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RIO TINTO TO DRILL ON PISTOL BAY'S C-5 URANIUM PROPERTY, SASKATCHEWAN

January 18, 2017: Pistol Bay Mining Inc. (TSX-V - PST; Frankfurt - OQS2) (“**Pistol Bay**” or the “**Company**”) is pleased to report that Rio Tinto Exploration Canada Inc. (“RTECI” or “Rio Tinto”) has informed Pistol Bay that it is continuing with its exploration program on the 2,500-acre (1016 hectares) C5 uranium property in the Athabasca Basin, northern Saskatchewan.

Rio Tinto intends to drill between 4 and 6 diamond drill holes for a program total of approximately 2,600 metres, targeting uranium mineralization at the unconformity between the Athabasca Basin sediments and the older basement rocks, and in the basement itself. The C5 property adjoins the Wheeler River property, controlled by Denison Mines Corp. It lies 4.5 kilometres north of the Phoenix uranium deposit, 5 kilometres northeast of the Gryphon uranium deposit, and 2.6 kilometres northeast of the 489 Uranium Zone.

The C5 property, together with the C4 and C6 claims, is under option to Rio Tinto, which has earned a 75% interest, and has previously announced its intention to exercise the further option to acquire 100% interest by paying Pistol Bay C\$5,000,000 within 5 years of December 31st 2014 and granting Pistol Bay a 5% net profits interest (see Pistol Bay news release of February 16th, 2015). Rio Tinto has, to date, completed 12 diamond drill holes totalling 6,104 metres on the C5 property and carried out a gravity survey and a DC resistivity. The 2017 diamond drilling program is scheduled to commence on January 20th.

Uranium mineralization in the Athabasca Basin is spatially associated with the unconformity where the Athabasca sandstones rest on top of older basement rocks. The unconformity is approximately 400 metres below surface in the area of the C4, C5 and C6 properties. The highlight of Rio Tinto's previous program's on C5 is diamond drill hole 14CBK003 which intersected 0.054% U₃O₈ over a core length of 1.5 metres, including 1.0071% U₃O₈ over 0.5 metre. Core recovery was approximately 50%, indicating that the assay does not accurately reflect the uranium content of the rock. In addition, diamond drill hole 14CBK0005, 50 metres to the northeast of 14CBK003, intersected 0.041% U₃O₈ across a core length of 0.32 metres just below the unconformity, and 0.022% U₃O₈ across a core length of 1.00 metre, 5 metres below the unconformity. These results were previously disclosed in a Pistol Bay news release on June 4th, 2014.

The C4, C5 and C6 properties adjoin the 11,720 hectare Wheeler River property of Denison Mines Corp. (60%), Cameco Corp. (30%) and JCU (Canada) Exploration Co. (10%). Wheeler River includes the newly (2008) discovered Phoenix Zone, with an indicated mineral resource of 70,200,000 pounds of U₃O₈ grading 19.13% plus an inferred mineral resource of 1,100,000 pounds of U₃O₈ at a grade of 5.80%. The Gryphon Zone contains an inferred resource of 43 million pounds of U₃O₈ at a grade of 2.3%. The 489 Zone is at an early stage of exploration. It has reported drill intercepts of 0.13% U₃O₈ over 5.5 metres and 0.46% U₃O₈ (radiometric estimate) over 1.5 metres.

The C4, C5 and C6 properties are situated approximately mid-way between the former producing Key Lake mine and the currently producing McArthur River Mine of Cameco Corp. (70%) and AREVA (30%). McArthur River has produced, to the end of 2015, a total of 287.6 million pounds of U3O8. It has reserves of 336.5 million pounds at 16.89% U3O8, measured plus indicated mineral resources of 5.6 million pounds at 3.80% U3O8 and an inferred mineral resource of 58.6 million pounds at 7.72% U3O8. With a total endowment of over 688 million pounds, McArthur River is the largest high grade uranium mine in the world (Cameco Corp. annual and quarterly reports).

The C4, C5 and C6 properties are road-accessible, an important feature that allows exploration funds to be used much more effectively than more remote, fly-in projects. The 75-kilometre all-weather haul road from the McArthur River mine to Cameco's Key Lake mine/mill passes approximately 5 kilometres from the properties, and there is a network of bush roads or trails that can be used by 4-wheel drive vehicles.

Technical material in this news release has been prepared and/or reviewed and approved by Colin Bowdidge, Ph.D., P.Geo., a Qualified Person as defined in National Instrument 43-101. Uranium analyses quoted in this news release were performed for Rio Tinto by SRC Geoanalytical Laboratories in Saskatoon, using ICP-mass spectrometry. The geometry of the mineralized intervals quoted here is not known, and no estimate of true widths has been made.

About Pistol Bay Mining Inc.

Pistol Bay Mining Inc. is a diversified Junior Canadian Mineral Exploration Company with a focus on precious and base metal properties in North America. For additional information please contact Charles Desjardins – pistolbaymining@gmail.com - at Pistol Bay Mining Inc.

On Behalf of the Board of Directors
PISTOL BAY MINING INC.

"Charles Desjardins"

Charles Desjardins,
President and Director

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