m in depth, with the appearance of granodiorite, the flow of water entering the hole was 0.5 l/sec. In March 2003, four months after completion of the hole, the water level still stood at a depth of 10 m. No relationship was observed between water level in the hole and tides from completion of the hole on 13 November 2002 until water-level measurements stopped on 15 March 2003 (Campos de Orellana Pardesa, 2003).

Lyndex ceased exploration in 1997 but maintained a royalty agreement (Sheridan).

Rio Narcea (2003–2010)

The following information is taken from Valdés Suárez (2012) and Agnerian (2010), with additional information provided by Astur and other references as cited.

Rio Narcea Gold Mines SA (Rio Narcea) took control of the property in 2003. Rio Narcea compiled all available information from previous operators into a database. In early 2005, Rio Narcea completed a gravimetric survey at Salave.

Rio Narcea drilled 79 holes from May 2004 to May 2005, of which five were geotechnical holes and two were for hydrological purposes (Astur, written communication and Rio Narcea news releases, 17 September 2004; 11 May 2005; 13 May 2005; 11 July 2005). Hydrogeological holes were RC holes; the remaining 77 holes were core. The geotechnical and hydrological holes were sampled and assayed in the same manner as the resource holes, with the exception of the first hydrogeological hole.

Four rigs were used. Astur reports that Rio Narcea used their own rig for holes RN01, 02, 07, 09, 12, 35, 37, 42, 46, 48, 51, 59, 62, 68, 69, 71, 72 and 73, and that Sondeos y Perforaciones Industriales del Bierzo SA (SPIB) of Leon, Spain, drilled the remaining holes with Longyear 38 and 44 rigs plus an SPIB-built rig D640. The core holes were drilled with HQ core. The two RC holes were drilled by SPIB using their proprietary D640 rig, which had both RC and core capabilities.

Core logging and sampling were performed at a warehouse in the town of Tapia. Drill core was photographed and logged by Rio Narcea geologists. The core was oriented and reference lines were drawn on the core before logging to ensure that no sampling bias was introduced during splitting/sawing. RQD and core recovery measurements were completed on intact core prior to lithologic/mineralogical logging. Geologic data, core orientation, and additional geotechnical data were noted as part of the drill-hole logging. Density measurements were taken. Upon completion of the geotechnical work and lithological logging, the handwritten forms were transferred to data entry personnel for conversion of the data into digital format. The newly entered data were checked by the geologists until they were free of data entry errors. All the original forms related to a drill-hole were kept in a separate file folder for future reference.

Rio Narcea technicians sampled the whole drill core at regular intervals of 1–2 m. Sampling intervals were adjusted locally to honour changes in lithology. The core was cut with a diamond saw. Samples were bagged, put in large rice packing bags, and sent to the laboratory.

Nineteen of the 73 core holes were inclined, and 54 were drilled vertically. All of Rio Narcea's drill-hole collar locations were surveyed by Rio Narcea surveyors, and the coordinates were in the Universal Transverse Mercator grid. Drill-hole deviation was measured by downhole Flexit and Maxibor equipment and recorded directly into an onboard computer.

Rio Narcea ceased exploration at Salave in August 2005 when they were unable to permit an open-pit operation.

Lundin Mining Corp. (2007–2010)

In 2007, Lundin Mining Corp. (Lundin) acquired the outstanding shares of Rio Narcea, and Rio Narcea became a wholly-owned subsidiary of Lundin. Rio Narcea conducted no further exploration or other activities at the Salave Gold Project.

Astur Gold Corporation (2010–2016)

Dagilev Capital Corp. (Dagilev) acquired 100% interest in the Salave Gold Project by purchasing the issued and outstanding securities of EMC held by Lundin's subsidiary, Rio Narcea, in 2010, and EMC became a wholly-owned subsidiary of Dagilev. Dagilev was renamed Astur Gold Corporation (Astur) in 2010.

From late September to early November 2013, Astur drilled 10 exploration holes totalling 3,031 m. Drilling was completed under contract by SPIB.

The contractor provided two SPIB-manufactured core drill rigs. The rigs were track mounted. All drill-holes were collared using PQ equipment and then downsized to HQ, generally when entering more competent intrusive rocks. Core recovery averaged approximately 90–95 % for the program, with the best recoveries in intrusive rocks.

Holes were designed to provide infill information where previous drilling was considered too widespread for confidence in interpretation and to extend the size of known mineralised zones. Two holes were also drilled to twin previous holes, one drilled by Lyndex and the other by Rio Narcea.

Due to issues concerning surface rights and environmental concerns associated with proximity to the Silva Lakes, the area in which the drill-holes could be collared was severely limited. This necessitated drilling multiple holes from a single platform and drilling at azimuths and dips not considered ideal for the presumed geometry of the mineralisation.

All drill-holes except for the two twin holes were inclined, while the twin holes were vertical.

Downhole surveying of the drill-holes was performed by the SPIB drill crews, using a Reflex EZ-Shot. An initial measurement was taken at 15 m downhole, then at 50 m, and then at intervals of 50 m until the end of the hole.

All drill-hole collars were surveyed by Topocad Ingeniera SL from Ribadeo, Galicia, Spain, using a Topcon GPT-7003 total station unit. Surveying was completed in ETRS89 UTM29 North grid.

In addition to the resource drilling, Astur drilled four geotechnical core holes from 2011 to 2012 and an additional six geotechnical core holes in May 2013 for a total of 589.05 m. Terratec Geotecnia y Sondeos SL (Terratec) was the drilling contractor, and all holes were drilled with HQ core. Terratec used two rigs manufactured by Rolatec in Spain – Rolatec RL 48 L and Rolatec RL 800.

The following description of sample preparation and core handling protocols applies to all drilling carried out by Astur on the Salave property.

Drill core was placed in wooden trays at the drill site by the drill crew. The geologist prepared a quick log of the drill-hole at the drill site, after which the core boxes were transported to the core logging facility by Astur personnel. The drill site was kept secure by means of a fence and gate, and only authorised personnel had access.

When the core was received at the core shack, it was immediately washed, reconstituted, and all distance markers checked for accuracy and clarity. It was then photographed by Astur personnel. The photos were captured digitally, and at the end of the day were downloaded into a directory of core photographs with a separate folder for each drill-hole. Core was photographed wet.

Once the geologist was ready to log the core, it was placed in order on the logging benches, and the core was reconstituted, if necessary. The geologist verified all the distance blocks and changed those that were

in poor condition. Labelling of the boxes was verified, corrected where necessary, and augmented by adding the downhole distance (From-To) for each individual box.

Geotechnical logging was completed first, recording recovery and RQD, relative hardness, degree of weathering or oxidation, and fracture fillings. Data were recorded onto paper sheets and then transferred to Microsoft Excel before the end of each day. For drill-holes SA-3 and SA-6, additional geotechnical data, mostly fracture information, were recorded as these two holes were used for hydrologic testing.

The core was descriptively logged and marked for sampling by Astur geologists. Logging and sampling information was entered onto paper logging sheets, which were later scanned and stored on several computers. Backups were made at regular intervals.

After logging, the core was prepared for sampling. A line was drawn down the core, and the cutter used this as a guide. The entire intrusive section was marked for splitting as the mineralisation is often very fine grained and difficult to identify visually. The core was sampled at intervals of no more than 1.5 m and no less than 0.3 m. The intervals shorter than 1.5 m were selected where dictated by the geology in order to respect contacts or changes in character of the mineralisation.

Astur did not have a core saw on site due to permitting issues. The core was transported by Astur personnel to a dimension stone cutting facility where it was cut under Astur supervision by a professional cutter. The core was then returned to the logging facility where half of the drill core was placed in a plastic sample bag, while the other half was retained in the core box for future reference. The sample number was written on the bag, and an assay tag with the same number placed inside the bag. The samples and sample bags were numbered sequentially in advance, allowing for the insertion of standard reference samples, duplicates, and blanks. The plastic sample bags were placed in larger rice bags, palletised, and wrapped for shipment to the laboratory by commercial transport.

Astur commissioned RPA and Golder to complete a NI 43-101 technical report on the Project in 2011. Following the passing away of John Sheridan (Lyndex) in 2015, Astur assigned the underlying royalty and rights to SPG Royalties Inc. Astur commissioned MDA to carry out a mineral resource estimate in 2014 and changed its name to Black Dragon Gold Corp. on 14 October 2016.

HISTORICAL RESOURCES

A previous MRE was completed by Mine Development Associates (MDA) in March of 2014 and restated in January 2017 for BDG.

MDA applied conventional block modelling techniques with interpretation of nested mineralised bodies using 0.9 g/t and 8 g/t Au cut-offs. The MDA report used a 2 g/t reporting cut-off and the MRE is shown in Table 4. The Mineral Resource reported by MDA should not be treated as a current as CSA Global updated them in October 2018.

Table 4: Salave MRE by MDA (January 2017)

Classification	Tonnes (Mt)	Au grade (g/t)	Au contained metal (koz)
Measured	0.5	5.9	97
Indicated	6.6	4.4	847
Measured + Indicated	7.1	4.5	944
Inferred	1.1	3.1	106

Historical resources were estimated by MDA for Astur Gold Corp. in March of 2014 (effective date January 31, 2014). The MDA technical report was updated with an effective date of October 7, 2016 and subsequent to amendments made at the request of the B.C Securities commission, the final technical

report was issued on January 31, 2017. The reported 2017 mineral estimate results were identical to those reported by MDA in 2014.

MINING STATUS

No mining is currently occurring at the Salave deposit, the only known past production of gold from the Salave project dates from Roman times.

There are various reports of estimates of total production by the Romans. Rio Narcea estimated that approximately 3,265,000 tonnes of material were mined from the four areas of the Roman excavation (Rodriguez Terente, 2007, citing Maldonado, 2006). Hutchison (1986) reported that it had been estimated that about 3 million tonnes (Mt) of friable material were mined at an average grade of possibly 6 g/t Au (surface concentration). Crump and Suarez (1977) estimated that the Romans mined between 2 Mt and 4 Mt of material, recovering between 5,000 kg and 7,000 kg of gold (Parry, 1991, cited by Rodriguez Terente, 2007). Lavandeira (1992) estimated that the Romans removed some 5 Mt of rock. Harris (1979) reported a “rough volume calculation” of 4–5 Mt mined from the ancient open pits. Lyndex (1994) proposed the largest tonnage produced during the Roman era – some 6 Mt.

Mining by the Romans was by open-pit methods, excavating the near-surface material to depths averaging 30 m. Dewatering tunnels and canals were dug out to the sea. Processing of the material included gravity concentration of the gold by transporting the loose oxidised material along several large and adjacent sluice channels. It was hypothesised that the presence of abundant groundwater and high-grade mineralised outcrop at the base of the open pit imply the Romans abandoned the mine due to problems of draining below the local water table rather than because the deposit had been mined out.

GEOLOGICAL SETTING AND MINERALISATION

REGIONAL GEOLOGY

The Salave gold deposit is located within the West Asturian–Leonese Zone (WALZ) of the north-western portion of the Iberian Massif (Figure 5).

The WALZ represents the transition between the Cantabrian Zone situated to the east and the Hercynian orogen (Late Palaeozoic) to the west (Central Iberian Zone) (Figure 5). The Cantabrian Zone contains the continental part of the Palaeozoic succession, with relatively thin pre-orogenic sedimentary rocks that were deformed in a foreland thrust belt.

In contrast, the WALZ contains a nearly continuous series of Cambro-Ordovician to Carboniferous clastic siliceous and carbonate rocks approximately 11,000 m thick, which has undergone intense deformation. The Palaeozoic sedimentary rocks of the WALZ were deposited unconformably on Upper Proterozoic rocks that are not exposed in the Salave Gold Project area. Proterozoic rocks are found on the eastern and western edges of the WALZ in the cores of two antiforms. In the Tapia area, the metasedimentary rocks are intruded by three west-northwest trending plutons that range in composition from gabbro to granodiorite that are directly related to the Salave deposit (Figure 6).

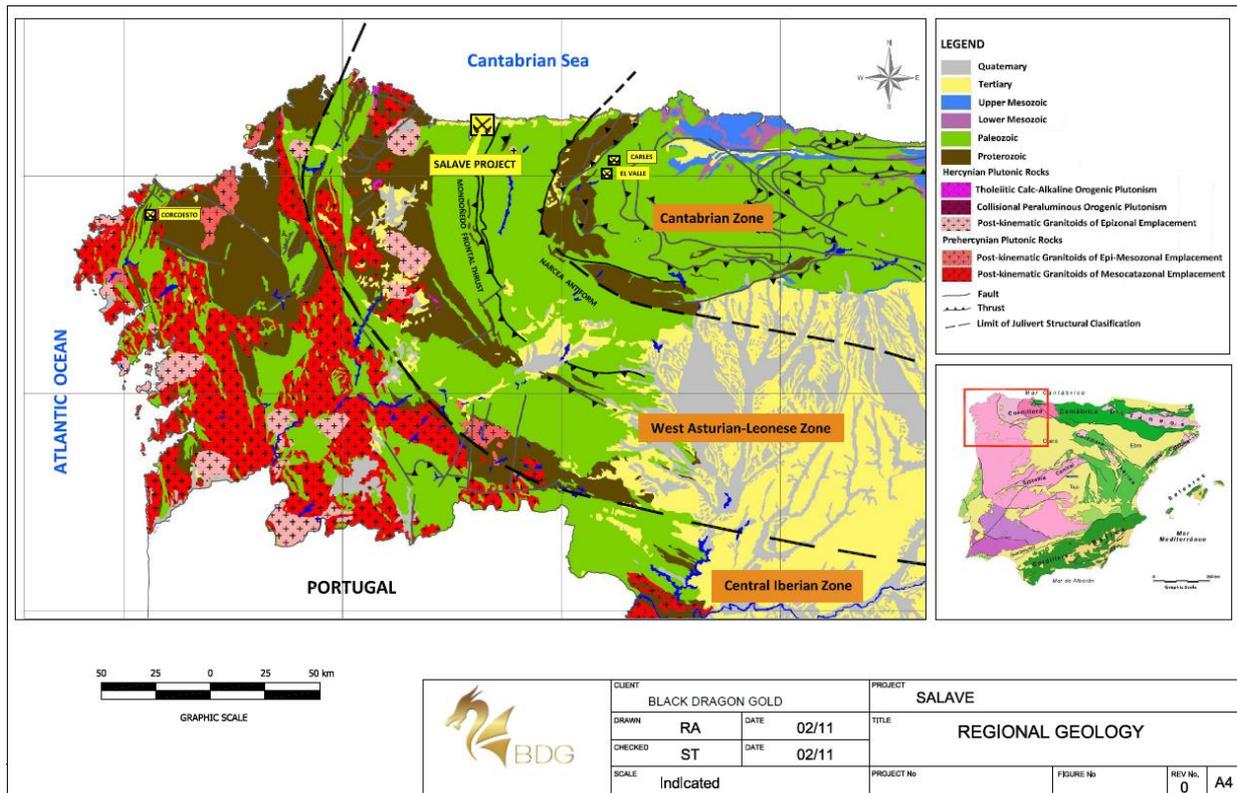


Figure 5: Regional geology map of the Iberian Peninsula, Spain

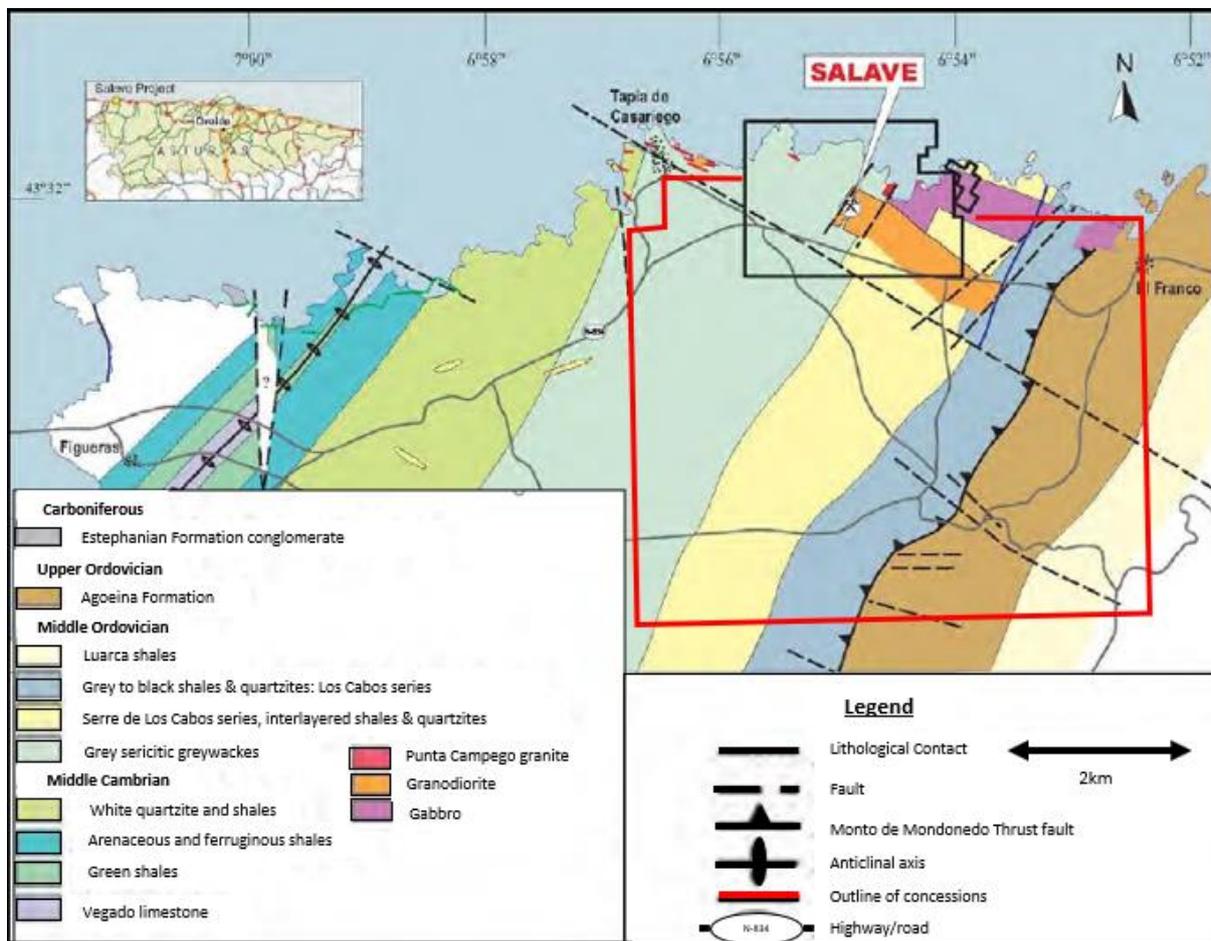


Figure 6: District geology of the Salave Gold Project

REGIONAL STRUCTURAL HISTORY

Compressional tectonics during the Hercynian orogeny formed east and northeast overturned and recumbent folds as well as major thrust faults (Figure 7). Three coaxial phases of deformation affected the WALZ.

The first deformation phase (D1) produced eastward-verging recumbent folds. The primary slaty cleavage or schistosity (S1) developed during D1.

The second deformation phase (D2) was responsible for the appearance of thrusts, associated sub-horizontal shear zones, and related structures. The largest of the thrust sheets is the Mondoñedo nappe. A variety of fault breccias, shear folds, crenulation cleavages or schistosities (S2), and mylonitic zones are related to this phase (Figure 8).

The third deformation phase (D3) gave rise to large, upright open folds with steep axial planes plus minor folds and local development of crenulation cleavage (S3). Locally there is also a system of transverse folds, which, when superimposed on the earlier D3 folds, produced interference patterns.

Figure 8 shows both a plan view and cross section illustrating the complex compressional deformation that has affected the WALZ. Commencing from west to east – stacked recumbent folds verging toward the east, thrusts, large open folds with sub-vertical axial planes and then a series of thrusts moving towards the Narcea antiform.

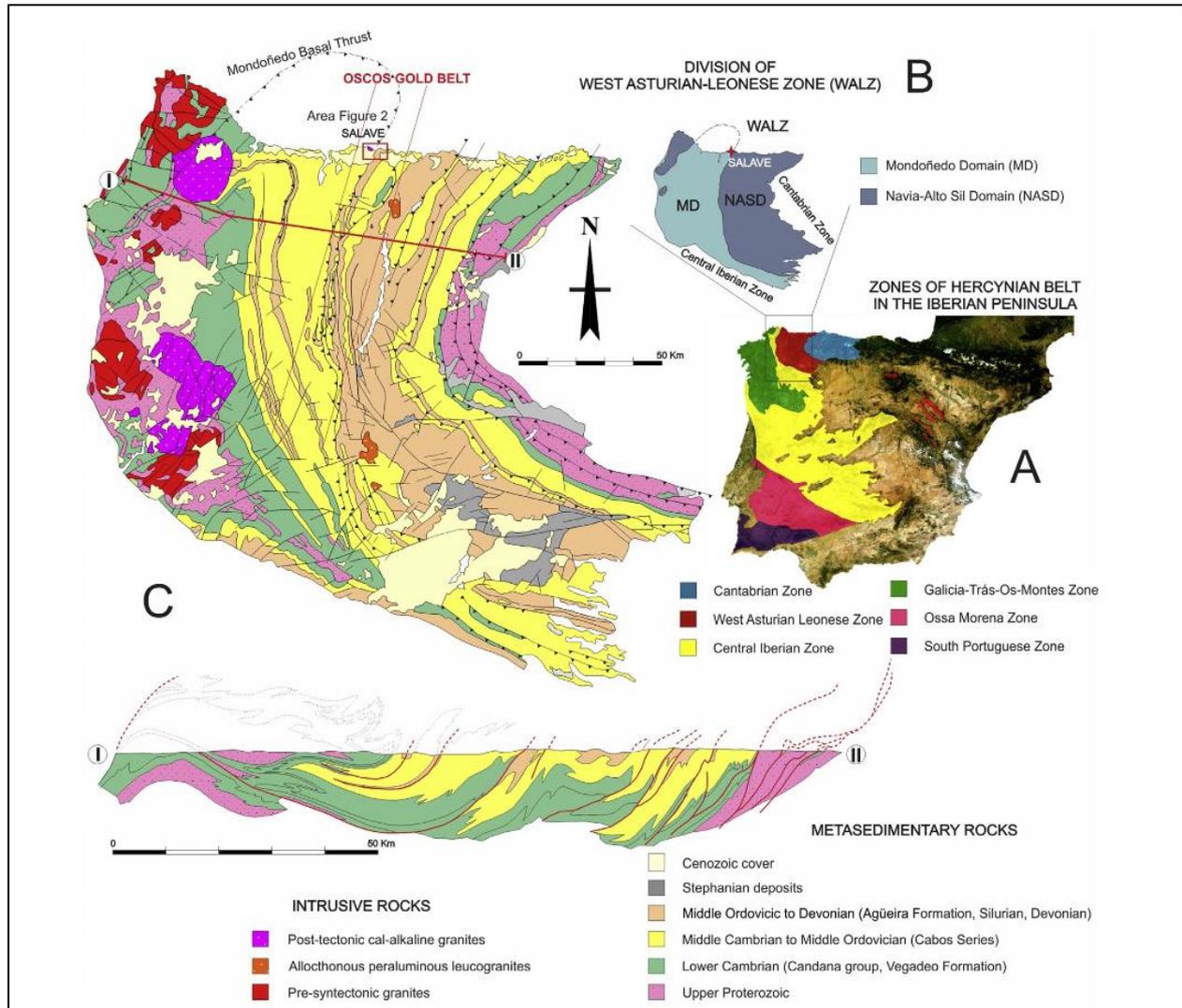


Figure 7: Deformation and Geology of the WALZ zone

Source: Rodríguez-Terente, et. al. (2018); The Salave Mine, a Variscan intrusion-related gold deposit (IRGD) in the NW of Spain

REGIONAL INTRUSIVES AND METAMORPHIC HISTORY

Magmatism covers a time span of approximately 70 Ma (from 350 Ma to 280 Ma) and took place during the waning stages of the Hercynian collision. Syntectonic intrusions that include peraluminous to strongly peraluminous monzogranites and leucogranites were emplaced during the D2 and D3 deformational events. Post-tectonic granodiorite-monzogranite intrusions with some leucogranite were emplaced after the main phases of Hercynian crustal shortening. These post-tectonic intrusions are mainly responsible for the Salave gold deposit and the gold-copper deposits of El Valle-Boinas and Carlés, as well as other gold prospects in the northern Iberian Peninsula.

Regional metamorphism, which increases toward the west from greenschist to amphibolite facies, contact metamorphism related to intrusions, and retrograde metamorphism has affected the rocks within the WALZ. The Salave plutonic complex is mainly within the biotite zone however near the granitic intrusions andalusite-cordierite and locally garnet temperatures are reached.

LOCAL AND PROPERTY GEOLOGY

Most of the Salave Gold Project area is covered by Quaternary marine sediments ranging from a few centimetres to over 70 m thick. The scarcity of outcrops, which are largely confined to coastal cliffs, makes geological mapping of the property difficult.

The Salave concessions are situated at the eastern border of the Mondoñedo nappe, which is separated from a less deformed area to the east by the basal thrust of the nappe – the Mondoñedo thrust. West of the Mondoñedo thrust, and within the Salave property, the area is underlain by quartzite, sandstone, argillite, shale, and greywacke of the Cambro-Ordovician Los Cabos Series that have been metamorphosed to slate, arenite, quartzite, and graphitic slates (Figure 7). The Mondoñedo thrust places the Upper Cambrian Los Cabos Series over the Upper Ordovician Agüeira Formation.

Where the metasedimentary rocks are intruded by igneous rocks, contact metamorphism takes the form of biotite and pyroxene hornfels, with cordierite, andalusite, and local garnet, which is superimposed on the greenschist-grade regional metamorphism beyond the contact aureole.

The Salave deposit is underlain by granodiorite, which is a small part of the Porcia Intrusive Complex that extends approximately 4 km, from Rio Porcia to Represas Playa just east of Tapia (Figure 8). The granodiorite crops out in the western part of the complex. To the south, the complex is covered by thin Quaternary alluvium. Igneous rocks in the Salave area are directly related to the mineralisation and comprise several stocks and dykes whose ages range from 330 Ma to 287 Ma (Carboniferous). Oxidation is not intensive and extends for a few metres below the surface except along larger faults and structural zones where it can locally exceed 200 m vertically.

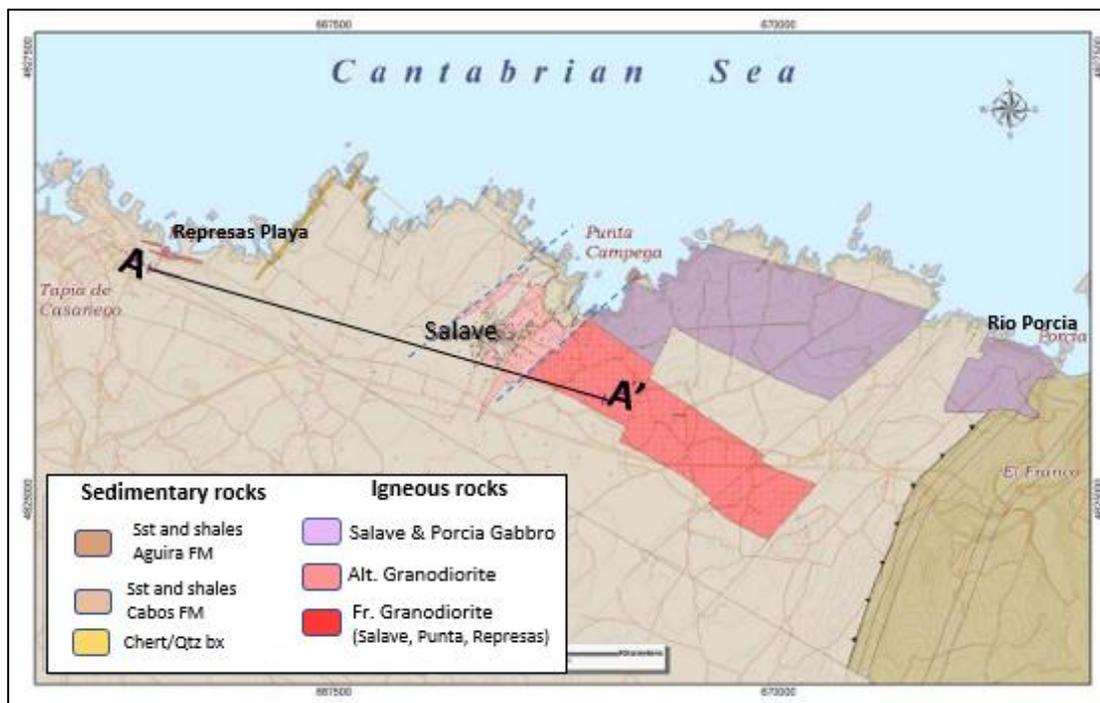


Figure 8: Local geology of the Salave Gold Project (cross section line is approximately 2 km long)

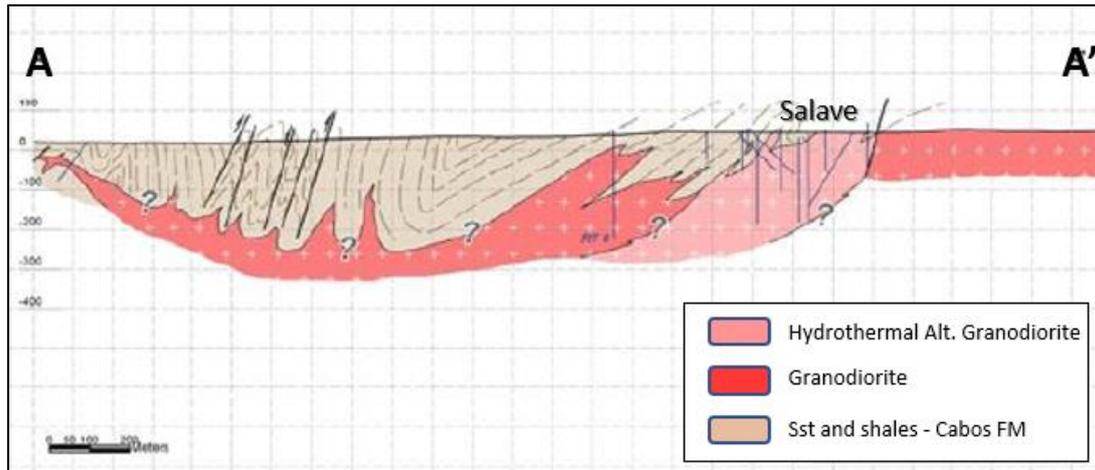


Figure 10: Cross section through the Salave Gold Project

Igneous Rocks at Salave

In the Salave area, three main igneous complexes outcrop in an approximately E-W direction, Porcía, Salave and Represas (Rodríguez-Terente et al., 2018 and references therein). Gold deposits are only located in the intense hydrothermal alterations affecting the western part of the Salave granodiorite.

The intrusive units occurring in the Salave area range in composition from gabbro to granite.

Salave Granodiorite

The Salave gold deposit is primarily hosted by the Salave granodiorite. Mapping and drilling indicate an elongate shape, interpreted as a large dyke. The granodiorite has a west-northwest trend and is interpreted to cover an area approximately 2 km x 500 m. In the old Roman open pit at Los Lagos, roof pendants and apophyses of metasedimentary rocks occur within the Salave granodiorite.

Two samples of fresh Salave granodiorite in various age dating studies indicate early to Late Permian ages which is consistent with the contact metamorphism overprint of the regional metamorphism.

The fresh granodiorite appears as a hard, black-and-white and slightly porphyritic rock. It has a hypidiomorphic-granular texture, and the main minerals are plagioclase (40%), quartz (30%), biotite (15%), potassium feldspar (10–15%), and muscovite (1%).

Salave and Porcía Gabbros

The Salave and Porcía gabbros extend over an area of 2.5 km x 0.6 km in two main bodies from El Figo beach to the western bank of the Porcía River (Figure 8). These igneous bodies are the oldest intrusions in the area, and gabbro xenoliths frequently occur in the granodiorite. The contacts of gabbro with the metasedimentary rocks are sharp and xenoliths of the metasedimentary rocks are common in the gabbros. Sericitic and chloritic alteration and carbonatisation in some of the gabbros are generally fracture controlled, however there is no significant mineralisation.

Punta Campega Granite

This rock is described as microgranite or aplitic granite and intrudes the Salave gabbro at the coast (Figure 8). It is a leucocratic equigranular rock, with allotriomorphic textures, formed by quartz, sericitised plagioclase, potassium feldspar, sericitised chlorite, and iron oxides. The intrusion has a slightly reddish appearance.

Dykes

Porphyritic dykes of dacitic to rhyodacitic and andesitic composition occur in the Salave area. They range from a few centimetres to over a metre in width, and when fresh, are dark coloured and composed of feldspar, biotite, and generally rounded quartz phenocrysts in a very fine-grained matrix of similar composition that is typically altered to sericite. Dykes are older than the hydrothermal alteration and mineralisation, and they are affected by the same events as the granodiorite.

Represas Intrusions

The Represas intrusions occur less than 1.5 km west from the westernmost known extension of the Salave granodiorite. Three main types of igneous rocks are observed in this area: fine-grained biotite-rich granodiorite; quartz-rich granodiorite with lesser amount of mica; and a small outcrop of pinkish rhyodacite porphyry with quartz, chlorite, and altered feldspar in a matrix of quartz and potassium feldspar. The Represas intrusions are interpreted to have been controlled by the same steeply-dipping, northwest-trending fault system that controlled the emplacement of the Salave granodiorite.

LOCAL STRUCTURE AT SALAVE

Metasedimentary rocks in the Salave region are affected by the three main stages of Hercynian deformation and show the corresponding folding, faulting, and cleavage. The following synthesis of structural information is extracted from the MDA report (2017) and the Golder PEA report (2011).

The dominant structural orientation in the region is northeast, with the contact between the metasedimentary rocks and the Salave granodiorite oriented in this direction. Intrusive-metasedimentary rock contacts in core and outcrop are largely conformable, suggesting that the granodiorite intrusion was passive (Figure 67).

Other features orientated in this direction include; the basal thrust of the Mondoñedo nappe, porphyry dykes, some gold-bearing quartz veins in the metasedimentary rocks, and the tabular zone that encases the various mineralised horizons of the Salave deposit.

Northwest-trending faults are parallel to the general shape of the Salave granodiorite and may have provided a conduit for the emplacement of the granodiorite. This would imply that the intrusive was emplaced during D2 deformation.

Mapping and subsequent structural analysis by Newmont in the Salave pit and to the northeast of the pit identified four major fault trends:

- An east-west trend is strongest on the west side of the pit
- Steeply dipping N20°E trend is strongest toward the centre of the pit
- A N40°E trend with moderate to steep dips to the northwest is strongest toward the east side of the pit
- Faults with a N40°W trend and dipping steeply to the southwest are crosscut by most other generations of faults but appear to guide the distribution of intrusive rocks and possibly gold mineralisation.

Other structural observations include bedding parallel faulting in the metasedimentary rocks striking N20°E and dips 40–60°NW. A second dominant subset of joints/veins that cut both intrusive and metasedimentary rocks strikes N66°W and dips 46°SW, nearly perpendicular to the overall trend of bedding in metasedimentary rocks. This subset of data may be much more pertinent to the distribution

of gold since both rock types host gold mineralisation, and mineralisation apparently straddles the upper contact of the intrusion with metasedimentary rocks (Figure 66).

In 2013, structural analysis from oriented core data was undertaken to assist with modelling of the mineralisation. The principal conclusion was that one subset of fracture/joint/vein orientations with a strike and dip of 114°/46°SW appears to control gold distribution at the Salave deposit. These fractures/joints extend across the contact between upper intrusive and metasedimentary rocks. In metasedimentary host rocks, these fractures are slightly different exhibiting a mean orientation of 127°/57°SW. The difference in fractures/joints orientation between the host rocks can be attributed to refraction of fracture orientations across the rheologic contact between them. The moderate south-southwest dip of this fracture/joint subset may correlate with progressively deeper distribution of gold mineralisation at Salave to the south-southwest.

MINERALISATION

The Salave gold deposit is hosted mainly by the strongly altered Salave granodiorite at its western boundary, close to the contact with the Los Cabos sedimentary sequence (Figure 11).

Most of the gold mineralisation has been delineated within an area 400 m wide, 500 m long, and 350 m deep. Gold mineralisation occurs in a series of stacked, north to northwest trending, shallowly southwest dipping irregular lenses related to faults and fracture zones that are parallel to the contact of the intrusive and metasedimentary rocks. The faults and fracture zones appear to be related to one or more vertical structures some of which contain high-grade gold mineralisation. These structures may play an important role as conduits and opening shallow dipping structures with subsequent deposition of hydrothermal solutions, particularly at the contact with the metasediments (Figure 12).

Previous explorers noted that the attitude of the sheeted alteration-mineralisation zones mirrors that of the overlying metasedimentary rocks. In places, these lenses may be sub-horizontal. The dimensions of the individual mineralised zones range from 50 m to 300 m in length, 10 m to 150 m in width, and 5 m to 60 m in thickness, with an average thickness in the order of 20 m. Narrow zones of gold mineralisation are also present within the Los Cabos metasedimentary rocks, possibly reflecting later reactivation and leakage.

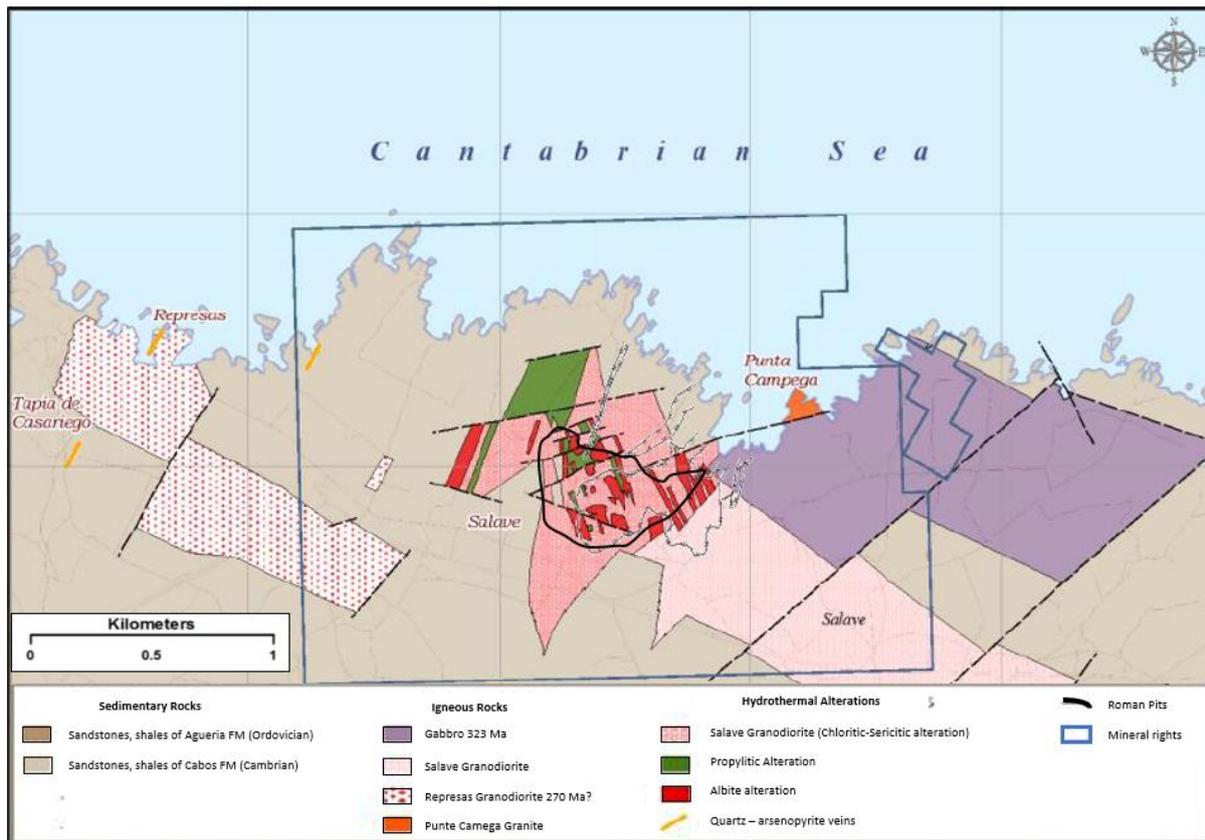


Figure 11: Plan view of the mineralisation and alteration within the altered part of the Salave granite

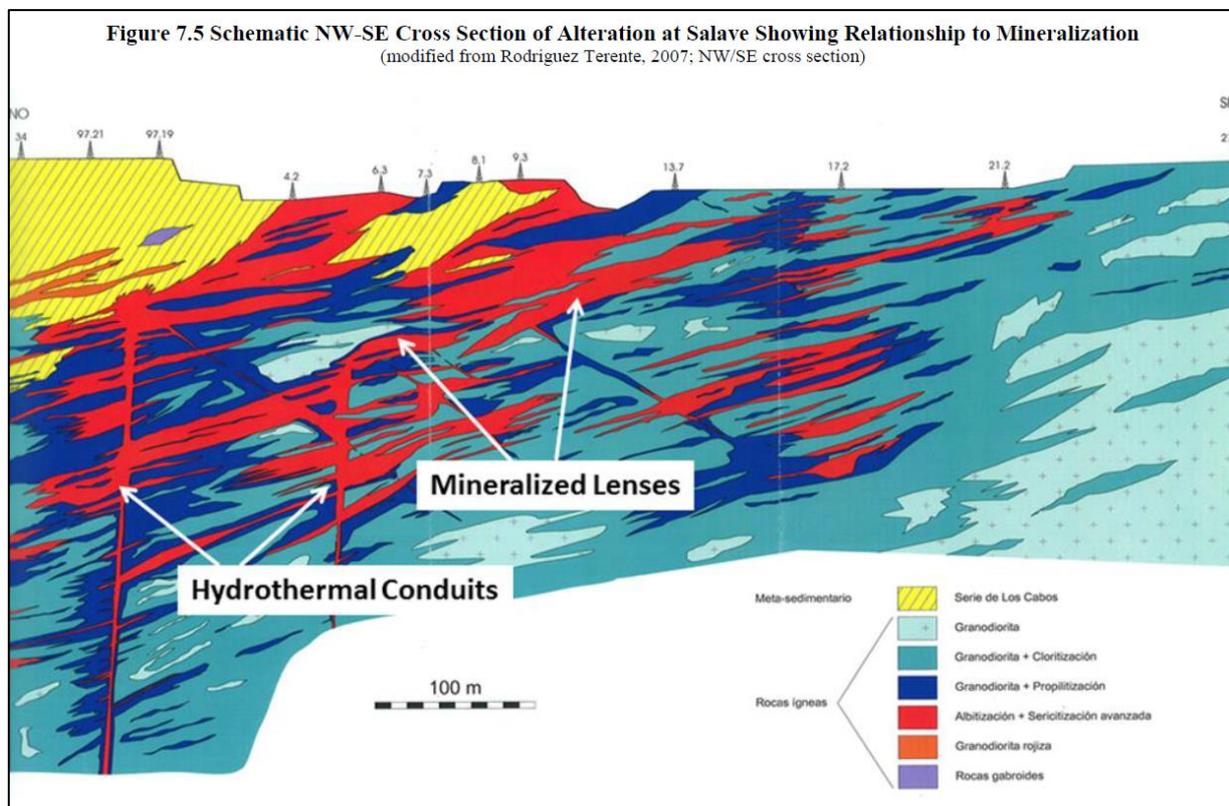


Figure 12: Geometry of the mineralisation and alteration at Salave, dipping to the southwest

DEPOSIT MODEL

Gold mineralisation at Salave is related to hydrothermal alteration of the host granodiorite. The highest gold grades are associated with intense albite-sericite alteration with fine-grained arsenopyrite, commonly disseminated as fine needles, pyrite and stibnite. Destruction of the original texture is a major feature of the most intensively altered and mineralised granodiorite. Quartz veins, and quartz-carbonate molybdenite-bearing veins present in the deposit do not contain gold and represent a separate mineralising event.

BDG consider the Salave deposit to be an intrusive related gold deposit with similarities to other intrusions related gold deposit models including Fort Knox, Pogo and Donlin Creek in Alaska and Telfer and Boddington in Western Australia.

Based on a review of literature and site visit, CSA Global consider that either an orogenic gold model or an intrusive related gold deposit model, as appropriate mineralisation models. Whether the mineralisation is orogenic or intrusive related does not have a material impact on the initial objectives of BDG in terms of delineating a resource within the mineralised footprint. The model may have implications for district-scale exploration. CSA Global recommends further study to determine a more definitive model which may have implications for exploration within the region.

2018 EXPLORATION ACTIVITIES – BLACK DRAGON GOLD

BDG completed a program of seven drill-holes for 2,217 m from January to April 2018 (Figure 13). The holes were drilled from two existing drill collars and were designed to accomplish the following:

- Confirm the orientation of high-grade gold mineralisation intersected in numerous drill-holes during previous diamond drilling programs
- Provide information on the orientation of structures that potentially control the orientation of gold mineralisation at Salave
- Confirm the gold tenor and intersection lengths of previous diamond drill-holes
- Provide additional samples for metallurgical testwork optimisation studies
- Provide additional structural and geotechnical data for ongoing project development studies.

The core drilling was PQ to the oxide/fresh rock interface and varied from 16 to 61m and then HQ in fresh rock.

Core recovery from current drilling is estimated using the drillers recorded depth marks against the length of the core recovered. There was no significant core loss from the 2018 drilling.

Core photography was completed for each box of the drill core, both dry and wet, before core cutting.

Drill core was orientated using a standard spear method except the upper altered part.

Whole drill core was geotechnically logged including recovery, RQD, number and strength of fractures, and other parameters in order to obtain the RMR rating of the formations.

All core was logged for geology, alteration, geotechnical and mineralogy. Density measurements were also carried out. Logging is qualitative whilst geotechnical data is quantitative. The data gathering process

consists of manual logging and input to Microsoft Excel format and finally direct transfer to a drill-holes database. A backup is kept off site.

All drill-hole collars were surveyed by handheld global positioning system (GPS) or a total station device by a certified topographic surveying company (TOPCAD) that were used previously.

Downhole survey was completed with a Maxibor or Gyrosmart nonmagnetic device continuously every 3 or 5 m.

Drill core is stored securely at BDG's warehouse.

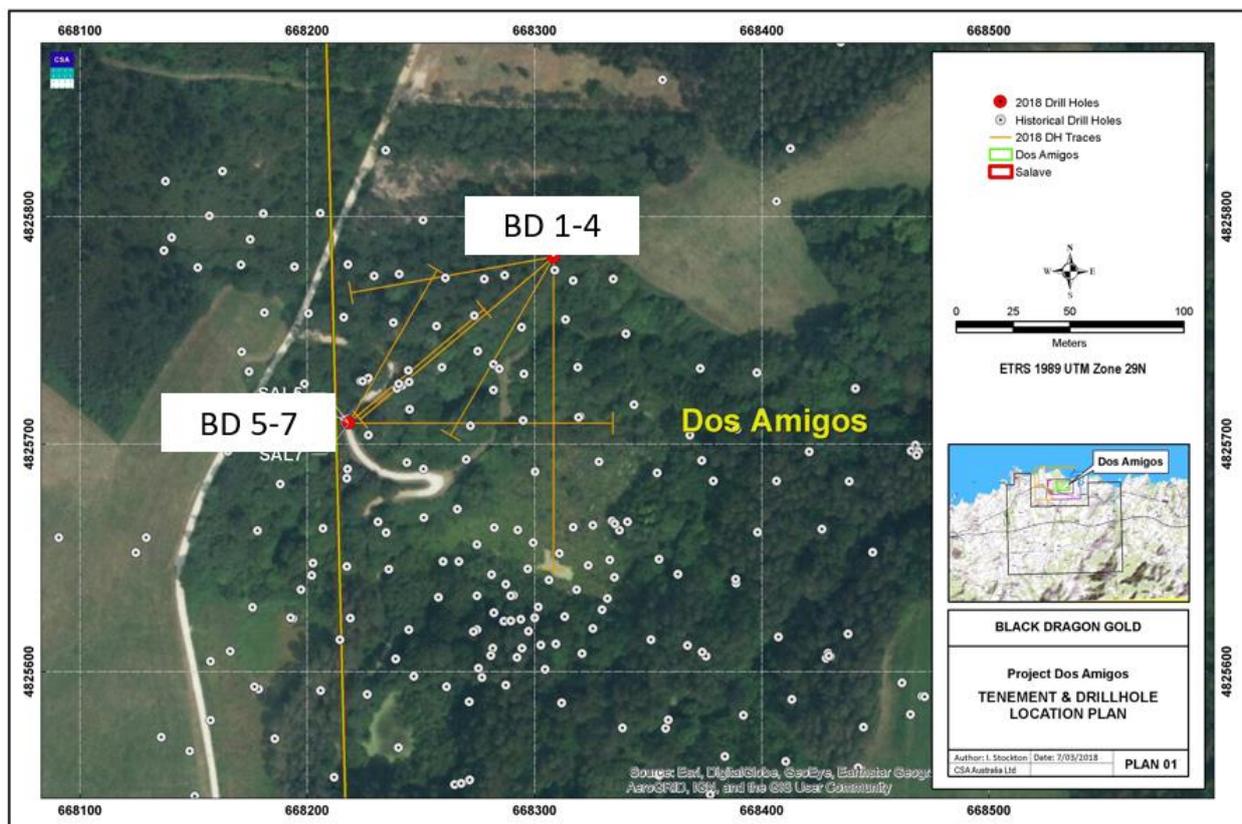


Figure 13: Location of 2018 drill program by Black Dragon (holes labelled BD)

MINERAL PROCESSING AND METALLURGICAL TESTING

Considerable metallurgical testing of drill core has been completed by various companies.

The first metallurgical tests that can be compared to drill-hole assay data were from two large-scale metallurgical tests that were completed by Ammtec in 2005, compositing nearly 3 tonnes of mostly Rio Narcea drill core in each of the two composites for upper and lower mineralised horizons. A pilot flotation plant was operated to consume the composites at a rate of about 150 kg per day.

The results of the metallurgical tests were considered to be acceptable. The pilot plant metallurgical testing indicated higher grades than drill-hole assays, which was explained by a presence of a coarse gold component.

Ammtec also completed 65 variability tests. Drill core was selected, weighed, and composited into 65 samples for the tests. Each composite was based on a 7 kg sample, used to make the upper and lower

horizon composites for the pilot plant testwork. The assay grades and calculated grades of the 1 kg split sample can be compared to the expected value calculated from the drill-hole assays of the intervals used in the composite. The comparison of estimated and calculated grades returned acceptable results.

Astur completed metallurgical tests on a number of composites. Composite samples were constructed from low-grade, average-grade, and high-grade samples from both upper and lower zones of the deposit. The size of each test was generally around 2 kg. The metallurgical tests showed slightly higher grades than the estimated head grade by using the drill-hole assays.

The Golder PEA report (2011) describes results of various tests, including conventional cyanidation methods, biometallurgy technologies (bio-oxidation and bioleaching) and pressure oxidation technologies. Different methods returned different recoveries, but no particular method was recommended in the Golder report.

CSA Global reviewed the historical reports but did not use the metallurgical recoveries in the MRE and reporting. The review of historical metallurgical testwork demonstrated that:

- Gold could be recovered successfully by flotation with reported recoveries ranging between 96.3% and 97.8%,
- Bulk tests returned grades similar to the ones reported by core samples,

which was sufficient for the CSA Global Mineral Resource Estimate.

MINERAL RESOURCE ESTIMATE

STATISTICAL AND GEOSTATISTICAL ANALYSIS

Classical statistical and geostatistical analyses were completed for raw and composited gold grades.

Before undertaking the resource estimate, statistical assessment of the data was completed to understand how the estimate should be accomplished. Exploration sample data were statistically reviewed, and variograms were calculated to determine spatial continuity for gold grades.

Statistical analysis was carried out using Micromine software.

DATA CODING AND COMPOSITE LENGTH SELECTION

Drill-hole coding is a standard procedure which ensures the correct samples are used in classical statistical and geostatistical analyses, and grade interpolation. For this purpose, a solid wireframe for the mineralised envelope was used to select drill-hole samples using Micromine software.

Mineralisation wireframe was used to select drill-hole samples, and the data was assigned a code in the field "ORE". Further coding of sample intervals was completed using logged alteration codes. The interval file with logged alteration codes was merged with analytical data table. Several drill-holes had missing alteration codes. The alteration codes were interpolated into these holes using indicator approach and inverse distance weighting (IDW) algorithm. The resultant analytical data table has alteration codes assigned to each assayed interval.

A summary of the codes and fields used to distinguish the data during geostatistical analysis and grade estimation is provided in Table 1

Table 1: Domain field and description

Field	Flag	Description
ORE	1	Within mineralised wireframe zone
	0	Outside of mineralised wireframe zone
AU_CUT		Grade field
RESCAT	1	Measured
	2	Indicated
	3	Inferred
PILLAR	0	Below -40 m from surface
	1	Above -40 m from surface
alt_code	OX	Iron oxides
	AS	Albitisation-sericitisation
	CL	Chloritisation and chloritisation-sericitisation
	FR	Fresh rocks
	MT	Metamorphised sediments
	SE	Sericitisation
	TH	Albitisation with hematite
	AB	Albitisation

Visual validation of the flagged samples was carried out to make sure the correct samples were selected by the wireframe.

Classical statistical analysis was then repeated for all grades within the mineralised envelope and separately for each alteration rock type. Top-cut grades were estimated for each alteration type and applied to all sample intervals before the interval compositing process.

Basic statistical parameters were obtained for the raw and composited data to make sure that compositing has not distorted the statistics.

Based on the drill-hole coding, samples from within the resource wireframes were used to conduct a sample length analysis. The majority of raw sample intervals are 1.5 m in length (average 1.52 m) as shown in Figure 1. Based on the review, a 1.5 m composite length was selected. The selected samples within the modelled mineralised zone were composited over 1.5 m interval, starting at the drill-hole collar and progressing downhole. Compositing was stopped and restarted at all boundaries between geological domains. If a gap between samples of less than 15 cm occurred, it was included in the sample composite. If the gap was longer than 15 cm, the composite was stopped, and another composite was started from the next sample.

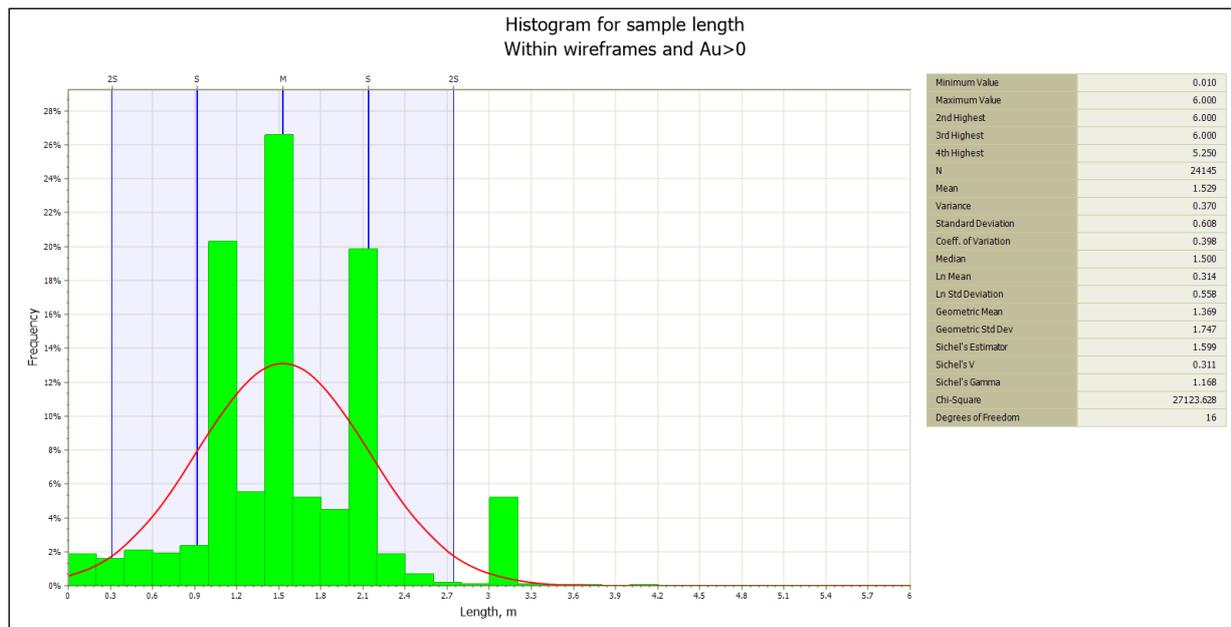


Figure 1: Histogram of sample lengths

STATISTICAL ANALYSIS

Once the mineralised zone for the deposit was interpreted and wireframed, and all samples were coded by the alteration domains, classical statistical analysis was repeated for the sample composites within the interpreted envelope and within each alteration domain to meet the following objectives:

- To assess the mixing effect of grade populations for gold grades
- To assess the necessity of separation of grade populations if more than one population was observed.

Histograms and probability plots were generated for gold grades separately for each alteration domain. Histograms demonstrated that the domaining resulted in successful separation of gold domains. Most of histograms show lognormal distribution of gold grades without apparent mixing of gold grades. Gold grade statistics for all domains are shown in Table 2.

The coefficient of variation for gold grades is between 1.1 and 4.6 which indicates that top-cutting is required for most domains.

Table 2: Classical statistics for gold (weighted on sample length)

Element	Domain	Minimum	Maximum	No. of samples	Mean	Variance	Standard deviation	Coefficient of variation	Median
Unconstrained assays									
Au, g/t	-	0.001	166	33,725	1.25	16.3	4.03	3.41	0.10
Assays within mineralised zone									
Au, g/t	ORE = 1	0.001	166	24,718	1.52	19.5	4.42	2.92	0.30
1.5 m composites within mineralised zone									
Au, g/t	ORE = 1	0.001	166	30,051	1.42	16.1	4.01	2.80	0.30
1.5m composites within alteration domains									
Au, g/t	AS	0.005	166	8,246	3.55	41.9	6.47	1.82	1.80
Au, g/t	OX	0.025	2.85	66	0.54	0.3	0.57	1.09	0.43
Au, g/t	CL	0.002	83	11,889	0.55	4.0	2.01	3.52	0.10
Au, g/t	FR	0.001	36.64	4,147	0.24	1.0	1.02	4.21	0.03
Au, g/t	MT	0.001	38	2,953	0.74	2.7	1.65	2.23	0.16
Au, g/t	SE	0.130	45.8	76	6.21	75.3	8.68	1.43	2.48
Au, g/t	TH	0.005	26	630	0.75	3.9	1.97	2.52	0.12
Au, g/t	AB	0.005	60.07	2,044	1.35	8.2	2.87	2.15	0.70

TREATMENT OF OUTLIERS

A review of grade outliers was undertaken to ensure that extreme grades are treated appropriately during grade interpolation. Although extreme grade outliers within the grade populations of variables are real, they are potentially not representative of the volume they inform during estimation. If these values are not cut, they have the potential to result in significant grade over-estimation on a local basis.

Classical statistical analysis was carried out for each geological domain. The selected top-cuts were applied to all gold grades in the corresponding geological domains before the length compositing process.

Table 3: Selected top-cuts

Domain	Au (g/t)
OX	-
AS	100
CL	31
FR	21
MT	24
SE	-
TH	16
AB	19

GEOSTATISTICAL ANALYSIS

The purpose of geostatistical analysis is to generate a series of semi-variograms that can be used as the input weighting mechanism for Kriging algorithms. The semi-variogram ranges determined from this analysis contribute heavily to the determination of the search neighborhood dimensions.

All variograms were calculated and modelled for the composited sample file constrained by the mineralised zone for gold with all alteration domains combined. It was decided to model relative semi-variogram model given they were more interpretable.

Downhole experimental variograms were modelled to estimate the expected nugget effect. The modelled nugget effect was then used when directional semi-variograms were modelled.

The main axes for semi-variogram modelling were selected using overall geological dimensions of the deposit. The azimuth of the main direction was 350° with no plunge. The azimuth of the second direction was 80° with a –15° dip and the third axis perpendicular to the first two axes – an azimuth of 80° with a 75° dip.

All modelled experimental semi-variograms were exponential and spherical and had two nested structures. The parameters of the modelled semi-variograms are listed in Table 4 and shown in Figure 2.

The semi-variogram ranges were used to determine the search radii for gold (81.7 m for the main direction, 79.9 m for the second direction, and 56.1 m for the third direction). The semi-variogram ranges were used in the search ellipse and grade interpolation process. Generally, most of the semi-variogram ranges were greater than sample spacing.

Table 4: Semi-variogram characteristics

Element	Type	Axis	Azimuth	Dip	Nugget	Partial sills	Ranges
Au	Exponential and spherical	Main	350	0	0.398	0.461 and 0.242	5.5 and 81.7
		Second	80	-15			3.8 and 79.9
		Third	80	75			15.1 and 56.1

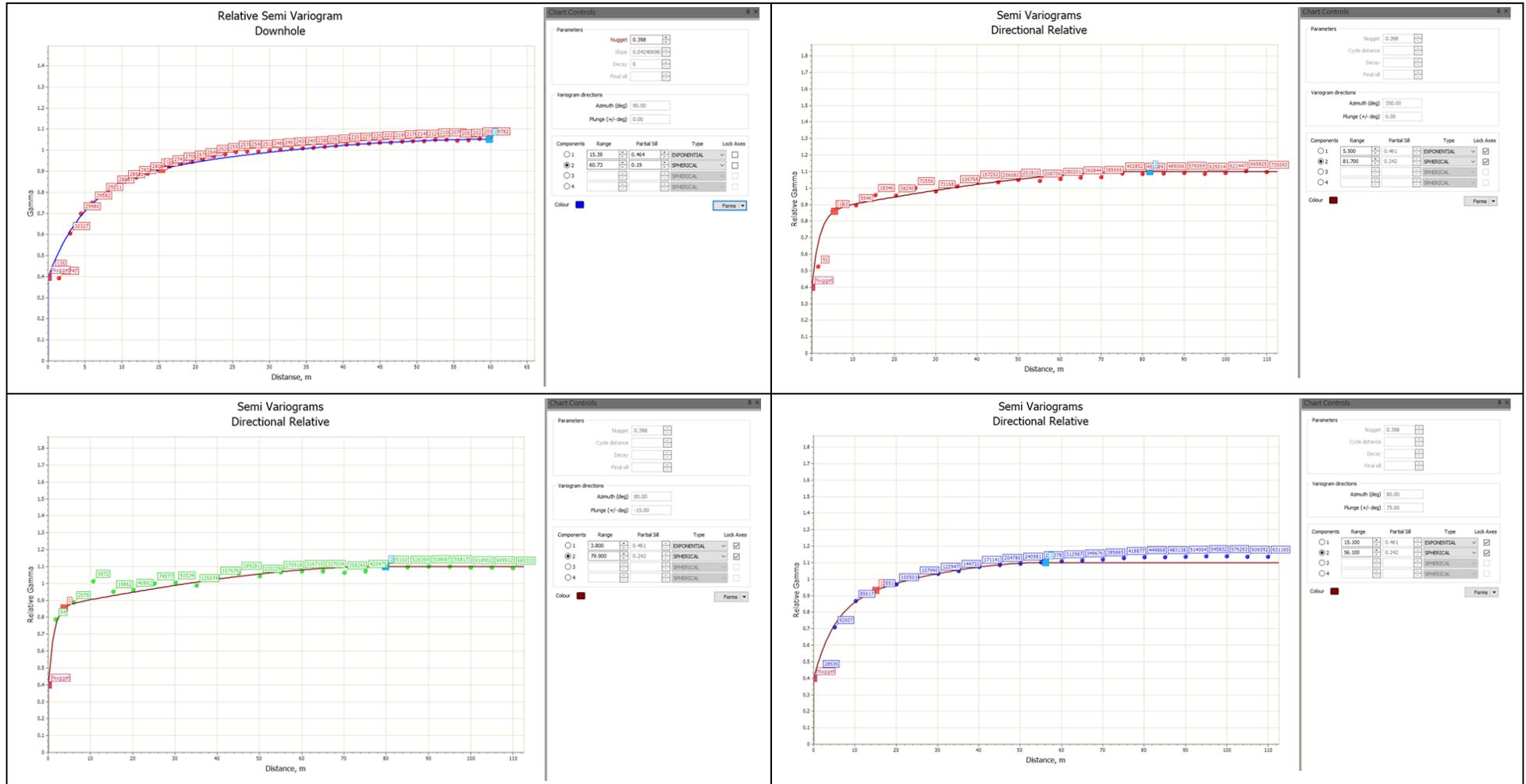


Figure 2: Downhole and directional semi-variogram models for gold

DENSITY

BDG supplied CSA Global with density measurements taken on drill core using the water immersion method, which is based on sample weight in air and in water-saturated state.

Density measurements were taken from 73 historical and two recent holes at various depths from all main representative rock types at the deposit. The total number of supplied density measurements was 396 for the historical holes and 78 for the recent drilling. CSA Global decided that 474 measurements are sufficient for interpolation of density values into the block model.

All density values were interpolated into the block model separately into each alteration domain using the same interpolation parameters as for the gold grades. It was found that two geological domains did not have sufficient number of density measurements – domains SER and CHL. These domains were assigned an average density value of 2.67 t/m³, which is an average density value for all geological domains combined.

BLOCK MODELLING

Software

Block modelling was undertaken by CSA Global using Micromine version 18.0.703.0 software.

Block Model Construction

A block model was created to encompass the full extent of the Salave deposit. Block model parameters are shown in Table 5 and block model attributes are shown in

Table 6.

The block model used a parent cell size of 4.0 m(E) x 4.0 m(N) x 4.5 m(RL) with sub-celling to 1.0 m(E) x 1.0 m(N) x 0.9 m(RL) to maintain the resolution of the mineralised zone. The parent cell size was selected based on approximately quarter of the average drill section spacing at the deposit and considering underground method of its development. The model cell dimensions were also selected to provide sufficient resolution to the block model in all directions.

Table 5: Block model parameters

Axis	Extent (m)		Block size (m)	Maximum sub-celling (m)	No. of parent blocks
	Minimum	Maximum			
Easting	667,998	668,902	4	1	226
Northing	4,825,398	4,826,052	4	1	164
RL	-402.5	52.5	4.5	0.9	101

Table 6: Block model attributes

Field	Description
X	Easting (m)
Y	Northing (m)
Z	RL
_X	Easting block size (m)
_Y	Northing block size (m)
_Z	RL block size (m)
sg	Density values (t/m ³)
alt_code	Alteration code: OX Iron oxides AS Albitisation-sericitisation CL Chloritisation and chloritisation-sericitisation FR Fresh rocks MT Metamorphised sediments SE Sericitisation TH Albitisation with hematite AB Albitisation
RESCAT	Resource categories: 1 – Measured, 2 – Indicated, 3 – Inferred
AU_CUT	Au grade field (g/t)

An empty block model was created within the closed wireframe model for the mineralised zone. The block model was then restricted below the topography surface (i.e. all the model cells above the surface were deleted from the model file). The initial filling with a corresponding parent cell size was followed by sub-celling where necessary. The sub-celling occurred near the boundaries of the mineralised zone or where model was truncated with the topographic surface. The sub-cells were optimised in the models where possible to form larger cells.

GRADE INTERPOLATION

Gold grades were interpolated into the empty block model using Ordinary Kriging (OK). The block model was initially domained using alteration codes. The domaining used the following process:

1. An additional field "IND_AS" was created in the sample data file. All intervals with the alteration code "AS" were assigned a value of 1 in this field, and all other intervals were assigned a value of 0.
2. All 0 and 1 values from the field "IND_AS" were interpolated into the model cells.
3. Similar fields were created for all other alteration codes (i.e. "IND_OX", "IND_AB" etc.) and interpolated into the model. Thus, the model has nine new fields with interpolated 0 and 1 values for each alteration type. The interpolated values indicated the estimated probability for each alteration type in each model cell.
4. A maximum value for those indicators was established for each model cell, and a corresponding alteration code, which had maximum probability, was assigned to the corresponding model cells.

Gold grades were then interpolated into the block model with the corresponding top-cut grades applied. Gold grades for each alteration domain were interpolated separately to the corresponding domain in the block model, thus no grade mixing between the alteration domains took place.

A "parent block estimation" technique was applied (i.e. all sub-cells within the limits of a parent cell were informed with the same gold grade).

The OK process was performed at different search radii until all cells were interpolated. The search radii were incremented from one-tenth of the semi-variogram long ranges in all directions to the full semi-variogram ranges in all directions, and all subsequent runs were incremented by full semi-variogram ranges in all direction until all model cells were informed with gold grades.

The orientation of the search ellipse was determined from the geology of the deposit and semi-variogram directions: azimuth = 350°, plunge = 0°, dip = -15°.

The blocks were interpolated using only assay composites restricted by the wireframe model for the mineralised zone of the deposit, and separately to each alteration domain. When model cells were estimated using radii not exceeding the full semi-variogram ranges, a restriction of at least three samples from at least two drill-holes or trenches was applied to increase the reliability of the estimates. The interpolation strategy is shown in Table 7.

Table 7: Interpolation parameters

Interpolation method	OK			
	Less or equal to 1/3 of semi-variogram ranges	Less or equal to 2/3 of semi-variogram ranges	Less of equal to semi-variogram ranges	Greater than semi-variogram ranges
Search radii				
Minimum number of samples	3	3	3	1
Maximum number of samples	12	12	12	12
Minimum number of drill-holes or trenches	2	2	2	1

De-clustering was performed during the interpolation process by using four sectors within the search neighbourhood. Each sector was restricted to a maximum of three points, and the search neighbourhood was restricted to an overall minimum of three points for the interpolation runs using radii within the semi-variogram long ranges. The maximum combined number of samples allowable for the interpolation was therefore 12. Change of support was honoured by discretising to 5-points x 5-points x 5-point kriged estimates. These point estimates are simple averages of the block estimates.

BLOCK MODEL VALIDATION

Validation of the grade estimates was completed by:

- Visual checks on screen in cross-section and plan view to ensure that block model grades honour the grade of sample composites
- Statistical comparison of sample and block grades
- Alternative interpolation methods
- Generation of swath plots to compare input and output grades in a semi-local sense, by easting, northing and elevation.

Visual Validation

The block model with interpolated grades was displayed on screen along with the sample grades and colour coded according to alteration domains. Visual validation demonstrated close correlation between modelled grades and composited samples, as well as interpolated alteration domains and logged lithology in the database.

Statistical Validation

The average gold grades in the model were compared with the average grades in the composited sample files. It was found that the estimated grades were globally 30% relative lower than the grades in the composites (1.42 g/t Au in the composite file vs. 0.97 g/t Au in the block model), which is natural result due to the clustering of the sample data.

Alternative Interpolation

The blank model was used to interpolate gold grades using IDW with the powers of two and three. It was found that the model with interpolated grades using IDW methods returned about 3% lower (relative) average gold grades and 4% lower metal than the OK model at a 0 g/t Au cut-off grade. With the cut-off of 2 g/t applied to the models, the gold grades were 5 to 7% higher with 1–1% lower metal in the IDW models (Table 8). The results are believed to be within acceptable limits.

SWATH PLOTS

Swath plots were generated for each 20 m bench and each 20 m vertical section in east-west and north-south directions for all alteration domains combined. The results of this validation for all lithological domains combined are shown in Figure 3. The plots generated for individual alteration domains demonstrate close correlation between the modelled gold grades and sample composites. It is apparent that the model has smoothed the composite grades, which is to be expected due to the volume variance effect.

Table 8: Comparison between OK and IDW interpolation method

Cut-off Au (g/t)	OK		IDWx2		IDWx3		Difference (%)			
	Au		Au		Au		With IDW x 2		With IDW x 3	
	g/t	koz	g/t	koz	g/t	koz	g/t	koz	g/t	koz
0	0.97	2,908	0.94	2,808	0.93	2,788	-3.4	-3.5	-4.1	-4.1
0.2	1.39	2,821	1.42	2,718	1.45	2,698	2.3	-3.7	4.3	-4.4
0.4	1.73	2,683	1.77	2,587	1.80	2,573	2.5	-3.6	4.3	-4.1
0.6	2.04	2,528	2.12	2,433	2.15	2,422	3.7	-3.8	5.6	-4.2
0.8	2.34	2,370	2.44	2,285	2.49	2,277	4.2	-3.6	6.2	-3.9
1	2.66	2,205	2.76	2,141	2.81	2,138	3.6	-2.9	5.7	-3.0
1.2	2.99	2,048	3.10	1,997	3.16	1,999	3.5	-2.5	5.6	-2.4
1.4	3.33	1,901	3.45	1,860	3.51	1,867	3.7	-2.1	5.6	-1.8
1.6	3.66	1,770	3.79	1,740	3.87	1,748	3.6	-1.7	5.7	-1.2
1.8	3.97	1,659	4.12	1,633	4.21	1,644	4.0	-1.6	6.1	-0.9
2	4.27	1,556	4.48	1,531	4.58	1,541	4.8	-1.6	7.2	-1.0
2.2	4.60	1,456	4.82	1,439	4.94	1,451	4.8	-1.1	7.4	-0.3
2.4	4.95	1,361	5.17	1,357	5.29	1,372	4.5	-0.3	7.0	0.8
2.6	5.29	1,277	5.52	1,281	5.64	1,301	4.3	0.4	6.6	1.9
2.8	5.65	1,198	5.86	1,214	5.98	1,236	3.7	1.4	6.0	3.2
3	5.99	1,130	6.20	1,152	6.32	1,178	3.5	2.0	5.5	4.3

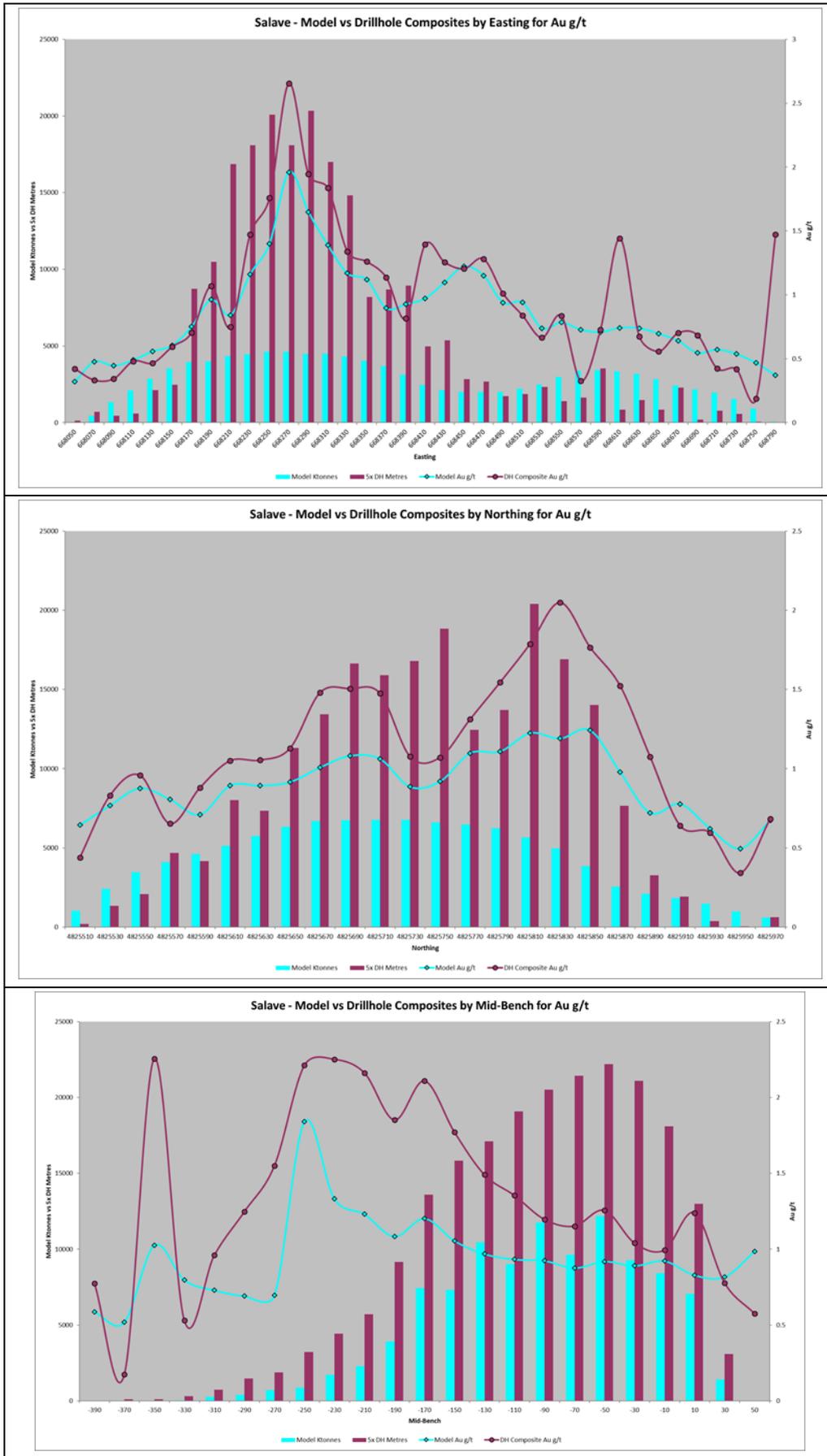


Figure 3: Swath plots for gold grades – combined alteration domains

GEOLOGICAL MODELLING

Software

Geological modelling was undertaken by CSA Global using Micromine version 18.0.703.0 software.

Preliminary Statistical Assessment

Preliminary statistical assessment was carried out to review the distribution of unrestricted gold grades and to select the cut-off grade for interpretation of the mineralisation at the deposit. Figure 4 summarises the statistical properties of the combined unrestricted assay database for gold.

The histogram demonstrates that there are several gold populations at the deposit. A cut-off grade of 0.47 g/t Au was selected for interpretation of the mineralised zone. The analysis of the gold grades distribution resulted in the conclusion that the deposit has several grade populations above the selected cut-off grade, and further domaining of grades is therefore required.

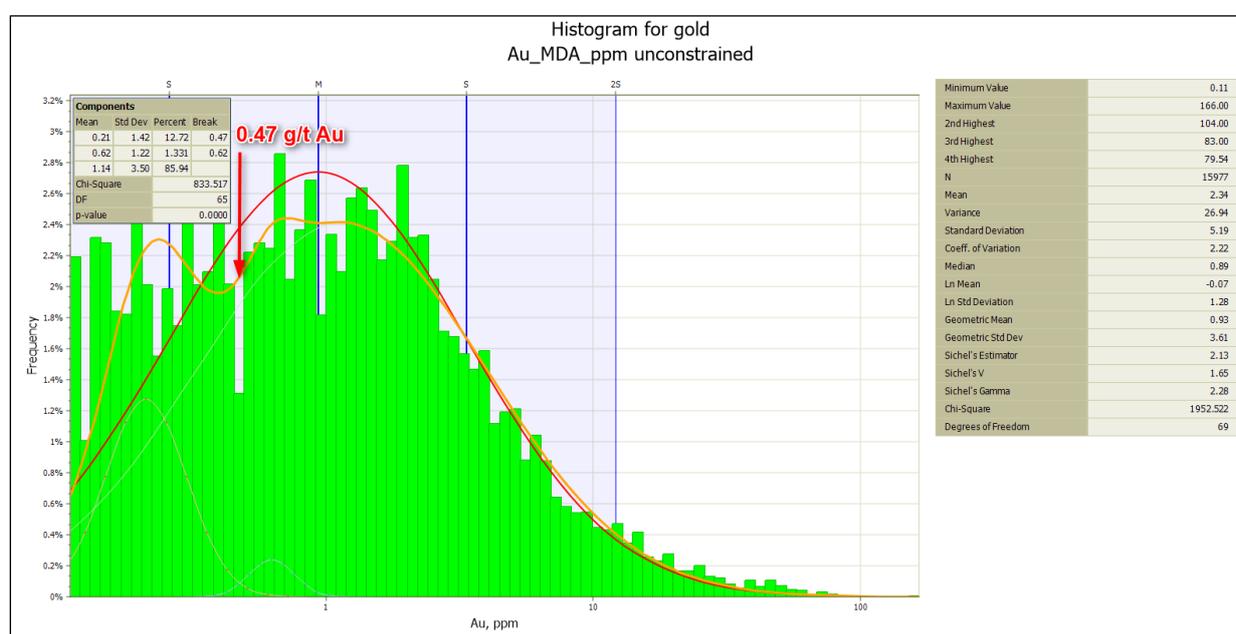


Figure 4: Log histogram for unrestricted gold grades

LITHOLOGY, STRUCTURE AND ALTERATION

The database included full logging of lithology and alteration codes of the deposit. Further statistical analysis and visual examination of cross sections established strong correlation between the types of alteration and gold grades. For example, most of high-grade zones are strongly correlated with zones of intense albite-sericite alteration and structure in the granodiorite.

It was decided to model the alteration codes using indicator approach which is described in detail in the following sections of the report. Figure 5 shows an example cross section with interpolated alteration domains in the block model. The modelled alteration domains closely reflect logged alteration in drill-holes.

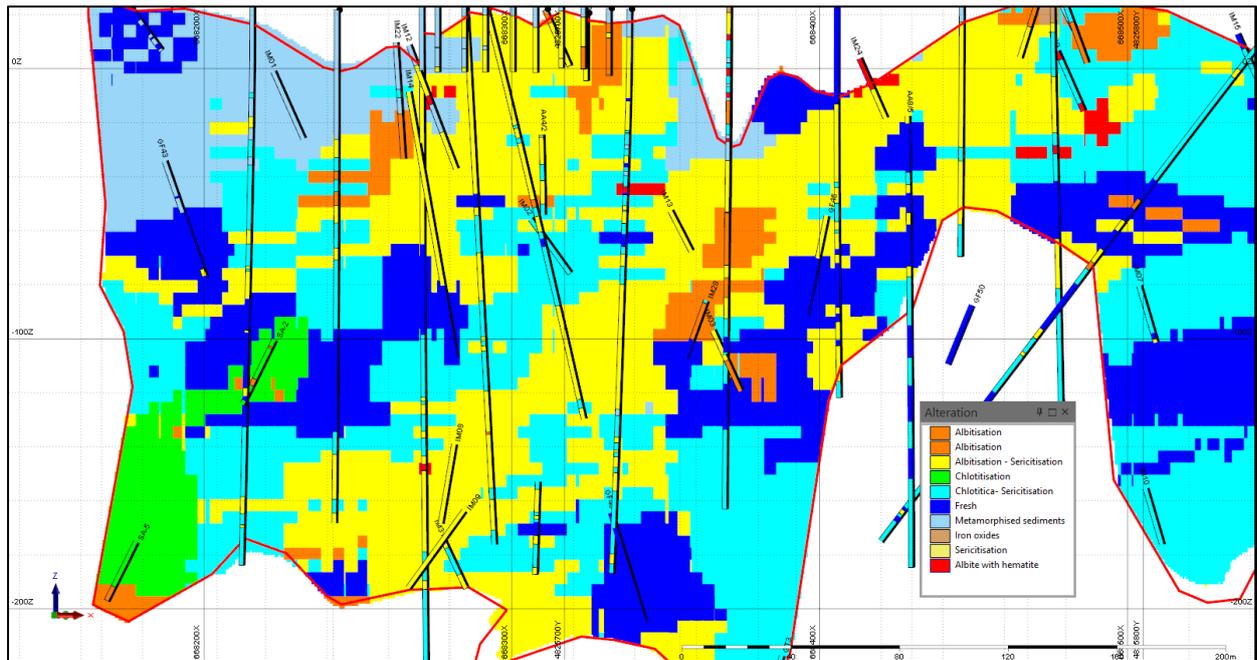


Figure 5: Modelled domains for alteration types (section 16, looking northwest)

MINERALISATION

Interpretation of the Salave deposit was based on the current understanding of the deposit geology. Each cross section generally 20 m spaced apart was displayed in Micromine software together with drill-hole traces colour-coded according to gold values.

Grade composites were created to assist with the interpretation and wireframing. The grade compositing process was run with the following input parameters:

- Trigger value: 0.47 g/t Au
- Maximum composite length: 1 m
- Minimum grade of final composite: 0.47 g/t Au
- Maximum consecutive length of waste: 2 m
- Minimum grade * length: 0.47 g/t*m Au.

All grade composites were displayed along the drill-hole traces to help with visualisation of mineralised intervals and interpretation and interpretation of the mineralised zone. The grade composites were not used for any further modelling stages.

The following techniques were employed whilst interpreting the mineralisation:

- Each cross section was displayed on screen with a clipping window equal to a half distance from the adjacent sections (± 10 m).
- All interpreted strings were snapped to drill-hole intervals.
- Internal waste within the mineralised envelopes was not interpreted and modelled. It was included in the interpreted envelopes.

- If a mineralised envelope did not extend to the adjacent drill-hole section, it was projected halfway to the next section, and terminated. The general direction and dip of the envelopes was maintained.
- Where no drill-hole was present down dip, the mineralisation was extended approximately 10 m down dip.
- If a mineralised lens extended to the topography surface, it was extended, at the same width as the last drill-hole, above the surface to ensure there would not be any gaps between the mineralised zone and the topography when the block model was built.

Figure 6 shows an example of an interpreted cross section with mineralisation.

All interpreted strings were “snapped” to drill-holes based on logged lithologies and chemical assays/grade composites. The strings were then triangulated to form a closed wireframe model.

The interpreted strings were used to generate 3D solid wireframe for the mineralised envelope. Every section was displayed on-screen along with the closest interpreted section. If the corresponding envelope did not appear on the next cross section, the former was projected halfway to the next section, where it was terminated. The modelled envelope for the mineralised zone is shown in Figure 7.

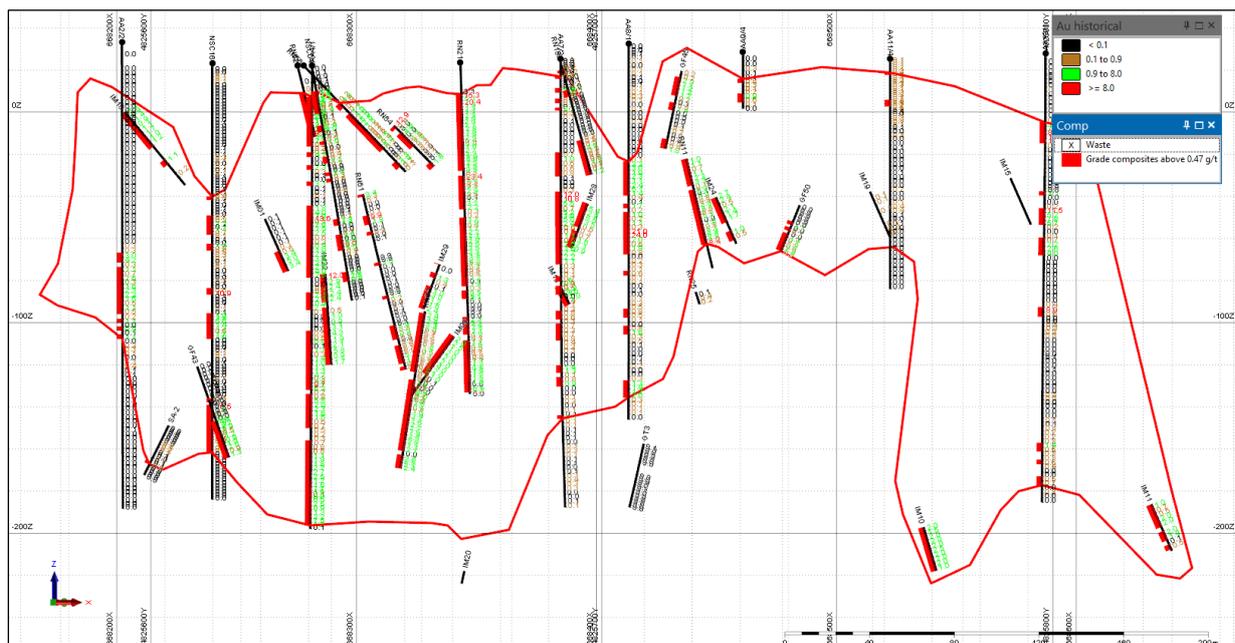


Figure 6: Example of interpretation of mineralisation – section 18 (looking northwest)

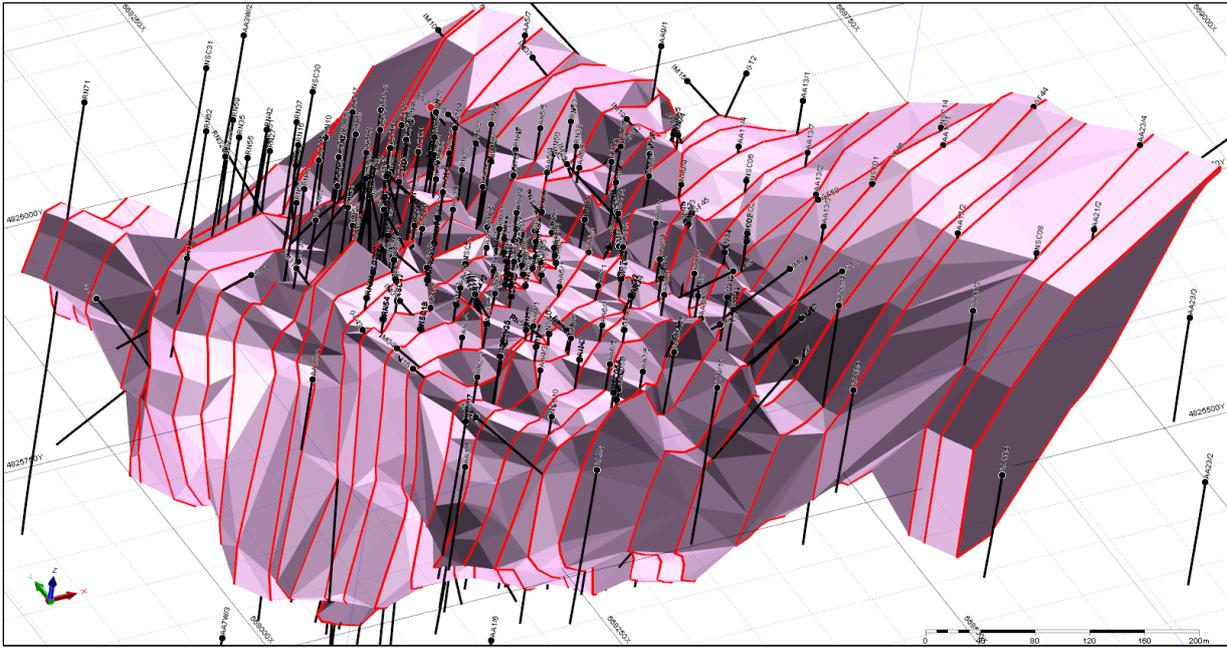


Figure 7: 3D view of the wireframed mineralised zone (looking northeast)

TOPOGRAPHY

The topographic surface was provided by BDG in DXF format and imported to Micromine. The surface was digitised from a topographic map with 1 m contours, which were then used to generate the triangulated surface. This surface was employed by CSA Global to limit the block model.

MINERAL RESOURCE REPORTING

REASONABLE PROSPECTS HURDLE

Under CIM guidelines May 10, 2014, all reports of Mineral Resources must have “reasonable prospects for eventual economic extraction”, regardless of the classification of the resource.

The Qualified Person deems that there are reasonable prospects for eventual economic extraction on the following basis:

- Preliminary metallurgical testwork indicates that Salave mineralisation may be amenable to successful extraction
- The cut-off grade adopted for reporting (2 g/t Au) is considered reasonable given the Mineral Resource is likely to be exploited by underground mining methods, sulphide concentration, and gold recovery using off-site processing.

RESOURCE CLASSIFICATION

The Salave Gold Project Mineral Resources have been classified using the CIM Standards on Mineral Resources and Reserves, Definitions and Guidelines prepared by the CIM Standing Committee on Reserve Definitions and adopted by CIM Council, and procedures for classifying the reported Mineral Resources were undertaken within the context of the Canadian Securities Administrators NI 43-101.

The classification level is based upon an assessment of geological understanding of the deposit, geological and mineralisation continuity, drill-hole spacing, QC results, search and interpolation parameters and an analysis of available density information.

- The following approach was adopted when classifying the Mineral Resources:
- Measured Mineral Resources were defined where block grades were interpolated from a minimum of three composites derived from a minimum of two holes, where the average distance to the block centroid did not exceed 10 m.
- Indicated Mineral Resources were defined in areas where the drill density did not exceed approximately 20 m x 20 m with at least two mineralisation intersections. Geological structures are relatively well understood and interpreted.
- Inferred Mineral Resources were defined in areas lying outside the Indicated wireframes, which still display reasonable strike continuity and down dip extension, based on the current drill-hole intersections.
- The resource classification applied is illustrated in Figure 8 (red – Measured, light green – Indicated, blue – Inferred).

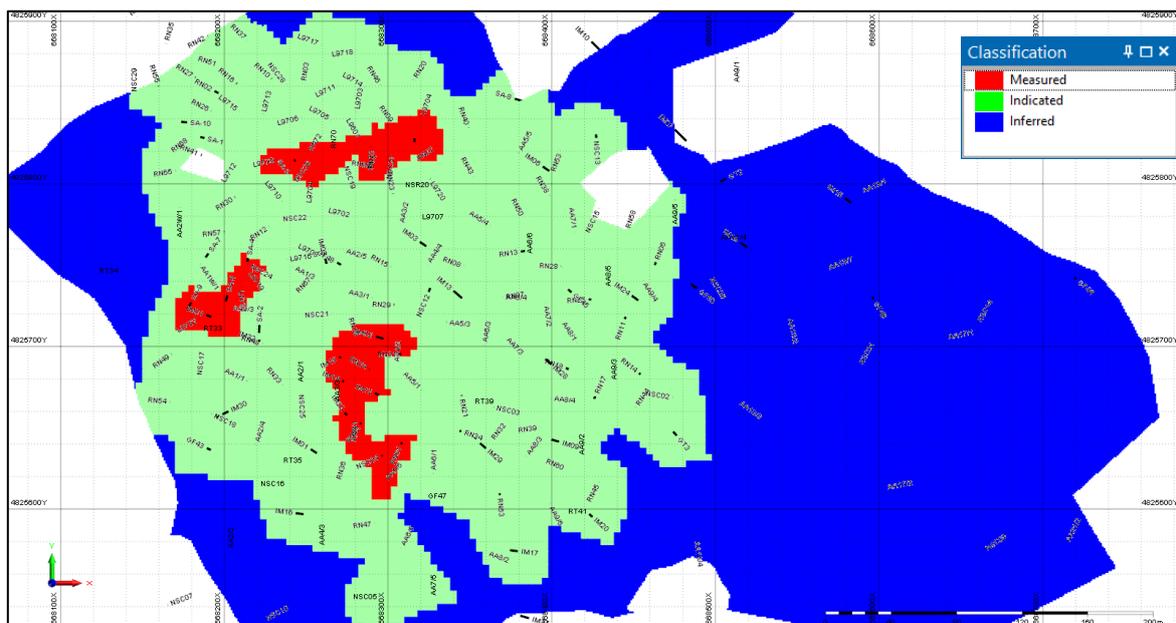


Figure 8: Mineral Resource classification – plan view at -50 m RL

MINERAL RESOURCE ESTIMATE

The MRE has been classified and reported in accordance with the CIM Code and is therefore suitable for public release. The MRE is reported by classification in Table 2.

The Mineral Resource has been reported above a cut-off of 2 g/t Au and is current to 31 October 2018.

Table 2: Salave MRE by classification –31 October 2018

Resource Category	Tonnes (Mt)	Au grade (g/t)	Au contained metal (koz)
Measured	1.0	5.6	190
Indicated	7.2	4.4	1,020
Measured + Indicated	8.2	4.6	1,210
Inferred	3.1	3.5	350

Notes:

- Classification of the MRE was completed based on the guidelines presented by Canadian Institute for Mining (CIM), adopted for Technical reports which adhere to the regulations defined in Canadian National Instrument 43-101 (NI 43-101).
- A cut-off grade of 2 g/t Au has been applied when reporting the Mineral Resource.
- All density values were interpolated, except CHL and SER domains where a single density value of 2.67 t/m³ was used.
- Rows and columns may not add up exactly due to rounding.

The Mineral Resources exclude mineralised material that lies between surface and a depth of 40 m. This is due to the necessity to maintain a surficial crown pillar in a potential underground operation.

COMPARISON WITH PREVIOUS ESTIMATES

An MRE was previously completed by MDA in January 2017 (Table 2).

MDA adopted a 2 g/t reporting cut-off grade.

Table 2: Salave MRE by MDA – January 2017

Classification	Tonnes (Mt)	Au grade (g/t)	Au contained metal (koz)
Measured	0.5	5.9	97
Indicated	6.6	4.4	847
Measured + Indicated	7.1	4.5	944
Inferred	1.1	3.1	106

CSA Global's model reports globally 42% more tonnage, almost identical average gold grades and 53% more gold metal.

When combined Measured and Indicated Mineral Resources are compared between the estimates, CSA Global's model returns 16% more tonnage, 3% higher average grade and 31% more contained metal.

The main differences can be explained by the following:

1. MDA did not model the deposit alteration domains. Instead, hard boundaries were interpreted using 0.9 g/t Au and 8 g/t Au cut-offs. CSA Global did not find any justification for the high grade domaining. An indicator approach was adopted to model the main alteration types for the deposit, and grades were interpolated separately to each alteration domain. Eighty-eight percent of the Mineral Resource belongs to the AS alteration domain, 7% belongs to CL domain, and the remaining 5% are within the other seven alteration domains (at a 2 g/t cut-off).
2. Fifty-nine percent of all gold assays above 0.9 g/t and 29% of gold assays above 8 g/t are outside of the MDA model and, therefore, were not used for the MRE. CSA Global used all available analytical information for modelling. Figure 9 shows all sampled intervals above 0.9 g/t Au that occur outside of the MDA model (red circles).

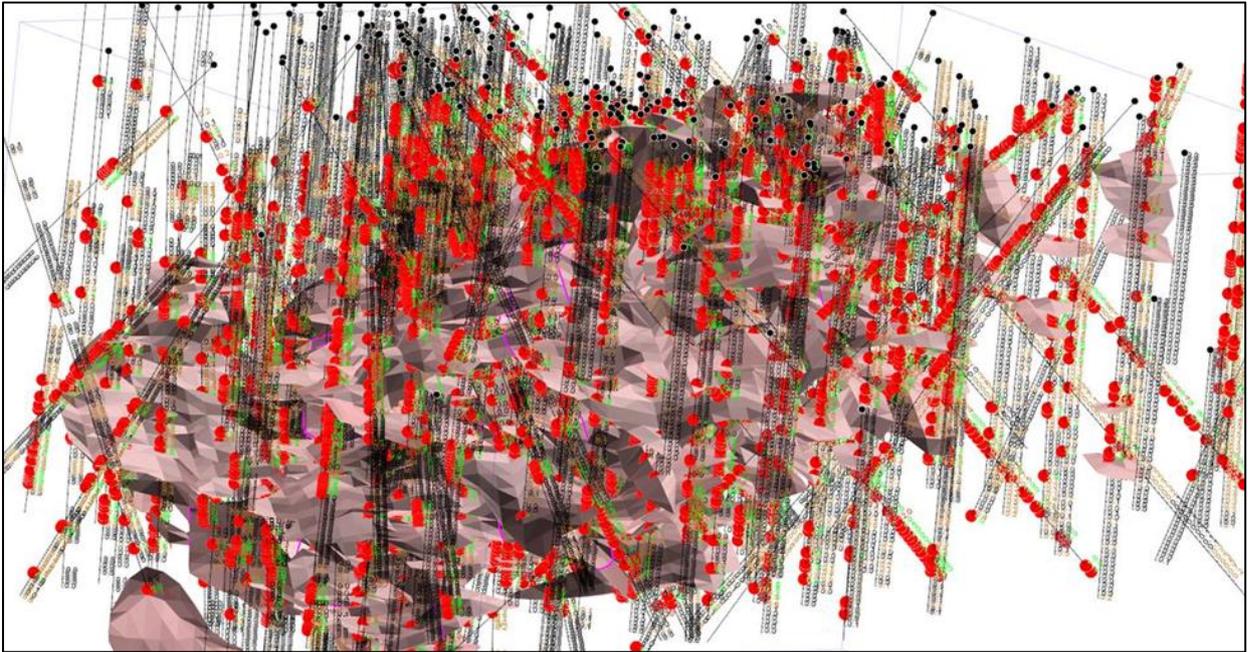


Figure 9: Gold assays >0.9 g/t outside of the MDA model

AUDITS AND REVIEWS

Internal audits were completed by CSA Global which verified the technical inputs, methodology, parameters and results of the estimate. No external audit of the MRE has been undertaken.

RISKS AND RISK MANAGEMENT

This Section identifies circumstances that the Board regards as the major risks associated with an investment in the Company and which may have a material adverse impact on the financial performance of the Company and the market price of the CDIs if they were to arise. The Directors aim, and will aim, to manage these risks by carefully planning the Company's activities and implementing risk control measures. However, some of the risks identified below are highly unpredictable and the Company is limited to the extent to which they can effectively manage them.

The following risk factors are not intended to be an exhaustive list of the risk factors to which the Company is exposed. In addition, this Section has been prepared without taking into account any specific investor's individual financial objectives, financial situation and particular needs. Investors should seek professional investment advice if they have any queries in relation to making an investment in the Company.

RISKS SPECIFIC TO THE COMPANY

TITLE RISKS

Establishing title to mineral properties is a detailed and time-consuming process. Title to the area of mineral properties may be disputed. There is no guarantee of title to the Concessions or the Investigation Permit. The property may be subject to prior unregistered agreements or transfers and title may be affected by undetected defects. The 5 Mining Concessions comprising the Project are presently due to expire on:

- 10 October 2045 (Dos Amigos Nº 24.371);
- 10 October 2045 (Salave Nº 25.380);
- 25 January 2037 (Figueras y Demasía Nº 29.500);
- 9 November 2048 (Ampliación a Figueras y Demasía Nº 29.969); and
- 16 September 2041 (Segunda Ampliación a Figueras y Demasía Nº 28.820).

The Salave Investigation Permit which surrounds the Mining Concessions is presently due to expire on 15 November 2021.

According to the requirements of the Spanish Mining Act, renewals of mining concessions must be requested prior to 3 years before the expiration date. EMC lodged an application on 25 March 2015 to the Ministry of Employment, Industry and Tourism of the Principality of Asturias for a 30 years extension period for the Mining Concessions: "Ampliacion a Figueras" Nº 29969. As per the 5

December 2018 BDG news release, the provincial government of Asturias granted a 30 year extension on the Ampliacion a Figueras Mining Permit, and a 3 year extension to the Salave Investigation Permit (which was due to expire on 18 February 2017).

Renewal of future mining concessions that are due to expire outside the Dos Amigos and Salave Concessions would not have any impact on the main project, but only surrounding exploration opportunities. All of the Company's current Mineral Resource estimate is contained within the Dos Amigos and Salave concessions, which are not due to expire until 2045.

PERMITTING, APPROVAL AND EXPENDITURE RISKS

For the reasons detailed below, the Company is proposing to develop the Project as an underground project. The Company will require certain government approvals in order to commence such development activities. The necessary approvals are detailed below. There can be no certainty that such approvals will be granted, or will be granted in a timely manner, or on terms that are acceptable to the Company. Factors that are beyond the Company's control such as bureaucratic impediments, minor changes in legislation and even government holidays could substantially impede the timing of receiving essential permits and delay or stall the Company's exploration and development efforts.

Pursuant to the Concessions and the Investigation Permit, the Company (through EMC) will become subject to payment and other obligations. In particular, licence holders are required to expend the funds necessary to meet the minimum work commitments attaching to the concessions. Failure to meet these work commitments may render the licence subject to forfeiture or result in the holders being liable for fees. Further, if any contractual obligations are not complied with when due, in addition to any other remedies that may be available to other parties, this could result in dilution or forfeiture of the Company's interest in its licenses.

In August 2005 the regional government of Asturias halted the proposed open pit development of the Project because of the introduction of certain zoning legislation.

The open pit mining is limited by the fact that the land is classified as coastal protection land in a strip of 500m measured horizontally along the shoreline. This protection is contained both in the territorial legislation of Asturias (POLA) and in the Land Use Planning Regulation of Tapia de Casariego and the achievement of mining activities within the POLA requires, among other things, a special permit to be granted by the Government of the Principality of Asturias.

In July 2011, EMC lodged an application to develop the Project as an underground mining project.

The proposed underground mining project was developed in a certain area of Tapia de Casariego in such a way to avoid all environmental, territorial and land use planning restrictions.

However, on 19 December 2014, the Environmental Ministry of the Principality of Asturias issued a negative Environmental Impact Statement (EIS) on the Amended Environmental Impact Assessment that was prepared in connection with the application for the underground mining project.

This decision was based on a negative report by the Cantabrian Hydrographic Confederation (CHC). CHC's view was that the proposed underground project requires more comprehensive assessment, particularly relating to the water quality predictions.

Accordingly, the Resolution of the Ministry of Employment, Industry and Tourism of the Principality of Asturias dated 10 February 2015 did not grant approval for the proposed underground mine submitted by EMC.

As holder of the Concessions, EMC is entitled to develop all the Section C Resources located within the concession area and therefore retains the right to submit a sustainable exploitation project that meets all legal requirements before the expiration date of the relevant concessions.

The Land Use Planning Regulation of Tapia de Casariego in force requires modification to allow surface mining activities on rural land in the future. EMC must lodge an application in this regard before the City Council of Tapia de Casariego. This is, in essence, an application for the rezoning of the land to permit mining activities.

The modification of the Land Use Planning is a dual procedure that is initial and provisionally approved by the City Council of Tapia de Casariego and subsequently, is finally approved by the Ministry of Infrastructures, Territorial Development and Environment.

The success of this application cannot be guaranteed and timing for the completion of this procedure may vary depending on the circumstances. The approval of the project requires both a positive EIS and the modification of the Land Use Planning of Tapia de Casariego to allow surface mining activities as indicated above.

LAND ACCESS RISKS

Under the Spanish Mining Act, EMC as holder of the Concessions does not have direct access rights to surface properties included in the Project but is entitled to request the expropriation of the access rights, use rights or property rights required to develop its mining rights in case of land owner's refusal to lease or sell their properties.

In this regard, the Company must obtain first the consent of land owners of the plots involved in the Project to rent or sell their properties or, in case of refusal, the Company must lodge a compulsory acquisition file before the Ministry of Employment, Industry and Tourism of the Principality of Asturias to expropriate land.

The expropriation file shall be enforced by the Administration at the request of the titleholder. The price of the right or property shall be paid by the beneficiary. The assessment of the price is determined by the Expropriation Jury; such price shall be settled based on the capitalization of the turnover; its decisions can be challenged before Court; the appeal does not delay or prevent the takeover of the rights or properties.

RESOURCE AND RESERVE ESTIMATES

The Company has previously announced a mineral resource estimate for the Project. Resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates that were valid when originally made may alter significantly when new information or techniques become available.

In addition, by their very nature, resource estimates are imprecise and depend on interpretations which may prove to be inaccurate, and whilst the Company employs industry-standard techniques including compliance with the Canadian National Instrument 43-101 guidelines and JORC Code 2012 to reduce the reserve and resource estimation risk, there is no assurance that this approach will alter the risk.

CSA Global Pty Ltd undertook an independent technical assessment of the Project and noted that the Measured Mineral Resources declared by the Company, in their opinion, are more appropriately classified as Indicated Mineral Resources on the basis that CSA Global Pty Ltd considered that a Measured Mineral Resource in this environment needs more closely spaced drilling and greater consideration of mine design parameters. It is important to note that the overall Mineral Resource Estimate as determined by CSA Global Pty Ltd is consistent with that of the Company, notwithstanding the differing opinion regarding this aspect of the classification.

As further information becomes available through additional fieldwork and analysis, resource estimates may change. This may result in alterations to mining and development plans which may in turn adversely affect the Company.

RISKS OF FOREIGN OPERATIONS

The Project is located in Spain. As such, the Company is subject to governmental, political, economic, and other uncertainties, including, but not limited to, expropriation of property, changes in mining policies or the personnel administering them.

The Company's operations may also be adversely affected by laws and policies of Canada affecting foreign trade, taxation and investment.

In the event of a dispute arising in connection with the Company's operations in Spain, the Company may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdictions of the courts of Canada or enforcing Canadian judgments in such other jurisdictions.

The Company may also be hindered or prevented from enforcing its rights with respect to a governmental instrumentality because of the doctrine of sovereign immunity. Accordingly, the Company's exploration, development and production activities in Spain could be substantially affected by factors beyond the Company's control, any of which could have a material adverse effect on the Company.

The Company may in the future acquire mineral properties and operations outside of Spain and Canada, which expansion may present challenges and risks that the Company has not faced in the past, any of which could adversely affect the results of operations and/or financial condition of the Company.

LEGACY BOARD RISK

The current Board was appointed on 4 July 2017, following the resignation of Messrs. Brian Wesson, Clyde Wesson, Stephan Kim, Christopher Towsey and Mrs. Amelia Wesson as directors and/or officers of the Company. The current Board did not have oversight of the Company's activities prior to their appointment.

The Company's corporate records may not be complete for the period prior to the appointment of the existing Board. Consequently, there may be actions that were taken by previous directors and officers of the Company that the existing Board is not aware of, or do not have full details of. There is a risk that previous actions unknown to the existing Board may adversely affect the Company's operations and financial position or lead to litigation that could take up management's time in defending any such litigation.

CIVIL CLAIM

On 25 May 2018, the Company was served with a Notice of Civil Claim filed by Cogent Capital Corp. It is alleged in the Notice of Civil Claim that the Company entered into an agreement with the plaintiff to acquire an x-ray fluorescent gun for a payment of US\$50,000 in or around October 2016, which has been delivered to the Company and not yet paid for. The plaintiff is seeking judgement in debt in the amount of US\$50,000, plus interest and costs. The Company intends to defend this claim.

FUTURE PAYMENT OBLIGATIONS

The Company is party to a number of agreements pursuant to which it has assumed certain obligations to make future payments to third parties upon milestones being satisfied. In particular, in the event that the Company constructs and operates an open pit mine on the Concessions the Company or its subsidiary EMC is required to pay:

- (i) €20,000,000 to the Vendor under the Rio Narcea Share Purchase Agreement following the receipt of all necessary approvals to allow EMC to construct and operate an open pit mine on the Concessions that allows for the production of at least 800,000 ounces of gold. As the Company is now intending on constructing an underground mine, rather than an open pit mine, it is considered that this consideration will not become payable;
- (ii) Up to US\$25,000,000 to Sheridan if certain approval and/or production milestones are satisfied.

There can be no certainty that the Company will have sufficient funds to satisfy these obligations if and when they become payable.

RISKS APPLICABLE TO OPERATIONS IN THE MINING INDUSTRY

Exploration, Development and Operating Risks and Costs

The Concessions and the Investigation Permit are at various stages of exploration and development. Potential investors should understand that mineral exploration and development are high-risk undertakings. There can be no assurance that exploration and development of these permits and concessions, or any other permits or concessions that may be acquired in the future, will result in the discovery of further mineral deposits.

Even if an apparently viable deposit is identified, such as the Mineral Resource at the Project, there is no guarantee that it can be economically exploited.

The future exploration and development activities of the Company may be affected by a range of factors, including geological conditions, limitations on activities due to seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental accidents, native title process, changing government regulations and many other factors beyond the control of the Company.

Further to the above, the future development of mining operations at the Project (or any future projects that the Company may acquire an interest in) is dependent on a number of factors and avoiding various risks, including, but not limited to mechanical failure of operating plant and equipment, unexpected shortages or increases in the price of consumables, spare parts and plant and equipment, cost overruns, risk of access to the required level of funding and contracting risk from third parties providing essential services.

In addition, the construction of any proposed development may exceed the expected timeframe or cost for a variety of reasons out of the Company's control. Any delays to project development could adversely affect the Company's operations and financial results and may require the Company to raise further funds to complete the project development and commence operations.

FUTURE CAPITAL REQUIREMENTS

The Company has no operating revenue and is unlikely to generate any operating revenue unless and until production commences at the Project.

The future capital requirements of the Company will depend on many factors including its business development activities. The Company believes its available cash and the net proceeds of the Public Offer on August 29, 2018 should be adequate to fund its business development activities, exploration program and other Company objectives in the short term.

In order to successfully evaluate and develop the Project and for production to commence, the Company will require further financing in the future. Any additional equity financing may be dilutive to Shareholders, may be undertaken at lower prices than the then market price (or the offer price under the Public Offer) or may involve restrictive covenants which limit the Company's operations and business strategy. Debt financing, if available, may involve restrictions on financing and operating activities.

Although the Directors believe that additional capital can be obtained, no assurances can be made that appropriate capital or funding, if and when needed, will be available on terms favourable to the Company or at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its activities and this could have a material adverse effect on the Company's activities including resulting in the concessions being subject to forfeiture and could affect the Company's ability to continue as a going concern.

The Company may undertake additional offerings of Shares and of Securities convertible into Shares in the future. The increase in the number of Shares issued and outstanding and the possibility of sales of such Shares may have a depressive effect on the price of Shares. In addition, as a result of such additional Shares, the voting power of the Company's existing Shareholders will be diluted.

RELIANCE ON KEY PERSONNEL

The Company's future depends, in part, on its ability to attract and retain key personnel. It may not be able to hire and retain such personnel at compensation levels consistent with its existing compensation and salary structure. Its future also depends on the continued contributions of its executive management team and other key management and technical personnel, the loss of whose services would be difficult to replace. In addition, the inability to continue to attract appropriately qualified personnel could have a material adverse effect on the Company's business.

INSURANCE AND UNINSURED RISKS

The Company, where economically feasible, may insure its operations in accordance with industry practice. However, even if insurance is taken out, in certain circumstances the Company's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered, or fully covered, by insurance could have a material adverse effect on the business, financial condition and results of the Company. Insurance of all risks associated with mineral exploration and production is not always available and, where available, the costs can be prohibitive.

COMMODITY PRICE AND EXCHANGE RATE RISKS

To the extent the Company is involved in mineral production the revenue derived through the sale of commodities may expose the potential income of the Company to commodity price and exchange rate risks. The prices of gold, and other minerals fluctuate widely and are affected by numerous factors beyond the control of the Company, such as industrial and retail supply and demand, exchange rates, inflation rates, changes in global economies, confidence in the global monetary system, forward sales of metals by producers and speculators as well as other global or regional political, social or economic events. Future serious price declines in the market values of gold, and other minerals could cause the development of, and eventually the commercial production from, the Company's projects and the Company's other properties to be rendered uneconomic.

Depending on the prices of commodities, the Company could be forced to discontinue production or development and may lose its interest in, or may be forced to sell, some of its properties. There is no assurance that, even as commercial quantities of gold and other minerals are produced, a profitable market will exist for it.

Furthermore, international prices of various commodities are denominated in United States dollars, whereas the income and expenditure of the Company are and will be taken into account in Canadian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and the Canadian dollar as determined in international markets.

In addition to adversely affecting any potential future reserve estimates of the Company and its financial condition, declining commodity prices can impact operations by requiring a reassessment of the feasibility of a particular project. Such a reassessment may be the result of a management decision or may be required under financing arrangements related to a particular project. Even if a project is ultimately determined to be economically viable, the need to conduct such a reassessment may cause substantial delays or may interrupt operations until the reassessment can be completed.

RISK OF ADVERSE PUBLICITY

The Company's activities will involve mineral exploration and mining and regulatory approval of its activities may generate public controversy. Political and social pressures and adverse publicity could lead to delays in approval of, and increased expenses for, the Company's activities. The nature of the Company's business attracts a high level of public and media interest and, in the event of any resultant adverse publicity; the Company's reputation may be harmed.

GENERAL RISKS

Securities Investments

There are risks associated with any securities investment. The prices at which the Company's CDIs trade may be above or below the Public Offer price and may fluctuate in response to a number of factors. Further, the stock market is prone to price and volume fluctuations. There can be no guarantee that trading prices will be sustained. These factors may materially affect the market price of the CDIs, regardless of the Company's operational performance.

Share Market Conditions

The market price of the CDIs may fall as well as rise and may be influenced by the varied and unpredictable movements in the equity markets. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

Economic Risk

Changes in the general economic climate in which the Company operates may adversely affect the financial performance of the Company. Factors that may contribute to that general economic climate include the level of direct and indirect competition against the Company, industrial disruption in Spain, the rate of growth of Spain's gross domestic product, interest rates and the rate of inflation.

Policies and Legislation

Any material adverse changes in government policies or legislation of Spain, Canada or any other country that the Company has economic interests may affect the viability and profitability of the Company.

DIVIDENDS AND DISTRIBUTIONS

The Company does not expect to pay dividends in the near future as its focus will primarily be on growing the existing business.

Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend upon matters such as the availability of distributable earnings, the operating results and financial condition of the Company, future capital requirements, general business and other factors considered relevant by the Directors.

No assurances are given in relation to the payment of dividends, or that any dividends may attach franking credits.

DESCRIPTION OF CAPITAL STRUCTURE

GENERAL DESCRIPTION OF CAPITAL STRUCTURE

BDG has an authorised share capital of an unlimited number of Common Shares without par value and an unlimited number of preferred shares without par value. As at the date of this AIF, the Company has issued an aggregate of 110.86 million Common Shares and no preferred shares are issued and outstanding.

Common Shares

All of the authorized Common Shares are of the same class and, once issued, rank equally as to dividends, voting powers, and participation in assets. Holders of Common Shares are entitled to one vote for each Common Share held of record on all matters to be acted upon by the shareholders. Subject to the rights of the holders of the preferred shares of the Company and any other class of shares ranking senior to the Common Shares, holders of Common Shares are entitled to receive such dividends as may be declared from time to time by the Board of Directors of the Company, in its discretion, out of funds legally available therefor. Subject to the rights of the holders of the preferred shares and any other class of shares ranking senior to the Common Shares, upon liquidation, dissolution or winding up of the Company, holders of Common Shares are entitled to receive pro rata the assets of the Company, if any, remaining after payments of all debts and liabilities. No Common Shares have been issued subject to call or assessment. There are no pre-emptive or conversion rights and no provisions for redemption or purchase for cancellation, surrender, or sinking or purchase funds.

PREFERRED SHARES

The preferred shares may be issued from time to time in one or more series and, subject to the Articles of the Company, the Board of Directors is authorised to fix, from time to time before issuance, the number of shares in and the designation, rights, privileges, restrictions, and conditions attaching to the shares of each series of preferred shares. The preferred shares of each series shall, with respect to the payment of dividends and the distribution of assets in the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or any other distribution of the assets of the Company among its shareholders for the purpose of winding up its affairs, rank equally with the preferred shares of every other series and be entitled to preference over the Common Shares and the shares of any other class ranking junior to the preferred shares. The preferred shares of any series shall also be entitled to such other preferences, not inconsistent with these provisions, over the Common Shares and the shares of any other class ranking junior to the preferred shares, or as may be fixed in accordance with the Articles of the Company.

MARKET FOR SECURITIES

TRADING PRICE AND VOLUME

The following table sets for the price ranges and volume of BDG shares traded on the TSX-V during the 12 months for the financial year ended December 31, 2018.

Table 1: Price ranges and volume of BDG shares

Period	High (\$)	Low (\$)	Volume (#)
January	0.30	0.15	1,294,547
February	0.39	0.23	1,416,637
March	0.35	0.23	178,302
April	0.27	0.18	749,577
May	0.21	0.17	684,312
June	0.20	0.14	2,244,251
July	0.19	0.16	663,280
August	0.19	0.14	831,047
September	0.19	0.14	874,133
October	0.16	0.11	193,926
November	0.15	0.10	334,500
December	0.11	0.08	768,499

A summary of the number of common shares reserved pursuant to the Company's warrants outstanding as at December 31, 2018 and 31 December 2017, is as follows:

	Number of Warrants	Weighted Average Exercise Price (\$)
Outstanding, December 31, 2016	4,740,864	0.24
Issued	60,895,489	0.36
Outstanding, December 31, 2017	65,636,353	0.34
Issued	15,000,000	0.32
Expired	(4,740,864)	0.24
Outstanding, December 31, 2018	75,895,489	0.34

A summary of the status of the Company's stock options as at December 31, 2018 and 2017 is as follows:

	Number of Options	Weighted Average Exercise Price (\$)
Outstanding, December 31, 2016	621,666	1.20
Granted	7,210,000	0.24
Exercised	(350,000)	0.18
Expired	(555,000)	1.17
Cancelled	(266,666)	0.18
Outstanding, December 31, 2017	6,660,000	0.25
Granted	6,408,333	0.32
Expired	(66,667)	1.20
Outstanding, December 31, 2018	13,001,666	0.28

COMMON SHARES

On May 1, 2018, the Company completed a consolidation of its issued and outstanding common shares on the basis of three (3) pre-consolidation common shares, options and warrants to one (1)

post consolidation common share, option and warrant (the “Share Consolidation”). Prior to the Share Consolidation, the Company had 236,588,374 Shares issued and outstanding. Following the Share Consolidation, the Company had 78,862,741 Shares issued and outstanding. The Share Consolidation has been presented throughout the consolidated financial statements retroactively.

On May 2, 2018, the Company issued 1,515,151 common shares on the full conversion of the \$251,000 principal balance of the convertible debenture.

On August 22, 2018 the Company issued 30,000,000 CHESS Depository Interests (“CDI’s”) in conjunction with an Initial Public Offering (“Prospectus Offering”) on the Australian Securities Exchange (“ASX”) for gross proceeds of \$5,727,541 (AUD\$6,000,000). Each CDI unit is comprised of one common share and one option warrant for every 2 CDI units issued at a share price of AUD\$0.33 (\$0.31), expiring on August 22, 2019. A residual value of \$1,560,000 was allocated to the warrants. The value attributed to the warrants was based on the residual method, which values the common shares at fair value, with the remaining amount of the proceeds being allocated to the warrants.

Finders fees and listing costs paid in conjunction with the Prospectus Offering were comprised of cash payments totaling \$759,481, the issuance of 483,333 CDI’s valued at \$92,493 and the issuance of 6,075,000 share purchase options valued at \$222,100 exercisable for one year, all with the same terms as those attached to the unit warrants.

CONVERTIBLE SECURITIES

Warrants Outstanding as at December 31, 2018

Expiry date	Number of Warrants	Exercise Price (\$)
March 28, 2019	133,333	0.24
March 29, 2019	121,666	0.24
April 18, 2019	1,521,143	0.30
May 1, 2019	190,000	0.33
June 30, 2019	52,404,752	0.50
October 11, 2019	191,266	0.78
December 31, 2019	3,666,666	1.00
June 29, 2021	2,666,666	2.50
August 29, 2019	15,000,000	0.64
Total	75,895,492	0.61

Stock Options Outstanding as at December 31, 2018

Expiry Date	Number of Options	Exercise Price (\$)
February 22, 2019	193,333	0.165
September 24, 2027	5,983,333	0.24
October 22, 2027	416,667	0.24
August 29, 2023	333,333	0.33
August 29, 2019	6,075,000	0.31
Total	13,001,666	0.28

CONVERTIBLE DEBENTURES

During April 2017, the Company issued unsecured convertible debentures with a total principal amount of \$251,000, bearing interest at the rate of 15% per annum. The debentures will mature and be repayable on or before April 18, 2019. The debentures are convertible into common shares of the company at a conversion price \$0.165 per share until April 18, 2018, and \$0.30 per share thereafter until April 18, 2019. For each \$1,000 in principal amount of debentures, 6,060 common share purchase warrants were issued. Each warrant entitles the holder to acquire one additional common share of the company at a price of \$0.33 per common share for a period of 24 months. If, during this 24-month period, the volume-weighted average price of the Company's common shares is at least \$0.66 for a period of seven consecutive trading days, the Company may, at its option, accelerate the expiry date of the warrants by issuing a news release or giving written notice thereof to all holders of the warrants, and, in such case, the warrants will expire on the earlier of: (i) the 30th day after the date on which the news release or written notice is provided by the Company; and (ii) the original expiry date. In connection with the issuance of the debentures, the holders thereof will be granted a right to nominate a member for election to the Company's board of directors at any meeting of shareholders where directors are to be elected, provided such nominee is acceptable to regulatory authorities, for so long as the debentures are outstanding.

Pursuant to a service agreement dated July 11, 2016, and previously approved by the TSX-V, Lionsbridge Capital Pty. Ltd., a company owned and controlled by Brian S. Wesson, former chief executive officer, B. Clyde Wesson, former chief operating officer, and Amelia Wesson, former vice-president, received a finder's fee of 190,151 common shares, valued at \$25,671, in connection with the closing of the debentures.

On May 2, 2018, the Company issued 1,515,151 common shares on the full conversion of the \$251,000 principal balance of the convertible debenture.

As at December 31, 2018, the Company has accrued interest payable of \$43,426 (2017 - \$28,057) in connection with the convertible debenture included in accounts payable and accrued liabilities.

	Liability component		Equity Component fair value
	Fair value	Carrying Value	
Balance, December 31, 2016 and 2015	\$-	\$-	\$-
Issuance of convertible debentures	251,000	209,941	(15,388)
Accretion	-	6,259	-
Balance, December 31, 2017	\$251,000	\$216,200	\$15,388
Accretion	-	3,177	-
Conversion of convertible debentures	(251,000)	(219,377)	(15,388)
Balance, December 31, 2018	\$-	\$-	\$-

DIRECTORS AND OFFICERS

DIRECTORS' PROFILES

The names and details of the Directors in office at the AIF Date are:

Jonathan Battershill - Director and Chairman

Mr. Battershill graduated with a Bachelor of Engineering (Geology) degree (Hons) from the Camborne School of Mines, United Kingdom in 1995. His career spans over 20 years in mining, business development and finance both in Australia and internationally. His industry experience includes senior operational and business development roles with WMC Resources Limited as well as significant stockbroking experience at Hartleys, Citigroup and UBS both in Sydney and London. Mr. Battershill was consistently voted one of the leading mining analysts in Australia between 2009 and 2015 by global institutional investors and, until mid-2017, was the Global Mining Strategist (Executive Director) with the UBS investment bank in London.

Mr. Battershill is currently the Principal of JJB Advisory Limited, a private advisory and consulting firm based in the UK and also serves as a Non-Executive Director of ASX listed Silver Mines Limited.

Paul Cronin - Chief Executive Officer and Managing Director

Paul Cronin is a unique resource finance specialist, with significant experience in equity, debt and mergers and acquisitions within the sector. As CEO of ASX listed Anatolia Energy, Mr. Cronin oversaw two successful and oversubscribed capital raisings, steering the company to be one of the best performing uranium stocks globally during his time with the company, and prior to its sale at a significant premium to its market capitalisation. Prior to Anatolia, Mr. Cronin was Vice President at the highly-regarded resource fund, RMB Resources where he originated, structured and managed several debt and equity investments on behalf of the fund. Mr. Cronin has a B.Com and an MBA. Mr. Cronin has 10 years of commodity trading and structuring experience and 6 years of equity trading and fund management experience. His direct exposure to the junior resource sector as both a fund manager and CEO gives him an invaluable insight into the inner workings of capital markets serving that industry.

Mr. Cronin is also a Non-Executive Director of ASX listed Adriatic Metals plc and TSX listed Global Atomic Corporation.

Richard Monti – Non-Executive Director

Richard Monti has had a 30-year career in the international mineral resource industry resulting in broad knowledge and resulting strategic planning capabilities. First-hand working knowledge of all aspects of the industry from project generation through exploration, resource, feasibility, construction, operations, finance, marketing and divestment. He has worked in diverse countries and has had exposure to most commodities including nickel, iron ore, coal, industrial minerals, potash, gold and base metals. He has had 45 director-years' experience on thirteen ASX and TSX listed companies covering exploration and mining activities. His directorships roles include four as Chairman and sitting on numerous sub-committees. Mr. Monti was a principal of Ventnor Capital from 2005 to 2010, a corporate advisory business supplying advice across the commercial and corporate spectrum to junior- and mid-size companies.

Mr. Monti is currently Chairman of ASX listed Zinc of Ireland NL.

Alberto Lavandeira – Non-Executive Director

Alberto Lavandeira has over 38 years' experience operating and developing mining projects. Former Chief Executive Officer, President and COO of Rio Narcea Gold Mines (1995-2007), which built three mines including Aguablanca. Director of Samref Overseas S.A (2007-2014) – involved in the development of the Mutanda Copper-Cobalt Mine in the DRC.

Mr. Lavandeira is currently Chief Executive Officer and Managing Director of AIM and TSX listed Atalaya Mining plc.

ADDITIONAL KEY MANAGEMENT PERSONNEL

Sean Duffy – Chief Financial Officer and Company Secretary (Joint)

Sean Duffy has more than 20 years of international finance experience in the mining industry, previously with Asian Mineral Resources where he served as CFO for the TSXV-listed nickel mining company. Previously, Mr. Duffy was at Anglo Asian Mining Plc where he served as CFO and Company Secretary of the AIM-listed gold mining company and has held senior finance roles at BHP Billiton's global operations, where he oversaw the corporate integration of the company's US\$9bn acquisition of Western Mining Corporation, and as Finance Director of BHP Billiton Indonesia, where he was responsible for all aspects of finance and admin, IT, procurement and logistics.

Mr. Duffy is also the Chief Financial Officer and Company Secretary of ASX listed Adriatic Metals plc.

José Manuel Domínguez –General Manager IN SPAIN

José Manuel Domínguez is a mining engineer with more than 30 years of experience across various projects in Spain, Portugal and Italy, including as a general manager for Luzenac Europe (part of the Rio Tinto Group) from 1999 to 2006, a general manager for Rio Tinto Minerals Spain (part of the Rio Tinto Group) from 2006 to 2011 and a general manager of Imerys Talc Ital (part of the Imerys Group) from 2014 to 2016.

Gabriel Chiappini – Company Secretary (Joint)

Mr. Chiappini is an experienced ASX director and has been active in the capital markets for 17 years. He has assisted in raising \$AUD450m and has provided investment and divestment guidance to a number of companies and has been involved with 10 ASX IPO's in the last 12 years. He is a member of the AICD and CA ANZ.

Mr. Chiappini is a director of Black Rock Mining and Eneabba Gas Limited.

Name of Nominee, Current Position with Corporation, Province/State and Country of Residence	Principal Occupation	Period From Which Nominee Has Been Director	Number of Common Shares, ⁽¹⁾ Options and Warrants Held
Paul Cronin⁽²⁾ Chief Executive Officer and Managing Director Burford, UK	Director and Mining Industry Executive	July 10, 2017	Common Shares 893,900 ⁽³⁾ Options 2,695,833 Warrants 333,333
Jonathan Battershill Non-Executive Chairman and Director Surrey, UK	Director and Mining Industry Executive	July 10, 2017	Common Shares 313,635 ⁽⁴⁾ Options 1,645,833 Warrants 213,635
Alberto Lavandeira⁽²⁾ Director Huelva, Spain	CEO of Atalaya Mining PLC	July 10, 2017	Common Shares 200,000 ⁽⁶⁾ Options 1,162,500 Warrants Nil
Richard Monti⁽²⁾ Director Perth, Australia	Director and Mining Industry Consultant	July 10, 2017	Common Shares 458,333 ⁽⁵⁾ Options 729,166 Warrants 333,333
Sean Duffy CFO and Company Secretary Oxford, UK	Chief Financial Officer and Company Secretary, Asian Mineral Resources 2014-2016	Jan 2, 2018	Common Shares Nil Options 333,333 Warrants Nil
Jose Manuel Dominguez General Manager - Spain Asturias, Spain	General Manager Mining, Imerys Group 2014 to 2016.	Oct 23, 2017	Common Shares Nil Options 416,667 Warrants Nil

Notes:

1. Voting securities beneficially owned, directly or indirectly, or over which control or direction is exercised.
2. Member of the Audit Committee.
3. These shares are owned by Swellcap Limited for which Mr. Cronin has direction and control over and include 345,000 CDI's acquired upon listing on the ASX on August 29, 2018 and 160,000 CDI's acquired on March 20, 2019.
4. Partially held by JJB Advisory Ltd. for which Mr. Battershill has direction and control over and partially held directly and includes 100,000 CDI's.
5. These shares are owned by Greatcity Corporation Pty Ltd. for which Mr. Monti has direction and control over and includes 125,000 CDI's
6. These shares (CDI's) were acquired upon listing on the ASX on August 29, 2018.

PROMOTERS

There is no individual or company that is currently, or within the last two financial years, or during the current financial year, a promoter of Black Dragon Gold Corp.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

So far as the Directors are aware, there is no current or threatened civil litigation, arbitration proceedings or administrative appeals, or criminal or governmental prosecutions of a material nature in which the Company is directly or indirectly concerned which is likely to have a material adverse effect on the business or financial position of the Company.

Refer to the Civil Claim Risk Section for details of the civil litigation proceeding the Company is currently party to. The Company does not consider this proceeding to be of a material nature.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

No informed person (as defined in National Instrument 51-102 – Continuous Disclosure Obligations) or any associate or affiliate of any of them, has had any material interest, direct or indirect, in any transaction since the beginning of the most recently completed audited financial statements, that has or would materially affect the Company.

TRANSFER AGENTS AND REGISTRARS

The transfer agent and registrar of the Company is Computershare as follows:

Australian Share Registry

Computershare Investor Services Pty Limited Level 11, 172 St Georges Terrace Perth , WA, 6000

Canadian Share Registry

Computershare Investor Services Inc. 510 Burrard St, Vancouver, BC, V6C 3B

MATERIAL CONTRACTS

The Directors consider that certain contracts entered into by the Company are material to the Company. The provisions of such material contracts are summarised here.

As this Section is a summary only, the provisions of each contract are not fully described. To understand fully all rights and obligations pertaining to the material contracts, it would be necessary to read them in full.

HISTORICAL ACQUISITION AGREEMENTS

Rio Narcea Share Purchase Agreement On 10 February 2010, the Company entered into a share purchase agreement (SPA) with Rio Narcea Corporativa S.L. (Vendor) and Rio Narcea Gold Mines Ltd. (Covenantor), pursuant to which the Company agreed to acquire the 41,703 shares in EMC held by the Vendor, which comprised 95.04% of the EMC shares on issue (Vendor Shares). The SPA was amended by agreement dated 15 March 2010. Pursuant to the SPA, as amended, the consideration payable by the Company for the acquisition of the Vendor Shares was comprised of the following: (i) €500,000 payable to the Vendor on the closing date; and (ii) 5,296,688 Shares issuable to the Vendor on the closing date (together, Initial Consideration). In addition, the Company is required to pay €20,000,000 to the Vendor (Deferred Consideration) within 180 days of the receipt by EMC of all the necessary material permits, licences and approvals from all the appropriate regulatory bodies and governmental authorities to allow EMC to construct and operate an open pit mine on the Concessions and that allows for the production of at least 800,000 ounces of gold from ore extracted from the Concessions. As the Company is now intending on constructing an underground mine, rather than an open pit mine, it is considered that the Deferred Consideration will not become payable. The transactions pursuant to the SPA completed on 14 April 2010, and the Initial Consideration was provided at that time.

Freire Acquisition Agreement On 17 March 2010, the Company entered into an agreement with the Vendor, the Covenantor and Isabel Freire, Isabel Kienel Freire and Olimpia Freire (together, Freire) pursuant to which the Company agreed to acquire the 2,175 shares in EMC held by the Freire, which comprised 4.96% of the EMC shares on issue (Freire Shares). The consideration payable by the Company for the acquisition of the Freire Shares was €600,000 payable to the Freire on the closing date. The transactions pursuant to the agreement completed on 14 April 2010, and the consideration was provided at that time.

Lease Termination Amending Agreement (i) Lease Termination Agreement On 9 March 2004, EMC, Sheridan and the Covenantor entered into a Lease Termination Agreement which terminated the lease agreement between Sheridan and EMC in respect of the Concessions. Pursuant to the Lease Termination Agreement EMC agreed to make the following future payments to Sheridan:

- a) US\$5,000,000 within 10 days after the Permit Date;
- b) US\$5,000,000 within 10 days after the Commencement of Commercial Production with respect to gold;
- c) US\$5,000,000 within 10 days after the First Production Date;

US\$5,000,000 within 5 days after the Second Production Date;

US\$5,000,000 within 10 days after the Third Production Date.

For the purposes of the above, the following definitions apply:

Commencement of Commercial Production means:

(A) if a plant is located on the Concessions, the first day of the month following the first period of 30 consecutive days the Concessions have passed the appropriate performance completion test, as defined by the person that constructs the said plant, as shall be outlined and set forth in the Engineering Procurement and Management Contract (EPCM) or the Lump Sum Turn Key Contract (LSTK), as the case may be and as shall be ultimately determined by the financiers of EMC who commit to advance funds in respect of the project; or

(B) if no plant is located on the Concessions, the first day of the month following the first period of 30 consecutive days during which products have been shipped from the Concessions on a reasonably regular basis for the purpose of earning revenue. Notwithstanding the foregoing, the Commencement of Commercial Production with respect to any mineral, will be deemed to have occurred at such time as a minimum of 20,000 ounces of such mineral have been Produced from the Concessions. (ii) Lease Termination Amending Agreement On 4 February 2010, the Company, EMC, the Covenantor and Sheridan entered into the "Lease Termination Amending Agreement". This agreement was amended further pursuant to an agreement dated 31 March 2010. The Company issued 500,000 Shares to Mr Sheridan in consideration for Sheridan executing the Lease Termination Amending Agreement (as amended) and also paid Mr Sheridan US\$20,000 towards his legal expenses. The Lease Termination Amending Agreement provided that, at the option of EMC and subject to receipt of any necessary regulatory approvals, any of the above payments may be satisfied, all but not in part, via the issuance of Shares based on an issue price equal to the average trading price of Shares on the TSX-V over the 30 trading days preceding the date written notice is given to Sheridan that the payment will be satisfied by the issuance of Shares. Sheridan is also entitled to be paid a royalty of 5% of net smelter returns commencing on the Third Production Date (NSR). EMC has the right to purchase one-half of the royalty for US\$5,000,000 on or before the expiration of 90 days from the Third Production Date (Buy-Back Right).

Pursuant to the Lease Termination Amending Agreement, the Company has agreed to indemnify Sheridan against all losses actually incurred by Sheridan as a result of a breach by EMC or any inaccuracy of any representation, warranty or covenant of EMC contained in the Lease Termination Agreement and has agreed to guarantee all of the obligations of EMC set forth in the Lease Termination Agreement. (iii) Assignment Agreement On 9 February 2015 the rights under the Lease Termination Agreement were assigned to SPG Royalties Inc (SPG). Accordingly, the Company is required to make the milestone payments in cash or Shares, at its election, at the relevant time. In addition, SPG holds the NSR, which remains subject to the Buy-Back Right.

RMB Facility Agreement On 5 June 2013, EMC entered into a US\$10,000,000 financing arrangement with the Company as guarantor, RMB as agent and RMB Australia as lender. On 6 July 2017, the Company announced repayment of secured debt facility with RMB Australia for aggregate cash consideration of US\$3,461,579.00 (US\$3 million plus accrued interest). In addition, the Company granted to RMB Australia a royalty over the Project, as set out below.

RMB Royalty Deed On 15 November 2016, the Company and its subsidiary, EMC, entered into a royalty deed with RMB Australia, pursuant to which the Company agreed to pay RMB Australia a NSR of 2% on the first 800,000 ounces of Salave gold production (being ore, concentrate doré or bullion) extracted from the mining concessions (being the Salave Mining Concession, Dos Amigos, Figueras y Demasia, Ampliación and Segunda Ampliación).

On 4 October 2018 the Company entered into an agreement with RMB to buy out the 2% NSR on the first 800,000 ounces of production at a buy-out fee of \$576k (US\$447k).

PanTerra Gold Cooperation Agreement The Company has entered into a non-binding cooperation agreement with PanTerra Gold Technologies Pty Ltd, a wholly owned subsidiary of ASX listed PanTerra Gold Limited (PanTerra). Panterra proposes to construct and operate an Albion/CIL processing plant in Spain and intends to utilise refractory concentrate from the Project to extract gold in the form of doré.

DIRECTOR ENGAGEMENT AGREEMENTS

(a) The Company has entered into a consultancy agreement with Paul Cronin and Swellcap Limited (Cronin Agreement). Under the Cronin Agreement, Mr. Cronin is engaged by the Company to provide consultancy services to the Company as chief executive officer, commencing from the date the Company's closes a capital raising of C\$8,500,000. On 4 July 2017, the Company filed a news release on the TSX-V disclosing that it had successfully closed a private placement to raise C\$8,500,000. The total consultancy fee payable to Mr. Cronin for the consultancy services is £150,000 per annum plus a further £10,000 for Administration Services provided by other employees of Swellcap Limited. £20,000 is payable in respect of office facilities for use by the Company.

The Company will also reimburse Mr. Cronin for reasonable expenses necessarily incurred by him in the performance of the consultancy services. Mr. Cronin will report to the Board in relation to his engagement and the provision of the CEO consultancy services, which include managing the business of the Company, implementing strategy and managing operational functions of the Company in the role of CEO and as directed by the Board. Mr. Cronin may terminate the Cronin Agreement without cause by providing 3 months written notice to the Company. The Company may terminate the Cronin Agreement immediately with cause or by providing 6 months written notice without cause.

In the event the Company is the subject of a change of control transaction, Mr. Cronin is entitled to receive a transaction bonus equal to £150,000.

(b) The Company has entered into letter agreements with each of Messrs. Battershill, Monti and Lavandeira in which they will receive £4,166, £2,500 and £2,500 per month respectively (each excluding superannuation) for services provided to the Company, with each appointment effective from 4 July 2017.

GENERAL MANAGER AGREEMENT

EMC has entered into a part time employment agreement with José Manuel Domínguez (Domínguez Agreement). Under the Domínguez Agreement, EMC will pay Mr. Domínguez a gross annual remuneration of €58,500 and Mr. Domínguez will be able to participate in the Stock Option Plan. In addition to his salary, subject to certain conditions, Mr. Domínguez will be entitled to be reimbursed for travel and subsistence expenses.

Mr. Domínguez can terminate the Domínguez Agreement by providing one month's written notice to EMC, and EMC can terminate subject to a serious and negligent breach of duty by Mr. Domínguez.

COMPANY SECRETARY SERVICES

The Company has entered into a consultancy agreement with Sean Duffy and Gumtree Management Services Limited (Duffy Agreement). Under the Duffy Agreement, Mr. Duffy is engaged by the Company to provide services to the Company as chief financial officer and company secretary. The total consultancy fee payable to Mr. Duffy for the consultancy services is £5,833 per month.

Either Mr. Duffy or the Company may terminate the Duffy Agreement without cause by providing 2 months written notice to the other party.

LOCAL AGENT SERVICES

The Company has entered a consultancy agreement with Laurus Corporate Services (Laurus Agreement). Under the Laurus Agreement, Gabriel Chiappini will act as local Australian agent for the Company and will provide company secretarial services and obligations required in Australia. The Company will pay Laurus a A\$3,000 monthly retainer.

INTERESTS OF EXPERTS

The Technical Information disclosed in this AIF has been reviewed and approved by Douglas Turnbull, P.Geo., a Qualified Person as defined under National Instrument 43-101 and a Competent Person for the purposes of JORC 2012. Mr Turnbull is a Professional Geologist and a member of the Engineers and Geoscientists of British Columbia. Mr Turnbull is a consultant to Black Dragon, and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the “Australian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves”. Mr Turnbull consents to the inclusion in this report of the matters based on that information in the form and context in which it appears.

Davidson & Company LLP, Chartered Professional Accountants, Vancouver, B.C. audited the consolidated financial statements of the Company for the financial year ended December 31, 2018.

Davidson & Company LLP has confirmed that they are independent of the Company within the meaning of the rules of professional conduct of the Chartered Professional Accountants of British Columbia.

ADDITIONAL INFORMATION

Additional information relating to the Company, may be found by using SEDAR on the internet at www.sedar.com or at the Company's website: www.blackdragongold.com.

Additional information including Directors' and Officers' remuneration and indebtedness, principal holders of Black Dragon securities and options to purchase securities is contained in Black Dragon's information circular for its most recent annual meeting of shareholders that involved the election of its directors.

Additional financial information is also provided in the Company's audited consolidated financial statements and MD&A for its most recently completed financial year, copies of which may be found on SEDAR or be obtained by contacting the Company at:

Black Dragon Gold Corp.
Second Floor, Stamford House,
Regent Street, Cheltenham.
GL50 1HN
United Kingdom

Audit Committee

Audit Committee Disclosure

Pursuant to section 224(1) of the British Columbia Business Corporations Act, and National Instrument 52-110 Audit Committees (“NI 52-110”), the Corporation is required to have an Audit Committee comprised of not less than three directors, a majority of whom are not officers, control persons or employees of the Corporation or an affiliate of the Corporation. NI 52-110 requires the Corporation, as a venture issuer, to disclose annually in its information circular certain information concerning the constitution of its Audit Committee and its relationship with its independent auditor. The Audit Committee Charter is attached to this AIF as Schedule “A”.

Composition of the Audit Committee

The following are the members of the Committee:

Paul Cronin	Not-Independent ⁽¹⁾	Financially literate ⁽¹⁾
Alberto Lavandeira	Independent ⁽¹⁾	Financially literate ⁽¹⁾
Richard Monti (Chair)	Independent ⁽¹⁾	Financially literate ⁽¹⁾

1. As defined in NI 52-110.

Relevant Education and Experience

Paul Cronin has 10 years of commodity trading and structuring experience and 6 years of equity trading and fund management experience. Few professionals in this industry have had direct exposure to the junior resource sector as both a fund manager and CEO, giving him an invaluable insight into the inner workings of capital markets serving that industry.

Alberto Lavandeira has over 38 years’ experience operating and developing mining projects. Former Chief Executive Officer, Director, President and COO of Rio Narcea Gold Mines (1995-2007), which built three mines including El Valle/Boinás mine in Asturias, Aguablanca and Tasiast. Director of Samref Overseas S.A (2007-2014) – involved in the development of the Mutanda Copper-Cobalt Mine in the DRC. Currently, and since 2014, CEO and Director of dual listed (TSE and AIM) Atalaya Mining PLC.

Richard Monti has had 30 years of a successful career in the international mineral resource industry resulting in broad knowledge and resulting strategic planning capabilities. First-hand working knowledge of all aspects of the industry from project generation through exploration, resource, feasibility, construction, operations, finance, marketing and divestment. Worked in diverse countries with exposure to most commodities including nickel, iron ore, coal, industrial minerals, potash, gold and base metals.

Audit Committee Oversight

At no time since the commencement of the Corporation's most recent completed financial year was a recommendation of the Committee to nominate or compensate an external auditor not adopted by the Board.

Reliance on Certain Exemptions

At no time since the commencement of the Corporation's most recently completed financial year has the Corporation relied on the exemption in Section 2.4 of NI 52-110 (De Minimis Non-audit Services), Subsection 6.1.1(4) of NI 52-110 (Circumstances Affecting the Business or Operations of the Venture Issuer), Subsection 6.1.1(5) of NI 52-110 (Events Outside Control of Members), Subsection 6.1.1(6) of NI 52-110 (Death, Incapacity or Resignation) or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110.

Pre-Approval Policies and Procedures

Formal policies and procedures for the engagement of non-audit services have not been formulated or adopted by the Audit Committee. Subject to the requirements of the Audit Committee Charter, the engagement of non-audit services is considered by the Board, and where applicable by the Audit Committee, on a case by case basis.

External Auditor Service Fees (By Category)

Aggregate fees paid to the Auditor during the financial years ended December 31, 2018 and 2017 were as follows:

Financial Year Ended	Audit Fees	Audit Related Fees ¹	Tax Fees ²	All Other Fees ³
2018	\$38,000	\$Nil	\$Nil	\$8,782
2017	\$38,556	\$Nil	\$Nil	\$Nil

Notes:

1. Fees charged for assurance and related services reasonably related to the performance of an audit, and not included under "Audit Fees".
2. Fees charged (or estimated charges) for tax compliance, tax advice and tax planning services.
3. Fees for services other than disclosed in any other column – ASX Listing related Fees

APPENDIX A - AUDIT COMMITTEE AND RISK MANAGEMENT POLICY

Mandate

At Black Dragon Gold Corp. ("BDG", or the "Company"), the primary function of the audit committee (the "Committee") is to assist the Company's board of directors (the "Board") in fulfilling its financial oversight responsibilities by reviewing the financial reports and other financial information provided by the Company to regulatory authorities and shareholders, the Company's systems of internal controls regarding finance and accounting, and the Company's auditing, accounting and financial reporting processes. Consistent with this function, the Committee will encourage continuous improvement of, and should foster adherence to, the Company's policies, procedures and practices at all levels.

The Committee's primary duties and responsibilities are to:

- Serve as an independent and objective party to monitor the Company's financial reporting and internal control system and review the Company's financial statements.
- Review and appraise the performance of the Company's external auditors.
- Provide an open avenue of communication among the Company's auditors, financial and senior management and the Board.

Composition

The Committee shall be comprised of three directors as determined by the Board, each of whom shall be free from any relationship that, in the opinion of the Board, would interfere with the exercise of his or her independent judgment as a member of the Committee.

At least one member of the Committee shall have accounting or related financial management expertise. All members of the Committee that are not financially literate will work towards becoming financially literate to obtain a working familiarity with basic finance and accounting practices. The definition of "financially literate" is the ability to read and understand a balance sheet, an income statement and a cash flow statement. The definition of "accounting or related financial management expertise" is the ability to analyze and interpret a full set of financial statements, including the notes attached thereto, in accordance with Canadian generally accepted accounting principles.

The members of the Committee shall be elected by the Board at its first meeting following the annual shareholders' meeting. Unless a chairman of the Board (the "Chairman") is elected by the full Board, the members of the Committee may designate a Chairman by a majority vote of the full Committee membership.

Meetings

The Committee shall meet at least twice annually, or more frequently as circumstances dictate. As part of its job to foster open communication, the Committee should meet at least annually with the Company's chief financial officer (the "CEO") and the external auditors in separate sessions. The Committee will keep minutes of its meetings. The Company's corporate secretary (the "Secretary") will be responsible for the minutes of the meetings to all members for comment and change before being signed by the Chairman of the Committee and then circulated to the Board for approval.

Risk Areas

Currently the Company's main risk areas are exploration and development, exchange rates and commodity prices, permitting and political, economic climate in its operating area and continuous disclosure requirements. The Board will oversee its internal control system for identifying, assessing, monitoring and managing material risk throughout the Company.

Responsibilities and Duties

To fulfil its responsibilities and duties, the Committee shall:

Documents/Reports Review

1. Review and update this Policy annually.
2. Review the Company's financial statements, MD&A and any annual and interim earnings, press releases before the Company publicly discloses this information and any reports or other financial information (including quarterly financial statements), which are submitted to any governmental body, or to the public, including any certification, report, opinion, or review rendered by the external auditors.

External Auditors

3. Review annually the performance of the external auditors who shall be ultimately accountable to the Board and the Committee as representatives of the shareholders of the Company.
4. Review and discuss with the external auditors any disclosed relationships or services that may impact the objectivity and independence of the auditors.
5. Take, or recommend that the full Board take, appropriate action to oversee the independence of the external auditors.
6. Recommend to the Board the selection and, where applicable, the replacement of the external auditors nominated annually for shareholder approval.
7. At each meeting, consult with the external auditors, without the presence of management, about the quality of the Company's accounting principles, internal controls and the completeness and accuracy of the Company's financial statements.
8. Review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Company.
9. Review with management and the external auditors the audit plan for the year-end financial statements and intended template for such statements.
10. Review and pre-approve all audit and audit-related services and the fees and other compensation related thereto, and any non-audit services, provided by the Company's external auditors. The pre-approval requirement is waived with respect to the provision of non-audit services if:
 - a. the aggregate amount of all such non-audit services provided to the Company constitutes not more than five percent of the total amount of revenues paid by the Company to its external auditors during the fiscal year in which the non-audit services are provided.
 - b. such services were not recognized by the Company at the time of the engagement to be non-audit services; and
 - c. such services are promptly brought to the attention of the Committee by the Company and approved prior to the completion of the audit by the Committee or by one or more members of the Committee who are members of the Board to whom authority to grant such approvals has been delegated by the Committee.

Provided the pre-approval of the non-audit services is presented to the Committee's first scheduled meeting following such approval, such authority may be delegated by the Committee to one or more independent members of the Committee.

Financial Reporting Processes

11. In consultation with the external auditors, review with management the integrity of the Company's financial reporting process, both internal and external.
12. Consider the external auditors' judgments about the quality and appropriateness of the Company's accounting principles as applied in its financial reporting.
13. Consider and approve, if appropriate, changes to the Company's auditing and accounting principles and practices as suggested by the external auditors and management.
14. Review significant judgments made by management in the preparation of the financial statements and the view of the external auditors as to the appropriateness of such judgments.
15. Following completion of the annual audit review separately with management and the external auditors any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.
16. Review any significant disagreement among management and the external auditors in connection with the preparation of the financial statements.
17. Review with the external auditors and management the extent to which changes and improvements in financial or accounting practices have been implemented.
18. Review any complaints or concerns about any questionable accounting, internal accounting controls or auditing matters.
19. Review the certification process.
20. Establish a procedure for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

Other

21. Review any related-party transactions.