

## NEWS RELEASE

### LANCASTER CAPITAL OPTIONS PETER LAKE GOLD PROPERTY IN NUNAVUT

Vancouver, B.C. October 26, 2016 – LANCASTER CAPITAL CORP. (“Lancaster” or the “Company”), (LHC:TSXV) is pleased to announce that it has entered into an earn-in agreement (the “Agreement”) with Meliadine Gold Ltd. (“Meliadine”) to earn up to a 70% interest in the Peter Lake Gold property (the “Property”).

The Property is located approximately 40 km northwest of Rankin Inlet, Nunavut. The Property covers 8,473 hectares within the Meliadine Gold Belt immediately along trend from Agnico Eagle Mines Ltd.’s advanced Meliadine Gold project. Multiple clusters of quartz carbonate boulders containing high grade gold have been discovered on the Property with strong evidence that the potential bedrock source is also on the Property. These high grade gold boulders may be sourced from the Pyke Fault and associated splay structures that trend through the middle of the Peter Lake Property, and also hosts the Meliadine Gold project further to the southeast.

The Board of Directors of Lancaster is in the process of considering a short list of candidates for a new CEO and senior management team to lead the Company in pursuing this new project.

Pursuant to the Agreement, Lancaster has the exclusive right to earn an initial undivided 50% interest in the Property (the “**First Earn-In Option**”) upon: (i) incurring an aggregate of \$10 million in expenditures on the Property by the third anniversary of the date all regulatory approvals to the Agreement are received (the “**Effective Date**”) (allocated as: \$1 million on the first anniversary, an additional \$4 million on the second anniversary and an additional \$5 million by the third anniversary of the Effective Date); and paying \$75,000 in cash on each of the Effective Date, and the first, second and third anniversary of the Effective Date.

Upon earning a 50% interest in the Property, Lancaster has the exclusive right to earn an additional undivided 20% interest in the Property (the “**Second Earn-In Option**”), thereby increasing its interest in the Property to 70%, upon:

- (i) incurring an aggregate of \$25 million in additional expenditures on the Property, as follows:
  - incurring a minimum of \$2 million in expenditures on the Property in the year ending on the fourth anniversary of the Effective Date;
  - incurring an additional \$3 million in expenditures on the Property in the year ending on the fifth anniversary of the Effective Date;
  - incurring an additional \$5 million in expenditures on the Property in the year ending on the sixth anniversary of the Effective Date;
  - incurring an additional \$15 million in expenditures on the Property in the year ending on the seventh anniversary of the Effective Date;
- (ii) preparing and delivering to Meliadine a Bankable Feasibility Study by the seventh anniversary date of the Effective Date; and

- (iii) paying \$75,000 in cash on each of the Effective Date, and on the fourth, fifth, sixth and seventh anniversary date of the Effective Date.

Lancaster has the right, to satisfy its obligation to incur any of the expenditures required by the First Earn-In Option or Second Earn-In Option, by paying or delivering to Meliadine an equivalent amount in cash or common shares of Lancaster.

Pursuant to the Agreement, Lancaster may elect to extend the delivery date of the BFS for a maximum of three (3) years in consideration for payment to Meliadine of \$2.5 million in cash for each additional one-year extension. Lancaster is also entitled, at any time after exercise of the First Earn-In Option and for no additional consideration, to extend the time for payment of any of the expenditure requirements in respect of the Second Earn-In Option by up to one year.

Lancaster shall be appointed as exclusive operator of the project and shall remain as operator unless it fails to exercise the Second Earn-In Option.

Upon Lancaster earning either a 50% interest in the Property and terminating the Agreement or earning a 70% interest in the Property, the parties shall be deemed to have formed a joint venture pursuant to which both parties will contribute their proportionate share of future expenditures. Upon either party reducing its interest to 15% in the joint venture, such interest shall be converted to a 2.5% net smelter return royalty.

The Agreement is subject to the approval TSX Venture Exchange approval.

*Neither TSX Venture Exchange nor its Regulations Services Provider (as that term is defined in policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.*

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### **Technical Information**

All scientific and technical information in this news release has been prepared by or reviewed and approved by Mr. Garrett Ainsworth, P.Geo., a director of Lancaster. Mr. Ainsworth is a qualified person for the purposes of National Instrument 43-101 Standards of Disclosure for Mineral Projects. Mr. Ainsworth has not verified any of the information regarding Agnico Eagle's Meliadine Gold Project and is not necessarily indicative of the mineralization on the Peter Lake project.

### **Cautionary Statement Regarding “Forward-Looking” Information.**

*This news release contains "forward-looking information" within the meaning of applicable Canadian securities legislation. “Forward-looking information” includes, but is not limited to, statements with respect to the activities, events or developments that the Company expects or anticipates will or may occur in the future. Generally, but not always, forward-looking information and statements can be identified by the use of words such as “plans”, “expects”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates”, or “believes” or the negative connotation thereof or variations of such words and phrases or state that certain actions, events or results “may”, “could”, “would”, “might” or “will be taken”, “occur” or “be achieved” or the negative connotation thereof.*

*Such forward-looking information and statements are based on numerous assumptions, including among others, that regulatory approval to the Agreement will be obtained, that general business and economic conditions will not change in a material adverse manner, that financing will be available if and when needed and on reasonable terms, and that third party contractors, equipment and supplies and governmental and other approvals required to conduct the Company’s planned exploration activities will be available on reasonable terms and in a timely manner. Although the assumptions made by the Company in providing forward-looking information or making forward-looking statements are considered reasonable by management at the time, there can be no assurance that such assumptions will prove to be accurate.*

*Forward-looking information and statements also involve known and unknown risks and uncertainties and other factors, which may cause actual events or results in future periods to differ materially from any projections of future events or results expressed or implied by such forward-looking information or statements, including, among others: negative operating cash flow and dependence on third party financing, uncertainty of additional financing, no known mineral reserves or resources, reliance on key management and other personnel, potential downturns in economic conditions, actual results of exploration activities being different than anticipated, changes in exploration programs based upon results, and risks generally associated with the mineral exploration industry, environmental risks, changes in laws and regulations, community relations and delays in obtaining governmental or other approvals.*

*Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in the forward-looking information or implied by forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking information and statements will prove to be accurate, as actual results and future events could differ materially from those anticipated, estimated or intended. Accordingly, readers should not place undue reliance on forward-looking statements or information. The Company undertakes no obligation to update or reissue forward-looking information as a result of new information or events except as required by applicable securities laws.*