

Highlights:

- High-grade underground maiden resource, immediately north of near-surface deposit:
 - 1.5 million ounces of gold averaging 4.56 g/t Au in the Inferred category at a cut-off grade of 1.5 g/t Au;
- Open-pit constrained resources:
 - 625,000 ounces Measured @ 1.14 g/t Au and 182,700 ounces Indicated @ 1.26 g/t Au at a cut-off grade of 0.39 g/t Au (807,700 ounces M&I @ 1.16 g/t Au);
- Major increase in Block Model estimates for Granada vs. 2012 Block Model.

Granada Gold Mine (TSX.V: GGM) ("Granada Gold" or the "Company") is pleased to announce that the Company has received an updated Mineral Resource Estimate for its 100%-owned Granada Gold Property near Rouyn-Noranda, Quebec, which includes the first estimate of high-grade resources recently discovered in zones at depth north of the LONG Bars Zone open-pit deposit.

The updated resource calculation, accompanied by a revised Block Model for the entire area drilled at Granada to date, is the most significant since the Company's initial discovery of the shallow and expansive east-west LONG Bars Zone in 2010. It underscores the robust nature of mineralizing events at Granada where recent drilling to the north suggests that geologists are closing in on the roots of a deeper high-grade system associated with a vast halo of lower-grade mineralization averaging above 1 g/t Au from surface to a depth of approximately 400 meters, extending 1.4 km east-west and open in multiple directions.

Granada is fully permitted for initial mining of open-pit resources based on a 2014 Pre-Feasibility Study, and mineralized material has been stockpiled on site (refer to Company's March 28, 2017 news release).

High-Grade Discovery With Maiden Inferred Resource

The "heat engine" for Granada mineralization is believed to exist in the northwest part of the property, a high priority untested area now referred to as the "Genesis Target" that includes a large granite intrusion and intense shearing immediately south of the Cadillac fault.

An initial Inferred underground resource of 10,386,500 tonnes grading 4.56 g/t Au at a cut-off grade of 1.5 g/t Au (1.5 million oz. Au) has been outlined along 600 m of strike east of Genesis based on drilling by Granada Gold in late 2016 and early this year. This is a major development in the evolution of the Granada Property and even higher grades are being targeted in the discovery area and to the west-northwest at Genesis which has never been previously drilled.

Significantly, only a fraction of the total area (1.8 km north-south x 2.1 km east-west) north of the LONG Bars Zone Measured and Indicated near-surface resource has been drill-tested, further solidifying Granada as one of the premier exploration and development opportunities along the prolific Cadillac Trend.

Granada In-Pit Constrained Measured & Indicated Resources

Measured open-pit constrained resources in the LONG Bars Zone are 17.1 million tonnes grading 1.14 g/t Au for total contained gold of 625,000 ounces. Indicated open-pit constrained resources are 4.5 million tonnes grading 1.26 g/t Au for total gold ounces of 182,700.

The parameters chosen for the open-pit constrained resources are similar to parameters previously used. However, the inclusion of historical holes has reduced Measured and Indicated ounces. Certain historical intervals that weren't assayed have been set to zero grades, an approach GoldMinds considers to be conservative. A slightly higher cut-off grade of 0.39 g/t Au was also applied to this estimate. Rounded numbers in tables may not add up.

Note that mineral resources are not mineral reserves and do not have demonstrated economic viability. However, the reported mineral resources are considered by the qualified persons to have reasonable prospects for economic extraction as per new CIM 2014 definitions.

Granada May 2017

Mineral Resource Estimate

Category	Tonnage	Au g/t	Au oz.
Measured in-pit constrained	17,068,500	1.14	625,000
Indicated in-pit constrained	4,507,000	1.26	182,700
Total M&I	21,575,500	1.16	807,700
Inferred Underground	10,386,500	4.56	1,523,800

Measured & Indicated open-pit constrained at 0.39 g/t Au cut-off (\$21.30 per tonne).

Inferred underground north of open-pit at 1.5 g/t Au cut-off (\$81.99 per tonne).

Resource estimate by GoldMinds Geoservices Inc.

Mineral resources are not mineral reserves and do not have demonstrated economic viability.

Notes To Resource Table

1. Original assays have been capped at 60 g/t for calculation of the 1.5 m composites for the estimation of mineral resources.
2. The density to convert volume to tonnage is 2.7.
3. Drill hole spacing varies from 6 meters up to 225 meters while most of the drill holes are on 30 m cross sections for the upper 400 m.
4. Gold recoveries are 94.1% for the full mill cyanidation of the whole mineralized material.
5. Assumes gold price of \$1,250 U.S/oz and exchange rate of \$1.37 CDN/\$1 U.S.
6. The open-pit constrained resources were modeled on 10mE x 5mN x 5mZ block size while underground resources below elevation -135 meters were modeled on 10mE x 3mNx 3Mz. The block models are within an envelope.
7. Search ellipsoid estimation ID2 are: 50x50x5, 100x100x10, 200x200x15 and 300x300x20 to enable connection of the structure of the deep holes to the highly drilled package. Saucers dipping north at 47 degrees.
8. Classification: a minimum of 4 holes with 2 composites per hole for Measured, 3 holes with minimum of 2 composites per hole for Indicated, the remaining Inferred.
9. The database used for this estimate includes drill results obtained from drill programs in 2009, 2010, 2011, 2012, 2016 and 2017, trenches of 2014 and 2015 plus many of the historic holes (1990's) where sufficiently long sections of the core had been analyzed.
10. The statement includes the historical production of 51,476 ounces (181,744 sT @ 0.28 oz/sT) from 1930 to 1935. They cannot be physically removed in 3D. However, this amount is now considered to be included in the Measured mineral resources.
11. GoldMinds is not aware of any known environmental, permitting, legal, title-related, taxation, socio-political, marketing or other relevant issues that could materially affect the mineral resource estimate.

An upcoming updated Pre-Feasibility Study for Granada will incorporate changes to the mining scenario and include the updated Mineral Resource Estimate. The National Instrument 43-101 Technical Report including the updated mineral resources for Granada contained in this news release will be delivered and filed on SEDAR within the next 45 days.

Block Model Shows Large Scale System At Granada

For comparative purposes, GoldMinds GeoServices Inc., Granada Gold's geological consultants, have updated the Granada Global Classified Block Model first released in November 2012. The Block Model incorporates 934 diamond drill holes and trenches comprising 122,257 meters, including approximately 30,000 meters of historical drilling that weren't part of the original 2012 Block Model.

The Inferred total comes from an area up to 1 km north of the open-pit constrained resource, east of Genesis, where mineralization has been outlined from surface to a depth of 1 km with grades increasing at depth. The 233% increase in the Inferred category is attributed to new information obtained from Granada Gold drilling in 2016 and 2017. This highlights the potential of the entire Granada system for hosting broad envelopes of near-surface mineralization in addition to high-grade underground deposits that formed in the north and could extend to the south underneath the identified near-surface resources.

Granada Global Classified Block Model

Granada in situ Comparative, 2017 vs. 2012 (0.40 g/t cut-off)

	2017		2012			
Category	Tonnage	Au g/t Au oz.	Tonnage	Au g/t Au oz.		
Measured	22,585,000	1.09 791,500	28,735,000	1.02 946,000		
Indicated	20,019,000	1.15 742,600	18,740,000	1.09 659,000		
Total M+I	42,605,000	1.12 1,534,000	47,475,000	1.05 1,605,000		
Inferred	81,691,000	1.31 3,436,400	29,975,000	1.07 1,033,000		

Qualified Person

Claude Duplessis, P. Eng., of Goldminds Geoservices Inc., a geological, environmental and mining consultant, is an independent qualified person in accordance with National Instrument 43-101, and has reviewed and approved the contents of this news release.

About Granada Gold Mine Inc.

[Granada Gold Mine Inc.](#) (formerly Gold Bullion Development Corp.) is developing the Granada Gold Property near Rouyn-Noranda, Quebec. The property includes the former Granada gold mine which produced more than 50,000 ounces of gold in the 1930's before a fire destroyed the surface buildings. The highly prolific Cadillac Trend cuts through the north part of the property. The Cadillac Trend has been the source of more than 50 million ounces of gold produced in the past century on a line running from Val-d'Or to Rouyn-Noranda.

The Company has obtained all necessary permits for the initial mining phase known as the "Rolling Start" for which stripping has already begun, and has been conducting exploration drilling in order to expand the reported mineral resource for the property. Additional information is available at www.granadagoldmine.com.

"Frank J. Basa"

Frank J. Basa P. Eng.
President and Chief Executive Officer

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SOURCE [Granada Gold Mine Inc.](#)

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