Nippon Dragon Resources Inc. sells its interests in the Rocmec 1 and Denain projects to Australian Stock Exchange listed, Orminex Limited

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SEPTEMBER 1, 2021 - Nippon Dragon (TSXV:NIP) (OTC:RCCMF) is pleased to announce that it has signed a project acquisition agreement (the "Agreement") dated August 30, 2021 with Orminex Limited (ASX: ONX) for the acquisition (the "Transaction") by Orminex of Nippon Dragon's interest in the Rocmec 1 and Denain projects (the "Projects").

In consideration for the sale of the Projects, Orminex will pay a cash consideration of CAD$5,000,000 (the "Purchase Price"), payable in three installments over the course of one year with CAD$2,000,000 payable on closing of the Transaction (the "Commencement Date"), CAD$1,500,000 payable six months from the Commencement Date, and CAD$1,500,000 payable twelve months from the Commencement Date.

Nippon Dragon will retain title to the Projects until Orminex has completed payment of the Purchase Price in full, with transfer deeds being executed and held with a third-party escrow agent until such time. In addition to the Purchase Price, Orminex has agreed to pay to Nippon Dragon an additional CAD$1,085,000 to fund Nippon's ongoing exploration program on the Denain exploration project, which is scheduled to be fully completed before payment of the Purchase Price, with such funds to deployed based on the discretion of Orminex.

Furthermore, Orminex will deliver to Nippon Dragon 4,500 ounces of physical gold within an to be delivered on an agreed upon schedule based on the production activities of Orminex, and in all cases no later than 48 months of the Commencement Date. This important component of the Transaction will be used by Nippon Dragon to deliver gold to its gold lenders. Moreover, Nippon Dragon will be entitled to a 1% net smelter royalty on revenue received from certain individual veins present on the Projects, including the Boucher vein. Orminex shall have the ability to purchase one-half of this royalty for CAD$1,000,000.

Orminex is an Australian Stock Exchange listed mining and exploration company with multiple high grade gold projects in Western Australia and a team with a proven record of operating safe, high performing underground mines that deliver consistent shareholder value. Orminex has a strategy of acquiring and operating quality assets in Tier-1 jurisdictions with a view to unlock significant value from high-grade gold projects through demonstrated geological and mining expertise.

"Today's announcement fits into the major and necessary transformation of the company which began with my appointment as Interim President last November. This agreement with Orminex could not have been concluded without the cooperation of our creditors RM2C as well as Material Japan and we thank them for their support. I must also point out that this was the result of the work of Nippon's entire team. I am also very proud of what we have accomplished together. The future of Nippon Dragon Resources has never been brighter and I look forward to very long and successful relationship with Orminex¨ stated Jean-Yves Thérien, Nippon's Interim President and CEO.

The Transaction would constitute a "Reviewable Transaction" in accordance with TSX Venture Exchange (the "TSXV") Policy 5.3 - Acquisitions and Dispositions of Non-Cash Assets, and therefore remains subject to the review and approval of the TSXV. Moreover, as the sale of the Projects would constitute a sale of substantially all of the assets of Nippon Dragon, it is subject to shareholder approval. Accordingly, the Transaction shall require the approval of 66 2/3% of Nippon Dragon's shareholders at an annual and special meeting intended to be held on October 28, 2021 (the "Meeting"), where the shareholders will be asked to vote to approve of the Transaction and matters ancillary thereto. It should be noted that there are no finders fee payable in connection with the Transaction.

In connection with the Transaction, Nippon Dragon has agreed to discharge two encumbrances affecting the Projects.

- - On the Commencement Date, in consideration for the following, Groupe RM2C ("RM2C") has agreed to discharge its security registered against title to the Rocmec project (the "RM2C Transaction"), Nippon Dragon shall:

    - - pay to RM2C an amount of CAD$580,541.00 from the proceeds of the Transaction to repay the outstanding amount of its secured loan; and

      - convert an amount of $100,000 of the secured loan into units of Nippon Dragon (the "Units") at a price of $0.05 per Unit, with each Unit being comprised of one common share and one common share purchase warrant (each a "Warrant") of Nippon Dragon. Each Warrant shall entitle its holder to acquire one common share of Nippon Dragon for the price of $0.075 per common share, for a period of 24 months following the Commencement Date.

The RM2C Transaction remains subject to the approval of the TSXV; and

- - Secondly, Nippon Dragon entered into a joint venture reimbursement agreement (the "Reimbursement Agreement") with Material Japan Inc. ("MJ"), pursuant to which it has agreed to terminate its joint venture (the "JV") on the Project, in exchange for with MJ and to Nippon reimbursing MJ's CAD$2,500,000 cash contribution to the Projects. By way of context, pursuant to a joint venture agreement between Nippon Dragon and MJ, dated March 15, 2019, as amended, MJ and the Vendor previously agreed to each participate in the profits resulting from (i) production activities on the Denain project, on the basis 60% and 40%, respectively; and (ii) production activities on the Rocmec project, on the basis 49% and 51%, respectively. The Reimbursement Agreement effectively terminates the joint venture, and, in consideration therefor, Nippon Dragon will, on the Commencement Date:

    - - make a cash payment of CAD$25,000 to MJ;

      - in lieu of payment of an amount of CAD$500,000, issue 10,000,000 common shares of the Nippon Dragon to MJ, at a deemed price of $0.05 per common share;

      - as to the balance to the JV contribution of MJ in an amount of CAD$1,975,000, issue to MJ a three-year convertible debenture (the "Debenture") for the same amount bearing interest at a rate of 5% payable quarterly. The terms of the Debenture provide that, (i) during the first year, Nippon Dragon has the option to only pay the accrued interest on a quarterly basis; (ii) if the Debenture has not been repaid in full by the end of the first year, Nippon Dragon shall make a minimum quarterly payment of CAD$123,436.50 plus interest during the second year of the term of the Debenture; (iii) if the Debenture has not been repaid in full by the end of the second year, MJ shall have the right to either (a) continue to receive cash payments under the convertible debenture until the expiry of the term of the Debenture; or (b) immediately convert the balance of the amount owed into common shares of Nippon Dragon at a deemed price per share of $0.10 per share.

The issuance of the Debentures, and the terms thereof, remains subject to the approval of the TSXV, and of the approval of the disinterested shareholders of Nippon Dragon at the Meeting.

Until such time as the Purchase Price has been paid in full and title to the Projects has been transferred, Orminex will be granted operational control over the Projects. For a period of 48 months following the Commencement Date, Nippon Dragon will be granted access to certain areas of the Projects to enable Nippon Dragon to further demonstrate its patented "thermal fragmentation" technology ("Dragon Technology"). Nippon Dragon may extract product from the existing stockpile (estimated at approximately 3,000 tonnes) on the Rocmec project (with no maximum on the amount which may be extracted) and to retain 100% of any revenue received on the sale product so extracted (less any costs incurred by Orminex in relation to such extraction, if any), in return for granting Orminex a net smelter royalty of 10% on any gold extracted from the projects after the first 900 ounces.

Following the Transaction, Nippon Dragon intends to focus on its Courville/Maruska gold exploration project

(the "Courville Project"), which is located in the Courville township, 32 kilometres northeast of Val d'Or, where it intends to focus on the application of its Dragon Technology. Nippon Dragon shall issue a subsequent news release prior to the Meeting with regard to its future plans concerning the development of its business and the Courville Project..

About Nippon

Nippon is active in the exploration and the development of gold resources in Quebec. The Corporation holds three gold properties, Rocmec 1 with resources recognized in accordance with NI43-101, Denain and Courville-Maruska properties. Nippon also has an exclusive license for the Thermal Fragmentation mining process.

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 commercialization and employment of its thermal fragmentation technology.

On behalf of the Board,

Fabien Miller, Eng., M.Sc.

Director

514-892-1935

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

Neither TSXV nor its Regulation Services Provider (as that term is defined in policies of the TSV) accepts responsibility for the adequacy or accuracy of this release.

Cautionary Note Regarding Forward-Looking Information

This news release contains "forward-looking information" within the meaning of the applicable Canadian securities legislation that is based on expectations, estimates, projections and interpretations as at the date of this news release. The information in this news release about the closing of the Transaction; the approval of the TSXV relating to the Transaction; and any other information herein that is not a historical fact may be "forward-looking information".

Any statement that involves discussions with respect to predictions, expectations, interpretations, beliefs, plans, projections, objectives, assumptions, future events or performance (often but not always using phrases such as "expects", or "does not expect", "is expected", "interpreted", "management's view", "anticipates" or "does not anticipate", "plans", "budget", "scheduled", "forecasts", "estimates", "believes" or "intends" or variations of such words and phrases or stating that certain actions, events or results "may" or "could", "would", "might" or "will" be taken to occur or be achieved) are not statements of historical fact and may be forward-looking information and are intended to identify forward-looking information. This forward-looking information is based on reasonable assumptions and estimates of management of Nippon Dragon at the time such assumptions and estimates were made, and involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Nippon Dragon to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information.

Such factors include, but are not limited to, Nippon Dragon's ability to complete the Transaction; delays in obtaining or failures to obtain required governmental, shareholder, environmental or other project approvals; uncertainties relating to the availability and costs of financing needed in the future; changes in equity markets; inflation; fluctuations in commodity prices; delays in the development of projects; other risks involved in the mineral exploration and development industry; and those risks set out in Nippon Dragon's public documents filed on SEDAR (www.sedar.com) under Nippon Dragon's issuer profile.

Although Nippon Dragon believes that the assumptions and factors used in preparing the forward-looking information in this news release are reasonable, undue reliance should not be placed on such information, which only applies as of the date of this news release, and no assurance can be given that such events will occur in the disclosed timeframes or at all. Nippon Dragon disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, other than as required by law.

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