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Granada Gold Mine Announces Successful Drill Test Results Confirming Gold Mineralization Near Surface and New Geological Model Associated with the Porphyry Intrusion between PFS Pit and Old Pit #1

February 28, 2017 – Granada Gold Mine (TSX-V: GGM) (OTC: GBBFF) (Frankfurt: B6D) (the "Company" or "Granada") today announced the results of its drill test of the thickness of mineralization under the porphyry intrusion between Old Pit #1 and the 2014 Preliminary Feasibility Study (PFS) Pit at the Granada Gold Property near Rouyn-Noranda, Quebec. The drill test, which was announced in a news release on February 2, 2017, was aimed at obtaining additional data for the new geological model being developed on an on-going basis by geological consultants GoldMinds Geoservices Inc.

“The drill test successfully intersected gold mineralization in two zones near the surface between the two pits, which is an area that had not been included in previous resource estimates for the PFS. The results provide confirmation of the new mineralization model associated with the intrusive dykes similar to the Canadian Malartic mine as well as the Barry and Windfall models,” said Frank Basa, President and Chief Executive Officer.

The test hole GR-17-04, which was drilled toward the west above an aggregate pile at 263 degrees north with a dip of 42 degrees, intersected gold mineralization under the Syenite Feldspar Porphyry (FP) intrusion.

The GR-17-04 test hole intersected two mineralized zones as follows:

- Zone 1: 0.90 grams per tonne (g/t) over 18 meters (m) from 16m to 34m downhole depth, including 1.70 g/t over 9m from 25 m to 34m;
- Zone 2: 0.70 g/t over 21m from 59 to 80m, including 1.78 g/t over 6m from 59m to 65m.

Notes:

- 1) Assays are uncapped
- 2) GoldMinds Geoservices Inc. estimates that the mineralized intercepts' true thicknesses are 85% of the drill core as the gold mineralization apparently plunged to the east in that sector.

A map showing the location of GR-17-04 can be viewed below of at the following link: https://www.granadagoldmine.com/assets/pdf/019_montage006_en_r02.pdf

In addition to the drill test, the Company in recent months has conducted a deep-hole exploration drilling program at Granada in line with its goal of doubling the size of the deposit over two years as part of a program to increase the value of the Granada deposit for shareholders. The potential 5.5 km strike length of the high-grade gold vein structure identified at Granada still remains approximately 80% unexplored. The deep-hole drill program was announced in a news release on December 2, 2016 that can be viewed at: <http://www.granadagoldmine.com/assets/pdf/GBB-news-release-deep-hole-drill-program-December-2-2016.pdf>

Preliminary deep-hole assay results showing excellent high-grade intercepts of gold mineralization at depth – among one of the best deep-hole results ever recorded by the Company at the Granada property – were announced in a January 18, 2017 news release that can be viewed at: http://www.granadagoldmine.com/assets/pdf/2017-01-18_NR.pdf

Additional deep-hole assay results are pending and will be disclosed once received and interpreted. The drill results will be incorporated into the new resource model once the drilling program is complete. Detailed results of the drill program will be posted on the Company's web site once all received and interpreted.

QA/QC

The drill results were analyzed at Accurassay laboratory (Standard Council of Canada - accredited laboratory) in Rouyn-Noranda, Québec. A rigorous, industry-standard, QA/QC program is in place. The independent quality control program of the assay results adopted by geological consultants GoldMinds Geoservices Inc. includes a minimum of 10% of controlled assays with introduction of blanks and standards. Screen metallic on 1kg sample from the half core are done. The samples are crushed 70% passing 10 Mesh (2mm), a split of 1000 grams is pulverized to 85% passing -200 Mesh (0.074mm), and coarse fraction is assayed and two aliquot of 30g are assayed by fire-assay, grade is calculated with the contribution of each fraction weight. Actual QA/QC results demonstrate the results can be disclosed and relied upon.

Technical Report

In 2014, the Company published a plan to initially mine and process high-grade, open-pit ore averaging 4.24 g/t to produce approximately 25,000 ounces per year over three years. This "Rolling Start" initial phase of reduced-scale mining with ore to be shipped for processing at local mills was outlined in NI 43-101 Technical Report Prefeasibility Study (PFS) Phase I – Open Pit Granada Gold Project Rouyn-Noranda, Quebec, published June 19, 2014, effective date May 6, 2014. Claude Duplessis, Eng., Gilbert Rousseau, Eng., Jonathan Gagne, Eng., and Martin Stapinsky, P.Geo., M.Sc., Ph.D. are the qualified persons in accordance with National Instrument 43-101.

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 1930s 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

For further information, please contact:

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