

California Gold Announces Execution of Toll-Processing Agreement, Completion of Harvest and Commencement of Cannabinoid Extraction

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TORONTO, December 9, 2019 - California Gold Mining Inc. ("California Gold" or "CGM" or the "Company") (CSE: CGM) (OTC-QX: CFGMF) is pleased to provide the following updates regarding its operations:

- The Company anticipates realizing its first-ever operating profit in Q1 2020;
- Toll-extraction agreement with an industry-leading, North Carolina-based extraction and processing company has been executed;
- Harvest, and post-harvest treatment of the high-CBD hemp crop from its 100%-owned Grove Road farm in Kendall County, Illinois has been successfully completed;
- Additional high-CBD hemp biomass has been purchased from farmers in Virginia and North Carolina;
- Processing of the Company's wholly owned hemp biomass into winterized and decarboxylated crude oil with 60 - 65% total cannabinoid content ("Crude Oil") has commenced;
- The Company projects production of 2,200 - 2,500 litres of Crude Oil by year-end; current wholesale prices for Crude Oil range from US\$900 to US\$1,250 per litre;
- CGM is finalizing a second toll-extraction agreement with an Arizona-based extraction company to produce distillate with 70 - 80% total cannabinoid content ("Distillate"); and
- The Company projects production of 600 - 700 litres of Distillate in Q1 2020 in addition to its Crude Oil; current wholesale prices for Distillate range from US\$2,600 to US\$3,250 per litre.

Further details on each of the above items is set forth in this press release.

California Gold's President and CEO, Mr. Vishal Gupta stated, "We are delighted that despite our recent entry into the high-CBD hemp space and the prevalent industry-wide price compression, CGM is well-positioned to post a healthy operating profit in Q1 2020. The completion of our crop harvest in Illinois, and partnership with an industry-leading cannabinoid extraction company in North Carolina, are important operational milestones for the Company. Even more significant are the relationships that the Company has recently formed with several farming families in Virginia and North Carolina that have the potential to transform a one-time revenue-generation event resulting from the sale of cannabinoid-rich finished products extracted from our hemp biomass harvested in Illinois, into a continuous revenue stream due to the availability of several hundred thousand pounds of unsold, high-quality hemp biomass in these farming communities."

Toll-Extraction Services Secured

After investigating more than a dozen different extraction companies over the course of three months, CGM executed a toll-extraction agreement with a North Carolina-based company ("Extraction Partner") to produce finished cannabinoid-rich oils and isolates. CGM retained an industry-renowned expert in extraction technologies to conduct due diligence on its Extraction Partner, and the following boxes were checked:

- (a) High-efficiency, ethanol- and heptane-based extraction technology;
- (b) High-quality end products;
- (c) Significant operating capacity to produce finished hemp-CBD products in bulk;
- (d) Competitive pricing for toll-extraction;
- (e) Willingness to schedule CGM's biomass extraction ahead of others; and
- (f) Ability to create a variety of end-products as per CGM's specifications.

The toll-processing agreement was signed on October 24th, 2019.

Illinois Harvest & Post-Harvest Treatment

CGM completed the harvest of its hemp crop at the Grove Road farm in Illinois on October 25th, 2019. The Company also executed a contract for turn-key, post-harvest processing of the harvested crop in Illinois with a private, multi-faceted, hemp-CBD corporation that recently customized a 64,000 sq. ft. warehouse in Oglesby, Illinois for post-harvest treatment of its plants.

Post-harvest treatment involves air-drying of hemp plants to bring total moisture content under 10% by weight, and removal of stems, branches, and leaves. The remaining dried flower content is the "biomass" that is eventually used in the extraction process. The post-harvest treatment of CGM's crop was completed on November 27th, 2019 with total biomass yield of 11,117 lbs and an average CBD content of approximately 10% ("Illinois Biomass").

This yield is significantly lower than what we had projected at the beginning of the project, and can be directly attributed to the ‘one in 30 years' rainfall experienced in the US mid-West during the 2019 cultivation season. Despite this shortfall in yield, the Illinois Biomass is expected to produce an operating profit for CGM.

While CGM's Grove Road farm in Illinois was experiencing excessive rains this cultivation season, the weather patterns in Virginia and North Carolina were much more favourable to hemp cultivation. This is where the Company's management team found an opportunity to off-set the diminished yields in Illinois.

Identification & Purchase of Additional Biomass in Virginia & North Carolina

During the course of negotiating the toll-processing agreement with its new Extraction Partner, CGM's management team learned of dozens of farming families (the "Farmers") in southern Virginia and northern North Carolina cultivating high-CBD hemp crops in 2019. Preliminary discussions with these Farmers revealed that hundreds of thousands of pounds of hemp biomass are available for purchase at very reasonable terms.

An initial batch of 35,242 lbs of biomass ("Initial Batch") was purchased on November 27th, 2019. Approximately 65% of this Initial Batch has now been processed into Crude Oil. Processing of the remaining 35% is expected to be completed by year-end.

Total Crude Oil production from the Initial Batch is expected to be between 2,200 and 2,500 litres by year-end. Wholesale prices for Crude Oil are currently ranging between US\$900 and US\$1,250 per litre.

CGM's Board of Directors is currently evaluating the purchase of successive batches of biomass from the Farmers upon completing the sale of Crude Oil from the Initial Batch. At present time, there are several hundred thousand additional pounds of unsold, high-quality hemp biomass available for purchase by CGM.

Second Toll-Extraction Agreement & Off-Take Agreements Being Negotiated

The Company is currently negotiating a second toll-extraction agreement with an Arizona-based extraction company to produce high-margin Distillate.

The Company is also currently in discussions with several interested purchasers who have requested samples of its Crude Oil in order to conduct their own testing of the product before placing purchase orders. Management expects the Company to start generating revenue from the sale of its finished extraction products in January 2020.

As a result of the Company's current focus on the production of finished extraction products, and management's projections for relatively quick revenue realization from this endeavour, CGM's Board of Directors has decided to temporarily defer the Company's plans to construct a greenhouse for hemp seed propagation on its Grove Road farm in Illinois.

About California Gold Mining Inc.

[California Gold Mining Inc.](#) is focused on continued development of a high-quality gold resource on its 100%-owned Fremont property in Mariposa County, California. The Fremont property consists of an entirely private and patented land package totaling 3,351 acres of historically producing gold mines, with a state highway, PG&E electric substation and abundant water present on the property itself. The Fremont property lies within California's prolific Mother Lode Gold Belt that has produced over 50 million ounces of gold. The Company purchased the Fremont property in March 2013.

The Company is also in the process of establishing an outdoor, high-CBD industrial hemp biomass cultivation operation on the newly-acquired Grove Road Farm property in Kendall County, Illinois. The Company plans to use a portion of cash flow from its hemp biomass and hemp seed operations to continue development of its gold business, with minimal dilution for shareholders.

The Company's technical report in respect of the Fremont Property prepared pursuant to National Instrument 43-101 is available on SEDAR at www.sedar.com and on the Company's website at www.caligold.ca.

CAUTION REGARDING FORWARD-LOOKING INFORMATION

This news release of California Gold contains statements that constitute "forward-looking statements". Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause California Gold's actual results, performance or achievements, or developments in the industry to differ materially from the anticipated results, performance or achievements expressed or implied by such forward-looking statements. Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by the words "expects", "plans", "anticipates", "believes", "intends", "estimates", "projects", "potential" and similar expressions, or that events or conditions "will", "would", "may", "could" or "should" occur. Forward-looking statements in this document include statements regarding (i) the amount of Crude Oil that will be produced by the Company by year-end; (ii) the fact that current wholesale prices for Crude Oil may change in the future, (iii) the Company's ability to execute a second extraction agreement, (iv) the Company's ability to negotiate off-take agreements, (v) the amount of Distillate that the Company will produce in Q1 2020, (vi) the fact that the current wholesale prices for Distillate may change in the future and (vii) the proposed purchase of successive batches of biomass from the Farmers. There can be no assurance that such statements will prove to be accurate. Actual results and future events could differ materially from those anticipated by such statements and could materially affect the Company's results of operations. Readers are cautioned not to place undue reliance on forward looking statements in this press release. California Gold does not undertake any obligation to update these forward-looking statements in the event that management's beliefs, estimates or opinions, or other factors, should change, unless otherwise required by law.

Neither the Canadian Securities Exchange nor its Regulation Services Provider (as that term is defined in the policies of the Canadian Securities Exchange) accepts responsibility for the adequacy or accuracy of this release.

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