Nippon Dragon Resources Announces Amendment of its JV Agreement with Material Japan Inc. and a Non-Brokered Private Placement

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Brossard, Dec. 18th, 2020 - Nippon Dragon Resources Inc. (“Nippon” or “NDR”) (TSXV:NIP) (OTC:RCCMF), is pleased announce that Nippon Dragon Resources Inc. (’NDR’) and Material Japan Inc. (‘MJ’ and together with NDR, the ‘Parties’) have reached an agreement to amend their Joint-Venture Agreement (JV). Reference is made to the JV entered into by the Parties dated March 15th, 2019 as amended on August 1st, 2019 (1St JV Amendment) and together with the JV (Amended JV Agreement) (see news release dated March 28, 2019 for more information on the terms of the Joint Venture).

The Parties have agreed to proceed with a second Amendment (the “Amendment”) to the Amended JV Agreement subject to the following terms and conditions:

- --The Amended JV Agreement is amended by terminating the 1st JV Amendment, thereby removing Nippon’s Rocmec-1 project from the Joint Venture, such that the original JV agreement shall remain the only binding agreement between the Parties and related solely to the Denain project;
- --As consideration for the Amendment to the Amended JV Agreement, the cash advances made by MJ under the Amended JV Agreement and the termination of the 1st JV Amendment, NDR has agreed to make a total payment of Cdn$525,000.00 to MJ as follows: (i) a cash payment of $25,000.00 (the ‘Cash Payment) and (ii) 10 million common shares of NDR (the ‘NDR Shares’) at a deemed price of Cdn$0.05 per NDR Share (the ‘Share Payment’). The Cash Payment and Share Payment shall be completed by NDR concurrently with the closing of the Offering (see details below). The issued shares shall be subject to a hold period of four months and one day from the date of issuance;
- --NDR obtaining the required corporate and regulatory approvals, including the approval of the TSXV Venture Exchange;
- --NDR having completed the Offering for gross proceeds of at least Cdn$1.2 million.

The entering into the Agreement is considered to be a "related party transaction" for purposes of Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions ("MI 61- 101") and Policy 5.9 – Protection of Minority Security Holders in Special Transactions of the TSX Venture Exchange. Nippon is relying on exemptions from the formal valuation and minority shareholder approval requirements available under MI 61-101. Nippon is exempt from the formal valuation requirement in section 5.4 of MI 61-101 in reliance on sections 5.5(a) and (b) of MI 61-101 as the fair market value of the transaction is not more than the 25% of Nippon's market capitalization, and no securities of Nippon are listed or quoted for trading on prescribed stock exchanges or stock markets. Additionally, Nippon is exempt from minority shareholder approval requirement in section 5.6 of MI 61-101 in reliance on section 5.7(a) as the fair market value of the transaction is not more than the 25% of Nippon’s market capitalization.

Non-Brokered Private Placement

Additionally Nippon is pleased to announce that it intends to complete a non-brokered private placement of up to Cdn$2,000,000 through the issuance of a combination of flow-through units (“FT Units”) at a price of Cdn$0.05 per FT Unit and hard-dollar units (“HD Units”) at a price of Cdn$0.05 per HD Unit (the “Offering”).

Each FT Unit will be comprised of one (1) common share of the Company that qualifies as a

“flow-through common share” (a “FT Share”), and one-half of one common share purchase warrant (each whole warrant, a “FT Unit Warrant”), with each FT Unit Warrant entitling the holder thereof to acquire one additional common share of the Company at a price of $0.075 for a period of twenty-four (24) months following the closing of the Offering. Each HD Unit will be comprised of one (1) common share of the Company and one (1) common share purchase warrant (each a “Unit Warrant”), with each Unit Warrant entitling the holder thereof to acquire one additional common share of the Company at a price of $0.075 for a period of twenty-four (24) months following the closing of the Offering.

The proceeds from the sale of the HD Units will be used for corporate and general working capital purposes. The proceeds from the issuance of the FT Units will be used for “Canadian exploration expenses” and will qualify as "flow-through mining expenditures" (the "Qualifying Expenditures"), as defined in subsection 127(9) of the Income Tax Act (Canada). The Company intends to renounce the Qualifying Expenditures to subscribers of FT Units for the fiscal year ended December 31, 2020.

The Offering is expected to close shortly but in any event prior to December 31st, 2020 and is subject to receipt of all necessary regulatory approvals, including approval of the TSX Venture Exchange. The securities issued pursuant to the Offering will be subject to a statutory hold period of four months and one day in accordance with applicable securities laws.

This news release does not constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of any of the securities in any jurisdiction in which such offer, solicitation or sale would be unlawful, including any of the securities in the United States of America. The securities have not been and will not be registered under the United States Securities Act of 1933, as amended (1933 Act) or any state securities laws and may not be offered or sold within the United States or to, or for account or benefit of, U.S. Persons (as defined in Regulation S under the 1933 Act) unless registered under the 1933 Act and applicable state securities laws, or an exemption from such registration requirements is available.

About Nippon

Nippon is active in the exploration and the development of gold resources in Quebec. The Corporation holds two gold properties, Rocmec 1 with resources recognised in accordance with NI43-101 and the Denain property. Nippon also has an exclusive license for the Thermal Fragmentation mining method.

Le présent communiqué est disponible en français site web de Ressources Nippon Dragon.

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 its exploration targets; and

  - The commercialisation and employment of its thermal fragmentation technology.

For additional information:

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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.

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