

Material Japan Acquires Shares and an Unsecured, Non-Transferable Convertible Debenture of Nippon Dragon Resources Inc.

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MONTREAL, Nov. 10, 2021 - In partial consideration for the termination of a joint venture agreement with [Nippon Dragon Resources Inc.](#) (the "Corporation"), Ahirito Nishimura (the "Acquiror"), indirectly acquired on November 8, 2021: (i) 10,000,000 common shares of the Corporation, at a price of \$0.05 per common share, in settlement of an amount of \$500,000 (the "Shares for Debt"); and (ii) a non-transferable, unsecured convertible debenture (the "Debenture" and together with Shares for Debt, the "Transaction") in the principal amount of \$1,975,000, payable by November 8, 2024, bearing interest at the rate of five percent (5.00%) per annum, calculated and payable on a quarterly basis. The Debenture is not secured and is non-transferable. The Transaction was completed by Material Japan Inc., a corporation controlled by the Acquiror.

The principal amount of the Debenture is convertible, at the option of the Acquirer, into common shares of the Corporation at a conversion price of \$0.10 per common share, on November 8, 2023 (the "Conversion Right"). Any payment of accrued interest in common shares shall be subject to agreement between the parties, the required corporate approvals and regulatory approvals, as may be required.

Assuming the full exercise of the Conversion Right on November 8, 2023, and assuming that no payments are made by the Corporation in payment of the principal amount of the debenture before the Conversion Right is exercised, the Acquiror may be deemed to have acquired beneficial ownership of an additional 19,750,000 common shares of the Corporation, representing 8.45% of the issued and outstanding common shares of the Corporation after giving effect to such conversion. For clarity, the Acquiror is not entitled to convert the Debenture into common shares of the Corporation before November 8, 2023.

Immediately prior to the closing of the Transaction, the Acquiror held, directly or indirectly, (i) 19,056,447 common shares of the Corporation, representing approximately 9.43% of the issued and outstanding common shares of the Corporation.

Immediately following the closing of the Transaction, the Acquiror holds, directly or indirectly, 29,056,447 common shares of the Corporation, representing approximately 13.57% of the issued and outstanding common shares, and (ii) assuming the full exercise of the Conversion Right on November 8, 2023, and assuming that no payments are made by the Corporation in payment of the principal amount of the debenture before the Conversion Right is exercised, the Acquiror, may be deemed to beneficially own a total of 48,806,447 common shares of the Corporation, representing approximately 20.88% of the issued and outstanding common shares of the Corporation.

The Acquisition is a private transaction that did not take place on any market or exchange.

Under the policies of the TSX-V, the creation of a new "Control Person" of a company - defined as any person that holds or is one of a combination of persons that holds a sufficient number of any of the securities of a company so as to affect materially the control of that company, or that holds more than 20% of the outstanding voting shares of a company - requires approval by the shareholders of the company (excluding the Control Person and its associates and affiliates). Because the exercise of the Conversion Rights under the Debenture would cause the Acquiror to beneficially own or control approximately 20.88% of the issued and outstanding Common Shares (giving effect only to such conversion), and thereby cause the Acquiror to become a new Control Person of the Company within the meaning of TSX-V policies, the issuance of the Debenture and the Conversion Right under the Debenture were subject to approval by the Company's disinterested shareholders. Such approval was obtained at a special meeting of the shareholders of the Company held on October 28, 2021.

In accordance with applicable securities laws, the Acquiror may, from time to time and at any time, acquire

additional shares and/or other equity, debt or other securities or instruments (collectively, "Securities") of the Corporation in the open market or otherwise, and it reserves the right to dispose of any or all of his Securities in the open market or otherwise at any time and from time to time, and to engage in similar transactions with respect to the Securities, the whole depending on market conditions, the business and prospects of the Corporation and other relevant factors.

A copy of the early warning report to be filed by the Acquiror in connection with the Acquisition described above will be available on SEDAR under Nippon Dragon's profile. This news release is issued under the early warning provisions of the Canadian securities legislation.

SOURCE [Nippon Dragon Resources Inc.](#)

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