



NEWS RELEASE

Funding to move to feasibility and discharge RMB debt obligations

Vancouver, BC – October 26, 2016: Black Dragon Gold Corp. (TSX-V:BDG) (‘Black Dragon’ or the ‘Company’) is pleased to announce that it is in the process of raising funds (in conjunction with Lionsbridge) to ensure that the Company is fully financed, including a significant contingency, through to project financing (the ‘Overall Funding Package’). The Overall Funding Package proceeds are intended to be used to give effect to the proposed repayment option with RMB Australia Holding Limited (as announced July 12, 2016), to complete the feasibility, to progress the Salave project, to finalise permitting of the Salave project, to progress engineering for the development of the Salave project and for general working capital purposes.

Several medium-term and long-term financiers have engaged with the Company and are in the process of completing due diligence processes in this regard. The institutional financiers are primarily looking at larger debt-based or structured finance products to move to project development. Management views these as opportunities to support the Company not merely in the short term until project finance but through to construction and cash flow.

However, management has deemed it prudent to ensure that the Company is sufficiently funded over the short term, from equity, to support the Overall Funding Package and repair the Company’s balance sheet. The Company is therefore raising up to CAD 6.5 million in equity funding (the ‘Funds’) The Funds will be used to continue to fast track the feasibility study, re-engage with stakeholders, build a Spanish presence and move the Company to a fully debt-free position. The Company’s engagement of TetraTech WEI Inc. to complete the feasibility study in addition to the settlement of the RMB debt (as negotiated between Lionsbridge, the Company and RMB), will ensure better terms for the Company and reduce the obstacles to securing the Overall Funding Package.

The Company is also pleased to announce that members of the new management team will further invest in the Company through the private participation in the fund raising through the investment of at least \$100,000.

The Funds will be raised by way of a non-brokered private placement with a maximum raise of CAD 6.5 million through the sale of up to 118,181,818 units at a price of \$0.055 per unit (each a “Unit”). Each Unit will consist of one common share and one share purchase warrant entitling the holder to purchase one common share at a price of \$0.11 per share for a period of 24 months. If, during this 24 month period, the volume weighted average price (“VWAP”) of Black Dragon’s common shares is at least \$0.22 for a period of 7 consecutive trading days, Black Dragon 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 these warrants, and, in such case, these 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 Black Dragon; and (ii) the original expiry date. A finder's fee of may be payable in connection with the private placement. The private placement is subject to acceptance for filing by the TSX Venture Exchange. Management reserves the right to oversubscribe the raise by 20% to raise an additional CAD 1.3 million through the sale of up to 2,363,636 Units

Brian Wesson commented : "The funding will be used, in part, to repay in full the renegotiated \$13.3 million debt facility with RMB, as per the previously announced option agreement. The remaining funds will take the Company forward to feasibility and up to project finance. During the next six months we will concurrently complete the feasibility study based on the current 45 year mining license, and finalise the mining construction licenses to allow the Company to move to development once project funding is in place".

Signed "Brian Wesson"
President and Chief Executive Officer
on behalf of the Board of Directors

FOR FURTHER INFORMATION PLEASE CONTACT:

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