

Brossard, Quebec / TheNewswire / February 19, 2016 - [Nippon Dragon Resources Inc.](#) (the "Corporation" or "Nippon") (TSX-V Symbol: NIP) is pleased to announce that its Board of Directors has approved a proposed shares for debt settlement (the "Shares for Debt Settlement") with certain flow-through subscribers (the "Plaintiffs") who entered into flow-through subscription agreements with the Corporation in connection with a flow-through private placement of the Corporation completed in 2009.

The Shares for Debt Settlement relates to certain legal proceedings (the "Proceedings") that were instituted by the Plaintiffs before the Superior Court for the District of Montreal against the Corporation and its directors (collectively, the "Directors") on or around February 13, 2012, for an amount of one million three hundred thousand one hundred three dollars and forty-two cents (\$1,300,103.42) plus applicable interests and the additional indemnity provided by law. The Corporation and its Directors have contested the Proceedings. On or around May 6, 2015, the Plaintiffs and the Directors settled Plaintiffs' claim against them.

The Corporation and the Plaintiffs have proposed to settle the Proceedings for an aggregate settlement amount of seven hundred and ninety-five thousand dollars (\$795,000.00) (the "Settlement Amount"), without any admission of liability whatsoever and in the sole and only purpose of buying peace and avoiding a costly litigation, by issuing a number of common shares of the share capital of the Corporation (the "Debt Shares").

Subject to the approval of the Disinterested Shareholders (as defined herein) and the final approval of the TSX Venture Exchange (the "TSXV"), the Debt Shares shall be issued at a price per share (the "Debt Share Price") which is the greater of: (i) the last closing price of the Corporation's listed shares (the "Common Shares") on the date of the issuance of this press release, less the maximum discount of twenty-five per cent (25%) (the "Discounted Market Price") allowed by the policies of the TSXV, which is a price of \$0.06 per Debt Share, and (ii) the closing price of the Common Shares on the date of the Meeting (as defined herein), less the Discounted Market Price. The Debt Share Price shall determine the number of Debt Shares to be issued on the Closing Date (as defined herein).

The Debt Shares will be issued to each of the Plaintiffs, registered in the name of each of the Plaintiffs, and held in trust by an escrow agent (the "Escrow Agent") on behalf of the Plaintiffs. The Escrow Agent will become an insider of the Corporation as a result of the Share for Debt Settlement. The issuance of the Debt Shares will not result in the creation of a new control person (within the meaning of the policies of the TSXV) in the Corporation.

Under applicable securities legislation, the Debt Shares to be issued in connection with the proposed Share for Debt Settlement will be subject to a four-month hold period.

The Shares for Debt Settlement will require the approval of at least a majority of the votes cast by the Disinterested Shareholders at the annual meeting to be held on March 17, 2016 (the "Meeting"). Shareholders receiving Debt Shares under the Shares for Debt Settlement and their affiliates or associates (as such terms are defined under the policies of the TSXV) (the "Disinterested Shareholders"), will be excluded from the vote on the ordinary resolution approving the Shares for Debt Settlement to be considered at the Meeting.

The Board of Directors of Nippon will recommend that Disinterested Shareholders vote in favor of the Share for Debt Settlement.

Assuming the Disinterested Shareholders approve the Shares for Debt Settlement, the Shares for Debt Settlement will be completed shortly after the Meeting (the "Closing Date"). Assuming also the completion of the Shares for Debt Settlement, the Settlement Amount owed to the Plaintiffs by the Corporation will be definitely extinguished in exchange of the issuance of the Debt Shares, and each of the Plaintiffs will give a global, final and definitive release to the Corporation regarding the Proceedings.

The TSXV has conditionally accepted the Shares for Debt Settlement, subject to certain conditions, including the Disinterested Shareholders approval.

There are currently 103,552,786 issued and outstanding Common Shares of Nippon.

Nippon is active in the exploration and the development of gold resources in Quebec. The Corporation holds a gold property with resources recognized in accordance with NI43-101, a modular treatment plant and also an exclusive license for the Thermal Fragmentation mining method.

The company's growth strategy is based on:

-The development of its gold deposits with the objective of producing revenue from its operations;

-Increasing the value of its mining assets by prioritizing the exploration targets; and

-The commercialisation and employment of its thermal fragmentation technology.

For additional information:

John Stella, Investor relations (514) 718-7976 jstella@nippondragon.com

Donald Brisebois, President & CEO (450) 510-4442 dbrisebois@nippondragon.com

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release. This press release includes certain statements that may be deemed "forward-looking statements". All statements in this release, other than statements of historical facts, that address future exploration drilling, exploration and production activities and events or developments that the Corporation expects, are forward looking statements. Although the Corporation believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in forward-looking statements. Factors that could cause actual results to differ materially from those in forward looking statements include market prices, exploitation and exploration successes, continued availability of capital and financing, and general economic, market or business conditions.

Ressources Nippon Dragon Resources Inc. 7055 Taschereau Blvd., suite 500, Brossard (Quebec) J4Z 1A7

Tel: (450) 510-4442 www.nippondragon.com

Copyright (c) 2016 TheNewswire - All rights reserved.