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[Darnley Bay Resources Ltd.](#) (TSX VENTURE:DBL) ("Darnley Bay" or the "Company") is pleased to announce the closing of the second tranche of its previously-announced non-brokered private placement financing (the "Offering").

Further to its press releases dated December 8, 2016 and December 20, 2016, the Company completed the second and final tranche of the Offering through the issuance of 9,157,000 flow-through common shares (the "FT Shares") at a price of \$0.25 per FT Share for gross proceeds of \$2,289,250. The funds from the second tranche will be used for exploration and drilling work on the Company's properties. Peartree Securities Inc. provided structuring services to the Company in respect of the placement of certain FT Shares in the second tranche of the Offering.

Pro group participation in the Offering totaled 100,000 FT Shares. All securities issued under the Offering are subject to a four-month and one day statutory hold period.

The Offering constituted a related party transaction within the meaning of TSX Venture Exchange Policy 5.9 and Multilateral Instrument 61-101 ("MI 61-101") as insiders of the Company subscribed for an aggregate of 200,000 FT Shares. The Company is relying on the exemptions from the valuation and minority shareholder approval requirements of MI 61-101 contained in sections 5.5(a) and 5.7(1)(a) of MI 61-101, as the fair market value of the participation in the Offering by insiders does not exceed 25% of the market capitalization of the Company, as determined in accordance with MI 61-101. The Company did not file a material change report in respect of the related party transaction at least 21 days before the closing of the Offering, which the Company deems reasonable in the circumstances so as to be able to avail itself of the proceeds of the Offering in an expeditious manner.

The Company wishes to correct an error in the press release of December 20, 2016 which announced that each broker warrant issued under the first tranche of the Offering entitled the holder to acquire one common share at a price of \$0.30 when in fact each broker warrant issued pursuant to the first tranche of the Offering entitled the holder to acquire one common share at a price of \$0.20.

Forward-Looking Information

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.

This news release contains certain "forward-looking information" within the meaning of applicable securities law. Forward looking information is frequently characterized by words such as "plan", "expect", "project", "intend", "believe", "anticipate", "estimate", "may", "will", "would", "potential", "proposed" and other similar words, or statements that certain events or conditions "may" or "will" occur. These statements are only predictions. Forward-looking information is based on the opinions and estimates of management at the date the information is provided, and is subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking information. For a description of the risks and uncertainties facing Darnley Bay and its business and affairs, readers should refer to Darnley Bay's Management's Discussion and Analysis. Darnley Bay undertakes no obligation to update forward-looking information if circumstances or management's estimates or opinions should change, unless required by law. The reader is cautioned not to place undue reliance on forward-looking information.

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