

**Darnley Bay Engages JDS for Preliminary Economic Assessment,
Appoints Chief Geologist**

Toronto, Ontario – January 3, 2017 – Darnley Bay Resources Ltd. (TSXV: DBL) (“Darnley Bay” or the “Company”) Darnley Bay is pleased to announce it has engaged JDS Energy & Mining Inc. (“JDS”) to carry out a Preliminary Economic Assessment (“PEA”) of its recently-acquired Pine Point zinc project in the Northwest Territories. Based in Kelowna, B.C., JDS is a leader in project engineering and development in Canada’s northern environment. Over the past decade JDS has acted for several Canadian and International mining companies with projects based in the N.W.T., Yukon Territory, Nunavut and northern British Columbia, including engineering studies, permitting, EPCM, and mine construction. Recently, it acted for affiliate JDS Silver, as the general contractor of the recently-constructed Silvertip silver-lead-zinc mine in northern British Columbia, having previously completed a PEA for that project.

The Pine Point zinc project, located 42 kilometres east of Hay River, N.W.T., was purchased in late December 2016 by Darnley Bay. It was operated as a successful zinc mine for several decades by Cominco Ltd., producing from 46 separate open pit and two underground mines lying along a 35-kilometre trend. Approximately 64 million tonnes of ore at a grade of 7.2 per cent zinc and 4 per cent lead were mined between 1964 and 1987. Previous drilling on the property totals approximately 1.3 million metres in 18,422 holes by Pine Point Mines (Cominco), Westmin and Tamerlane. This drilling delineated an additional 46 deposits, ten of which were the subject of a 2014 technical study by former owner Tamerlane Ventures.

The new Preliminary Economic Assessment will focus on these 10 deposits as well as 8-10 additional underground and open pit deposits. The study is expected to take approximately four months to complete.

Darnley Bay further announces that it has appointed Stanley Clemmer as Chief Geologist. Mr. Clemmer’s main responsibilities will be definition drilling and general exploration at Pine Point. Darnley Bay has a \$5 million exploration budget for 2017. The appointment of Mr. Clemmer is subject to clearance of a PIF by the TSX Venture Exchange.

Mr. Clemmer has 38 years of experience as an exploration and reserve geologist, notably with companies such as Cominco Ltd., Falconbridge Ltd., Rio Algom and Noranda. Recently he was Project Manager for Sabina Gold and Silver Corp. at the Hackett River and Wishbone projects in Nunavut, as well as managing several other projects for that company.

The company further announces that a total of 3,250,000 options to purchase common shares of the Company were granted on December 29, 2016 to directors, officers, employees and consultants at an exercise price of \$0.40 per share, expiring on December 29, 2021, all subject to the terms and conditions of the Company’s stock option plan.

John Key, Mining Engineer and Qualified Person under NI 43-101, reviewed and approved the scientific and technical information presented in this press release.

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Forward-Looking Information

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This news release contains certain “forward-looking information” within the meaning of applicable securities law. Forward looking information is frequently characterized by words such as “plan”, “expect”, “project”, “intend”, “believe”, “anticipate”, “estimate”, “may”, “will”, “would”, “potential”, “proposed” and other similar words, or statements that certain events or conditions “may” or “will” occur. These statements are only predictions. Forward-looking information is based on the opinions and estimates of management at the date the information is provided, and is subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking information. For a description of the risks and uncertainties facing Darnley Bay and its business and affairs, readers should refer to Darnley Bay’s Management’s Discussion and Analysis. Darnley Bay undertakes no obligation to update forward-looking information if circumstances or management’s estimates or opinions should change, unless required by law. The reader is cautioned not to place undue reliance on forward-looking information.

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