

Toronto, Ontario--(Newsfile Corp. - October 5, 2016) - [Darnley Bay Resources Ltd.](#) (TSXV: DBL) ("Darnley Bay" or the "Company") is pleased to announce that it has received an extension to complete exploration expenditures and cash payments required by its concession agreement on the 7(1)(a) lands of its exploration property, located near Paulatuk, N.W.T., from the Inuvialuit Regional Corporation ("IRC"). The restructured agreement makes it possible for Darnley Bay to resume exploration at a later date, at such time as funds become available. Highlights of the restructuring are:

- The Exploration portion of the agreement has been extended to 2023;
- Darnley Bay has paid \$50,000 to the IRC on October 3, 2016, to settle all outstanding amounts currently owing to the IRC (approximately \$225,000);
- Darnley Bay will make no further payments until 2020 or until the S&P TSX Venture composite index reaches a level of 1500, whichever comes first. Once the milestone is reached, Darnley Bay will pay \$50,000 each year for five years, for a total of \$250,000. Then, in 2025, a lump sum payment of \$425,000 will be required to keep the agreement in good standing. The remaining exploration requirements of approximately \$6.3 million will be deferred until 2020, by which time Darnley Bay will be required to begin spending a minimum of \$1 million each year, and will have until 2025 to complete the \$6.3 million expenditure.

In addition, Darnley Bay is please to share the report released by the Geological Survey of Canada on September 26, 2016, entitled "Preliminary Results of a Magnetotelluric Survey Across the Brock Inlier, Northwest Territories", authored by J.E. Spratt, J.A. Craven, and R.H. Rainbird (GEOLOGICAL SURVEY OF CANADA OPEN FILE 8100). The report may be downloaded from the following hyperlink:

[http://geoscan.nrcan.gc.ca/GSC Open File 8100](http://geoscan.nrcan.gc.ca/GSC%20Open%20File%208100)

The introduction of the report reads: "The Brock Inlier Project, Northwest Territories, is part of the second phase of Natural Resources Canada's Geo-mapping for Energy and Minerals (GEM) program. The Brock Inlier overlaps the eastern edge of the largest gravity and magnetic anomaly in North America, the Darnley Bay anomaly. It has been suggested that the anomaly is a result of a deeply buried Ni-Cu-PGE magmatic sulphide deposit similar to that of Noril'sk in Russia (Jones et al., 1992, Jefferson et al., 1994). Magnetotelluric ("MT") data have been acquired along an east-west transect to trace sedimentary rocks layers westward from the Brock Inlier into the subsurface and to improve our understanding of the nature, size and depth of the Darnley Bay anomaly."

The modelling of the MT data shows that the postulated intrusive source of the Darnley Bay gravity and magnetic anomaly ranges from 35 km depth to as shallow as 2.5 km depth, and that it is bounded on the eastern side by a more conductive zone of several kilometers width, interpreted by the authors as a possible zone of deformation (Figure 20, p. 25, OFR 8100). In addition, three discrete conductors lie beneath MT stations DBR02, DBR09 and DBR10, with conductivities in the 0.33 to 1.0 S/m range, at depths between 1,000 and 1,800 m. This places them within the Shaler Supergroup sediments, two located above the intrusion and one centred on the possible zone of deformation. All of the features discussed above lie within Darnley Bay's concession. The conductor at DBR02 is coincident with gravity target G-7 (see Darnley Bay's 43-101 report dated February 29, 2012). The conductors at DBR09 and DBR10 are both coincident with the axis of a large, east-west oriented magnetic target discussed in the same report. We consider these results promising. The three discrete MT conductors may reflect sulphide accumulations located above the intrusion, remobilized from a deeper source.

Stephen Reford, P.Eng., Chief Technical Officer of Darnley Bay, Qualified Person under NI 43-101, reviewed and approved the scientific and technical information presented in this press release.

Jamie Levy, President and CEO
Telephone: (416) 567-2440
Fax: (416) 361-2515
E-mail: jlevy@darnleybay.com
Web site: www.darnleybay.com

Forward-Looking Information

This 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 production, reserve potential, exploration drilling, exploitation activities and events or developments that Darnley Bay expects are forward-looking statements. Although Darnley Bay believes the expectations expressed in such 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 the statements. There are certain factors that could cause actual results to differ materially from those in forward-looking statements. These include market prices, exploitation and exploration successes, continued availability of capital and financing, and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements. For more information on Darnley Bay, investors should review registered filings at www.sedar.com.

Neither the 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.