New NI 43-101 Mineral Resource Estimate Increases Resources at Salave

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Black Dragon Gold Corp. (ASX/TSX-V: BDG) ('Black Dragon' or the 'Company') is pleased to announce an updated NI 43-101 Mineral Resource Estimate for its Salave Gold Deposit (‘Salave’) in northern Spain.

The updated estimate follows 2,217 metres of core drilling completed in 2018 and based on a revised interpretation of the Salave Deposit. The updated combined Measured and Indicated Mineral Resource now totals 8.21 million tonnes grading 4.58 g/t Au, containing 1.21 million ounces of gold, plus inferred resources totalling 3.12 million tonnes grading 3.47 g/t Au, containing 348,000 ounces of gold.

The new Mineral Resource estimate has yielded a small increase in average grade and for Salave represents a 28% increase from the 944,000 combined Measured and Indicated ounces defined in the Company’s previous resource estimate at the same cut-off grade of 2.0 g/t Au, released in March 2014 and restated on 2 February 2017.

Mineral Resource Estimate for Salave at 2.0 g/t Au Cut-Off Grade[1]

Category	Tonnes	Au	
	Mt	g/t	koz
Measured	1.03	5.59	185
Indicated	7.18	4.43	1,023
Measured & Indicated	8.21	4.58	1,208
Inferred	3.12	3.47	348

1. Notes:

- Rounding may cause apparent discrepancies
- Resource estimate conducted by CSA Global of Perth Australia (“CSA”) with an effective date of October 22, 2018 and will be supported by a technical report to be filed within 45 days of the date of this news release
- Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability
- The quantity and grade of reported Inferred resources in this estimation are conceptual in nature and there has been insufficient exploration to define these Inferred resources as an Indicated or Measured resource. It is uncertain if further exploration will result in upgrading them to an Indicated or Measured resource category, although it is reasonably expected that the majority of the Inferred resources could be upgraded to Indicated Mineral Resources with further exploration

Black Dragon has initiated a Preliminary Economic Assessment (‘PEA’) that will incorporate the increased new Mineral Resource and a new underground mine plan. The overall goal of the 2018 PEA is to develop an economically robust mine plan that has a minimal footprint by focusing on the highest-grade portions of Salave’s updated Mineral Resource model. The Company’s management is committed to and confident that we will be able to develop a mine plan that fits in with the local community’s expectation of a responsible and environmentally respectful mining operation.

CEO and Managing Director of Black Dragon, Paul Cronin, commented: "In addition to the material increase on the previous resource estimate, today’s news marks yet another significant milestone in the advancement of Salave. We believe there is an excellent opportunity for further expansion of the Salave resource because the 2018 drilling program and updated resource model have identified other areas for follow-up drilling and the potential expansion of the Salave Deposit. The work completed over the past 12 months to update the historical data at Salave is proving a good investment and, with additional drilling

planned for 2019, we are confident that we can further grow Salave resource base. In the meantime, our preliminary economic assessment is under way and we are looking forward to sharing the results before the end of the year."

Not only has the 2018 drilling confirmed and infilled areas of gold mineralization within the previous resource model, they intersected high-grade intervals of gold mineralization outside of the previous resource model, at depth and down dip to the west. The 2018 drilling was logged using oriented drill core. This information will be used to complete a detailed structural study over coming months to assist with the interpretation of the structural setting that is controlling the distribution of high-grade gold zones amenable to underground mining.

The Mineral Resource cut-off grade of 2.0 g/t Au was chosen to capture mineralization that is potentially amenable to underground mining and flotation processing to a sulphide recovery for off-site refining. This cut-off grade was selected based on a gold price of USD$1,300/ounce, a gold recovery of 92%, a mining cost of USD$50/tonne, a processing cost of USD$18/tonne, and a G&A cost of USD$6/tonne. The reported resources occur in bodies of sufficient size and continuity to meet the requirement of having reasonable prospects for eventual economic extraction. Due to the necessity to maintain a surficial crown pillar in a potential underground operation, all material from the present surface to a depth of 40 meters is not included in the Salave resources.

Alternative cut off grades returned the following results.

	1 g/t Cut-Off Grade			2 g/t Cut-Off Grade			5 g/t Cut-Off Grade		
	Tonnes	Au		Tonnes	Au		Tonnes	Au	
Category	Mt	g/t	koz	Mt	g/t	koz	Mt	g/t	koz
Measured	1.51	4.27	207	1.03	5.59	185	0.40	9.43	120
Indicated	13.31	3.05	1,307	7.18	4.43	1,023	1.61	9.47	489
Measured & Indicated	14.82	3.18	1514	8.21	4.58	1,208	2.01	9.46	609
Inferred	10.94	1.96	690	3.12	3.47	348	0.43	7.45	103

GEOLOGY AND GEOLOGICAL INTERPRETATION

The Salave Deposit consists of a series of stacked horizontal to shallow west dipping lenses of mineralization associated with altered (advanced sercitization and albitization) fracture zones within the Salave Granodiorite. The Salave Granodiorite is a large northwest-trending, approximately 500 m wide, steeply dipping sill-like intrusive body overlain by metasediments on the western flank of the deposit. The contact between the metasediments and the Salave Granodiorite trends approximately northeast and dips gently to the northwest, approximately parallel to the dip of the regional thrust faulting and the Salave Deposit. The mineralized lenses that form the Salave Deposit pinch and swell and at time these lenses appear to coalesce or are connected by steeper structures, which may act as feeders to the mineralization within the shallow dipping lenses. As you move deeper through the deposit, the lenses appear to offset and step down to the west and collectively form a tabular zone immediately below and roughly parallel to the contact with the overlying metasediments.

Gold mineralization at Salave is related to hydrothermal alteration of the host granodiorite. The highest gold grades are associated with intense albite-sericite alteration with fine-grained arsenopyrite, commonly disseminated as fine needles, pyrite and stibnite. Destruction of the original texture is a major feature of the most intensively altered and mineralized granodiorite. Quartz veins, and quartz-carbonate molybdenite-bearing veins present in the deposit do not contain gold and represent a separate mineralizing event.

Geological data has been collected in a consistent manner that has allowed the development of geological models to support the Mineral Resource estimate. Gold mineralization is strongly controlled by alteration types, which were logged for all holes.

A full model of alteration was developed, and the block model was domained accordingly.

Interpretation of the deposit mineralization was based on the current understanding of the deposit geology. Each cross section generally spaced 20 m apart was displayed in Micromine software together with drill hole traces colour-coded according to gold values. A nominal cut-off grade of 0.47 g/t Au was selected for interpretation based on the results of classical statistical analysis.

A block model constrained by the interpreted mineralized envelopes was constructed. A parent cell size of 4 m(E) x 4 m(N) x 4.5 m(RL) was adopted with standard sub-celling to 1 m(E) x 1 m(N) x 0.9 m(RL) to maintain the resolution of the mineralization and alteration domains. Samples composited to 1.5 m length were used to interpolate gold grades into the block model using Ordinary Kriging interpolation techniques. The block model was domained using alteration codes, which were grouped into eight main types. The alteration types were interpolated into the model using an indicator approach and Ordinary Kriging algorithm. Each alteration domain was estimated separately using corresponding grade composites. Block grades were validated both visually and statistically and all modelling was completed using Micromine software. Density measurements were taken from 80 holes (631 samples) and interpolated into each alteration domain of the block model. The Mineral Resource has been classified as Measured, Indicated and Inferred based on the guidelines contained in the CIM. The classification level is based upon an assessment of geological understanding of the deposit, geological and grade continuity, drill hole spacing, quality control results, search and interpolation parameters, and analysis of available density information.

SAMPLING AND SUBSAMPLING TECHNIQUES

Sampling techniques:

The 2018 drilling completed by Black Dragon Gold Corp. (BDG) consists of seven holes for 2,217 m. All core is cut (quarter core) with a diamond saw and sampled at 1.5 m intervals for assaying.

The historical drilling database contains 342 DD holes and 29 RC holes. Various sampling intervals were adopted, including 3 m, 1 m and 1.5 m. Of the 342 DD holes and 29 RC holes included in the database and completed prior to the 2018 drill program, 265 holes (250 core, 13 combination core RC and two RC holes) were used to generate the previous MRE by MDA.

The 2018 drilling is PQ to the oxide fresh rock interface (16-61m) and then HQ in fresh rock. Sampling is half quarter core over 1.5 m and quarter core is sent for analysis. Both core sizes methods produced a representative sample.

Historical sampling used split core (using either hammer and chisel or diamond saw), including BQ (36.5 mm), NQ (47.5 mm), HQ (63.5 mm) and PQ (85 mm) intervals.

Diamond drilling was used in 2018 to obtain 1.5 m quarter core samples from which was pulverized to produce a 50 g charge for fire assay, and a 0.25 g charge for near total four-acid digest for (S, As, Sb).

Historical analysis spans 1970–2005 with explorers analyzing with various analytical techniques, but primarily fire assay. Confirmatory drilling completed from one explorer to another appears to confirm the general magnitude of the grades.

Subsampling techniques:

Current drilling: All core is cut in half and quartered, and quarter core is assayed. Quarter core samples were collected which is considered acceptable by the Competent Person. Additional subsampling of quarter core is carried out to demonstrate sampling precision. A second quarter core sample has been collected as field duplicates. QAQC sampling of the quarter core is representative of the in-situ material. No results have been returned as yet to evaluate.

Historically, core was cut in half and assayed. Not all core was assayed particularly at the collar and intervals interpreted to be barren. All barren intervals were populated with 0.005 g/t gold grades. There is no record of the historical sampling of RC drilling and with the exception of two RC and 13 combination RC/core holes, the remaining RC drilling was not used in the current resource estimate. Subsampling protocols were generally consistent with historical samples taken. Each subsample is considered to be representative of the interval.

Considerable sampling for metallurgical testwork was carried out by Rio Narcea, Anglo, Newmont and Lyndex. The results confined the tenor of the drill hole grades.

Sample sizes area considered appropriate to reasonably represent the material being tested.

DRILLING TECHNIQUES

Current (2018) drilling commenced with PQ reducing to HQ standard tube and core is orientated using a standard spear method. Historically, drill core diameter typically commenced with either HQ or NQ and all holes reduced core size at varying downhole depths. The smallest diameter at the end of hole was BQ. Core recovery from 2018 drilling is estimated using the driller’s recorded depth marks against the length of the core recovered. There is no significant core loss from holes drilled in 2018. Historical drill core recovery data for 70% of the intervals has been sighted with an average recovery of 95% within a range of 80–100%.

The ground conditions are reasonable and standard single tube coring techniques results in good sample recovery. There appears to be no potential sample bias as there was no regular or excessive loss of core.

DRILL HOLE DENSITY

Drill hole density across the project (including all drilling) is approximately 20–40 m x 20–40 m closing in to better than 10 m x 10 m in places.

The data spacing, and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource classifications applied.

SAMPLE ANALYSIS METHOD

BDG used ALS in Seville, Spain, a fully accredited laboratory using the following methods:

- Au-AA26 Au by fire assay and AAS (50 g pulp sample) for gold.
- PREP-31CY for sample preparation fine crushing – 70%; <2 mm, split sample – Boyd rotary splitter, pulverise 1,000 g to 85% <75 um.
- ICP 61 – near total four-acid digest for (S, As, Sb).

ESTIMATION METHODOLOGY

The MRE is based on surface drilling results using Ordinary Kriging (OK) to inform 4 m x 4 m x 4.5 m blocks. The block model was constrained by one wireframe modelled for the mineralized zone of the deposit. Sectional interpretation was carried out for all sections of the deposit. The OK interpolation was carried out separately for each alteration domain of the deposit. The alteration domains were interpolated into the model using indicator approach and OK interpolation method, using all available alteration logging. Hard boundaries were used between the interpreted mineralization and host rocks, as well as between alteration domains. The drill hole data were composited to a target length of 1.5 m based on the length analysis of raw intercepts.

Grade estimation was validated using visual inspection of interpolated block grades vs. sample data, alternative interpolation methods and swath plots.

CUT-OFF GRADE(S), INCLUDING THE BASIS FOR THE SELECTED CUT-OFF GRADE(S)

A cut-off grade of 2 g/t Au was used to report the Mineral Resources. The selected cut-off assumed underground mining method.

MINING AND METALLURGICAL METHODS AND PARAMETERS, AND OTHER MATERIAL MODIFYING FACTORS CONSIDERED TO DATE

Mining is assumed to be by underground methods. Considerable metallurgical testing of drill core has been completed on Rio Narcea, Anglo, Newmont and Lyndex core intervals. These data provide the bulk of the data verification for the deposit. All the tests reported have drill hole sample weights so that the drill hole assays can be compared to metallurgical test head assays and calculated heads.

QUALIFIED PERSONS AND COMPETENT PERSONS STATEMENT

The information in this announcement that relates to the updated Mineral Resource estimate for the Salave Gold Project is based on and fairly represents information and supporting documentation prepared by Dmitry Pertel MAIG, of CSA Global, is the Independent Qualified Person as defined by National Instrument 43-101 and is responsible for the updated Mineral Resource Estimate reported herein. Douglas Turnbull, P.Geo. Mr Turnbull is a member of the Association of Professional Engineers and Geoscientists of the Province of British Columbia, Canada (Engineers and Geoscientists BC), a recognised professional organisation for the purposes of the JORC Code. Douglas Turnbull is the President of Lakehead Geological Services, and a consultant to the Company. Douglas Turnbull has provided his prior written consent as to the form and context in which the updated mineral resource estimate and supporting information are presented in this announcement. Santiago Gonzales Nistal, EurGeol., a Qualified Person as defined by National Instrument 43-101 and consultant to Black Dragon, supervised the 2018 diamond drilling program at the Salave Gold Project, has reviewed and approved the scientific and technical disclosure in this news release.

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ABOUT BLACK DRAGON GOLD

Black Dragon Gold "BDG" is the 100% owner of one of the largest undeveloped gold projects in Europe, the Salave project. Salave is situated in the North of Spain in the province of Asturias. The Salave project has an updated combined Measured and Indicated Mineral Resource of 8.21 million tonnes grading 4.58 g/t Au, containing 1.21 million ounces of gold, plus Inferred resources totalling 3.12 million tonnes grading 3.47 g/t Au, containing 348,000 ounces of gold. A full technical report summarizing the Mineral Resource estimate completed by CSA Global is in progress and will be completed and posted on SEDAR and the Company’s website within 45 days. In addition to the current Mineral Resource, historical exploration work suggests there is the potential for additional mineralization within Black Dragon’s landholdings.

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