

ASX ANNOUNCEMENT

31 OCTOBER 2019

ABOUT BLACK DRAGON GOLD

Black Dragon Gold is the 100% owner of the Salave Gold Project, situated in the Asturias province of Northern Spain.

MINERAL RESOURCES

Measured

1.03Mt @ 5.59g/t Au for 0.19 Moz

Indicated

7.18Mt @ 4.43g/t Au for 1.02 Moz

Inferred

3.12 Mt @ 3.47g/t Au for 0.35 Moz

BOARD & MANAGEMENT

Jo Battershill

Non-Executive Chairman

Paul Cronin

Executive Director

Alberto Lavandeira

Non-Executive Director

Richard Monti

Non-Executive Director

Jose Manuel Dominguez

General Manager Spain

Sean Duffy

CFO and Joint Company Secretary

Gabriel Chiappini

Joint Company Secretary



BLACK DRAGON GOLD
ASX: BDG

QUARTERLY ACTIVITIES REPORT

For the period ending 30 September 2019

HIGHLIGHTS

- Black Dragon Gold has initiated proceedings to commence the Environmental Impact Assessment Process for the Salave gold project.
- Exploraciones Mineras del Cantábrico successfully completed a high-resolution airborne magnetic survey which identified additional targets in the Salave concessions.
- Drill permit applications made for expansion drilling of extensions of Salave deposit.

Black Dragon Gold Corp. (ASX:BDG) ('Black Dragon' or the 'Company') is pleased to provide the following activities report that outlines the progress made and reported during the third quarter 2019. It has been a solid quarter with key developments which continue to consolidate our work to position the Company for success in the future.

ENVIRONMENTAL IMPACT ASSESSMENT PROCESS FOR SALAVE PROJECT

In June 2019, the Company's Spanish subsidiary Exploraciones Mineras del Cantábrico ("EMC") had submitted the Initial Project Description to the General Directorate of Mines in the Principality of Asturias to initiate the Environmental Impact Assessment ("EIA") procedure for their Salave Gold Project ("Salave" or "Project") in northern Spain.

The submission of the Initial Project Description is the first of a multistage review process which culminates in a decision to grant environmental clearance for the development of the Salave Gold Project.

The first stage of the process required the General Directorate of Mines to review the Initial Project Description and present a request to the Ministry of Environment in July 2019, to prepare a Terms of Reference (“ToR”) for the submission of the EIA. Prior to issuing the ToR, the Ministry of Environment held a 3-month review period (including a public consultation period between 19th August – 26th September 2019), which sought submissions from other administrative bodies in the Province. The Ministry of Environment had originally until 26th September to send EMC the ToR, but have recently advised delivery by mid-November. Once EMC receives the ToR, they will then be required to complete and submit the EIA, together with the Mining and Rehabilitation Plan, to the General Directorate of Mines within one year for approval.

EIA Timeline below (NB. Column headings refer to months and years).

Permitting Process	06-19	07-19	08-19	09-19	10-19	11-19	12-19	01-20	02-20	03-20	04-20	05-20	06-20	07-20	08-20	09-20	10-20
Application																	
General Directorate of Mines (GDM) Requests Terms of Reference from Ministry of Environment (MOE)																	
MOE Opens Public Consultation																	
MOE Issues Terms of Reference																	
Submission of EIA, Mining and Rehabilitation Plan ¹																	
Public Consultation Period																	
BDG Submits Responses to Public Comment																	
EIA Amended (if required) and Approval Issued																	

¹ The submission of the EIA, Mining and Rehabilitation Plan and BDG’s current estimate is subject to reviewing the Terms of Reference when received.

BLACK DRAGON GOLD IDENTIFIES ADDITIONAL TARGETS

In July 2019, the Company announced that EMC completed a 760-line kilometre, high-resolution, airborne magnetic and radiometric, survey over the entire, 3,427ha Salave Gold Project. The survey succeeded in enhancing our understanding of the geology and identifying additional exploration targets within the Company's investigative permit area. Furthermore, EMC recently submitted applications for further drilling at the Salave Project, to the Asturias Ministry of Employment, Industry & Tourism.

AIRBORNE MAGNETIC SURVEY

The high-resolution airborne magnetic survey identified a broad area of magnetic high anomalies in the northeast quadrant of the permit area. Some of these magnetic highs are coincident with intrusive rocks, locally mapped as gabbros and diorites, along the coastline and immediately north of the Salave granodiorite, which hosts the Salave Deposit. The Salave Deposit, with surface dimensions of 700m x 600m, occurs at the western end of the Salave granodiorite, currently mapped as a 2km long by 500m wide, WNW trending intrusion. The new airborne magnetic data identified a WNW corridor of lower magnetic response coincident with the Salave granodiorite.

A 3D inversion interpretation of the magnetic data also shows that the Salave granodiorite is flanked by a 1km by 1km magnetic high, SE of the Salave Deposit, possibly representing a southern extension of the Porcia Intrusive Complex. The modelled inversion data indicates this feature does not outcrop (consistent with the geological mapping) and indicates the magnetic high feature is a NW plunging body that has been modelled down to 800m and remains open at depth.

Collectively, the Salave granodiorite and gabbroic intrusions to the north are part of the Porcia Intrusive Complex. Given the size of the intrusive complex, the Salave granodiorite is likely not an isolated occurrence which offers the potential to discover other occurrences of granodiorite that may host Salave-style alteration and mineralisation. Going forward, follow-up ground exploration, within the permit area, will be focused on lower magnetic intensity targets, proximal to magnetic highs with a focus on areas where ENE and WNW trending structural lineations intersect in addition to drill testing other high priority target areas immediately adjacent to the Salave Deposit, where the 2018 drilling identified mineralisation extending towards the NW and SE at depth.

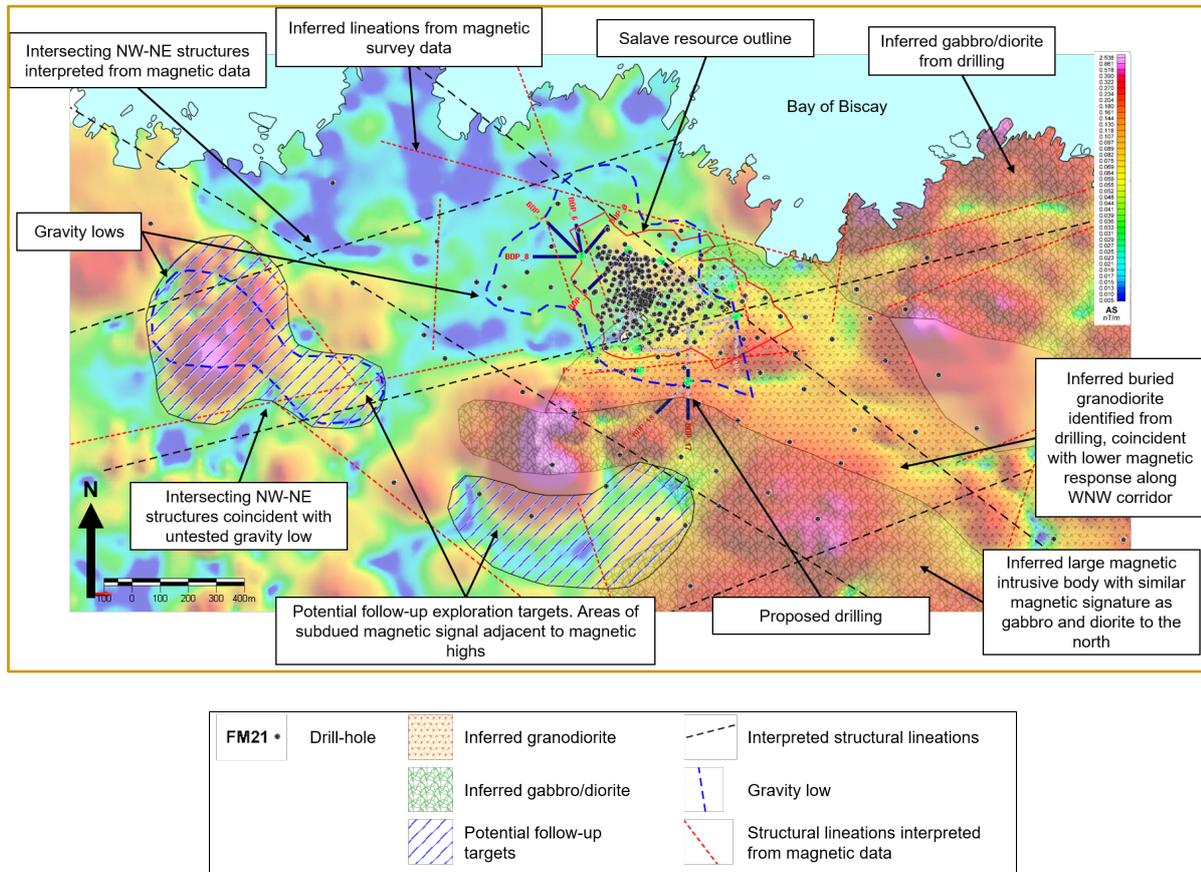


Figure 1: Compilation map utilises the Residual Magnetic Analytic Signal as a base map

DRILLING APPLICATION

EMC has submitted applications for supplementary drilling at the Salave Project, to the Asturias Ministry of Employment, Industry & Tourism. The drilling will largely focus on expanding the limits of the current mineral resources but will also include infill drilling to upgrade inferred to measured or indicated resources.

The 18-hole drilling programme has been designed to accomplish the following:

- Increase mineable resource inventory by upgrading inferred into measured and indicated. The high-grade inferred areas around the current resource model have been prioritised.
- Extend known resources, along northwest/southeast trending high-grade corridors, on either side of the resource model, testing structures which may potentially extend beyond the limits of currently known mineralisation.

The programme will also push deeper into the northwest and southeast zones in the Salave Deposit, with maximum drilling depths reaching approximately 290m total vertical depth. Drilling pads have been selected to minimise surface disturbance.

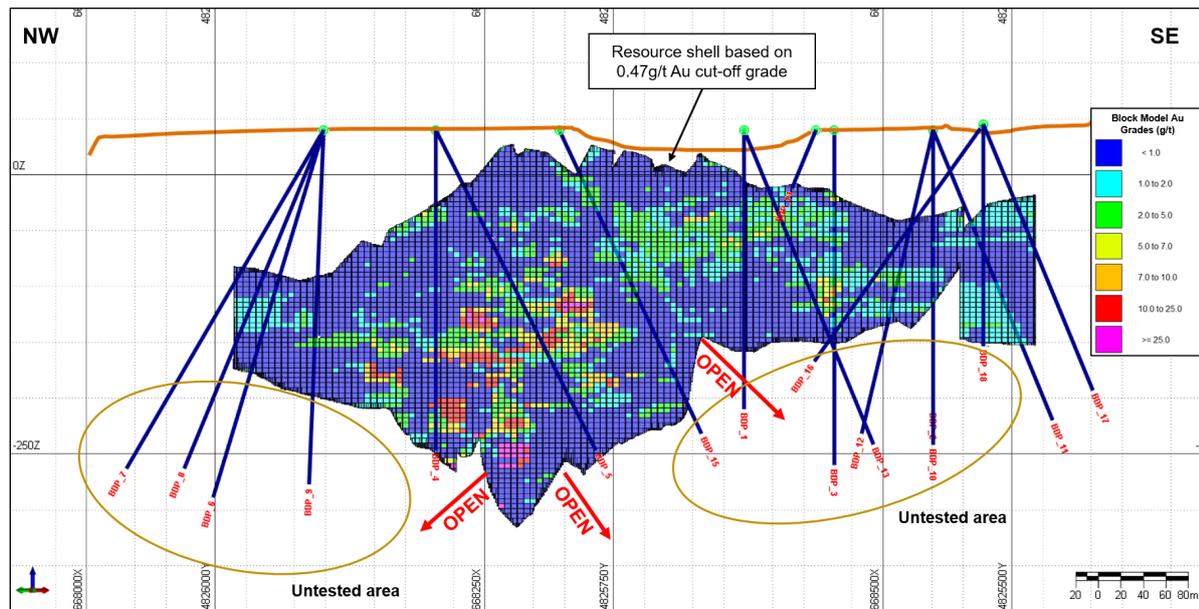


Figure 2: Long-section through the Salave deposit block model with proposed drill-holes

MANAGEMENT CHANGES

In August 2019, the Company confirmed that following Mr Gabriel Chiappini's appointment earlier in the year as the Company's Local Agent, he has now been appointed as Black Dragon's Joint Company Secretary.

Mr Chiappini is a member of the Australian Institute of Company Directors and a member of the Chartered Accountants Australia and New Zealand. Mr Chiappini has over 20 years' experience as finance professional and has worked in the Australian capital markets for a number of years.

Mr Chiappini will be Joint-Company Secretary with responsibilities focused on Australian Governance & Compliance requirements with Mr Sean Duffy continuing in his role as Chief Financial Officer & Joint Company Secretary focussed on Canadian Financial & Governance requirements.

In September 2019 the Company announced that it was realigning the executive and management roles of the Company to more effectively utilise the skills inherent in the management team of EMC.



The Company submitted the initial project description to the General Directorate of Mining in the Principality of Asturias in July, to initiate the proceedings of the EIA. With the Mineral Resource Estimate and Preliminary Economic Assessment complete, management focus will shift to preparation of the EIA and community relations in Spain. Consequently, the active role of the parent company executive has reduced, and the EMC management responsibility increased.

The board of BDG has resolved to amend the role of Paul Cronin from Managing Director to Executive Director, and in recognition of this transfer of responsibility reduce the cash fees paid by 50% effective 1 July 2019. Mr. Cronin will remain the senior executive at Black Dragon.

For more information, please contact;

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ABOUT BLACK DRAGON GOLD

Black Dragon Gold "BDG" is the 100% owner of one of the largest undeveloped gold projects in Europe, the Salave project. Salave is situated in the North of Spain in the province of Asturias. The Salave project has an updated Measured Mineral Resource of 1.03 million tonnes grading 5.59 g/t Au, containing 0.19 million ounces of gold; an Indicated Mineral Resource of 7.18 million tonnes grading 4.43 g/t Au, containing 1.02 million ounces of gold, plus Inferred Resources totalling 3.12 million tonnes grading 3.47 g/t Au, containing 348,000 ounces of gold.

A full technical report summarising the Mineral Resource estimate completed by CSA Global is available on the company's web site (www.blackdragongold.com) and posted on SEDAR. In addition to the current Mineral Resource, historical exploration work suggests there is the potential for additional mineralisation within Black Dragon's landholdings.

COMPETENT PERSON STATEMENTS

The information in this announcement that relates to exploration results for the Salave Project is based on and fairly represents information and supporting documentation reviewed and approved by Douglas Turnbull, P.Geol. Mr. Turnbull is a consultant to Black Dragon Gold and Qualified Professional Geoscientist recognized by the Association of Professional Engineers and Geoscientists of British Columbia, a recognized professional organization for the purposes of the JORC code. Mr. Turnbull has provided his prior written consent as to the form and context in which the exploration results and supporting information are presented in this announcement.

The information in this announcement that relates to the mineral resource estimate for the Salave Project was first released by the Company in its announcement entitled 'New NI 43-101 Mineral Resource Estimate Increases Resources at Salave' dated 25 October 2018. Black Dragon confirms that it is not aware of any new information or data that materially affects the information included in the original announcement and that all material assumptions and technical parameters underpinning the estimate in the previous announcement continue to apply and have not materially changed.

FORWARD LOOKING STATEMENTS

This news release contains forward-looking statements that are based on the Company's current expectations and estimates. Forward-looking statements are frequently characterised by words such as "plan", "expect", "project", "intend", "believe", "anticipate", "estimate", "suggest", "indicate" and other similar words or statements that certain events or conditions "may" or "will" occur. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that could cause actual events or results to differ materially from estimated or anticipated events or results implied or expressed in such forward-looking statements. Such factors include, among others: the actual results of current planned exploration activities; changes in project parameters as plans to continue to be refined; possible variations in ore grade or recovery rates; accidents, labour disputes and other risks of the mining industry; delays or any inability in obtaining governmental approvals or financing; and fluctuations in metal prices. There may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. Any forward-looking statement speaks only as of the date on which it is made and, except as may be required by applicable securities laws, the Company disclaims any intent or obligation to update any forward-looking statement, whether as a result of new information, future events or results or otherwise. Forward-looking statements are not guarantees of future performance and accordingly undue reliance should not be put on such statements due to the inherent uncertainty therein.



Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

BLACK DRAGON GOLD CORP.

ABN

625 522 250

Quarter ended ("current quarter")

30 SEPTEMBER 2019

Consolidated statement of cash flows	Current Qtr CAD\$'000	YTD 9Mths CAD\$ '000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(72)	(495)
(b) development	-	-
(c) production	-	-
(d) staff costs	(140)	(423)
(e) administration and corporate costs	(189)	(618)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	6	23
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-



Consolidated statement of cash flows		Current Qtr CAD\$'000	YTD 9Mths CAD\$ '000
1.7	Research and development refunds	-	-
1.8	Other (VAT Refund)	-	50
1.9	Net cash from/ (used in) operating activities	(395)	(1,463)

2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from/ (used in) investing activities	-	-



Consolidated statement of cash flows		Current Qtr CAD\$'000	YTD 9Mths CAD\$ '000
3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	-

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,497	3,575
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(395)	(1,463)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-



Consolidated statement of cash flows		Current Qtr CAD\$'000	YTD 9Mths CAD\$ '000
4.5	Effect of movement in exchange rates on cash held	(21)	(31)
4.6	Cash and cash equivalents at end of period	2,081	2,081

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$CAD '000	Previous quarter \$CAD '000
5.1	Bank balances	2,081	1,580
5.2	Call deposits	-	917
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	2,081	2,497

6.	Payments to directors of the entity and their associates	Current quarter \$CAD '000
6.1	Aggregate amount of payments to these parties included in item 1.2	-
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Director fees deferred in Q3.



7. Payments to related entities of the entity and their associates		Current quarter \$CAD '000
7.1	Aggregate amount of payments to these parties included in item 1.2	-
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.1 (b)	-
7.3	Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	
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8. Financing facilities available	Total facility amount at quarter end \$CAD '000	Amount drawn at quarter end \$CAD '000
<i>Add notes as necessary for an understanding of the position</i>		
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4	Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.	
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9. Estimated cash outflows for next quarter		\$CAD '000
9.1	Exploration and evaluation	70
9.2	Development	-
9.3	Production	-
9.4	Staff costs	140
9.5	Administration and corporate costs	180
9.6	Other (provide details if material)	-
9.7	Total estimated cash outflows	390

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter

COMPLIANCE STATEMENT

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:

Date: 29 October 2019

(Company secretary)

Print name: Sean Duffy

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.