

Gold Mountain Mining Corp. Signs Letter of Intent with New Gold to Increase its Tonnage Limit in its Ore Purchase Agreement

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VANCOUVER, June 17, 2021 - [Gold Mountain Mining Corp.](#) ('Gold Mountain' or the 'Company') (TSX.V:GMTN)(OTCQB:GMTNF)(FRA:5XFA) is pleased to announce that it has signed a Letter of Intent ("LOI") with New Gold Inc ("New Gold") to increase its tonnage delivered to New Afton from 70,000 to 350,000 tonnes per annum beginning in year four of production. This addition reflects a 400% bump to the delivery commitments outlined in the Company's Ore Purchase Agreement with New Gold (the "OPA") and provides a clear path to scale mining operations.

Highlights

- The increase in ore delivery allows Gold Mountain to scale mine operations without the need for an on-site mill.
- The Company foregoing an on-site mill was a substantial driver for reducing its all-in sustaining costs ("AISC") from \$735/ounce to \$554/ounce (USD).
- Ramp up in mining operations to 350,000 tonnes per year is scheduled to begin 2024.

"We recently updated our PEA with an increase to our production profile in years 4-11, an increase in total ounces produced over the life of mine, and the continuation of selling our ore directly to New Gold. In order to substantiate those economics we felt it was important to show a willingness on both sides to expand the long term working relationship, by executing this LOI. Based on trade off studies that we have completed as part of our ongoing PFS work with JDS Energy and Mines, it became apparent constructing a mill in Year 4 was not the correct decision," commented Kevin Smith, CEO and Director of Gold Mountain.

"This new plan eliminates a large amount of CapEx and reduces the environmental impacts by not building an on-site mill and tailings storage facilities. This will allow us to reallocate that capital into continuing to aggressively explore the property, as well as accelerate the remediation and expansion of the existing underground decline. Continuing to demonstrate this project's economics and scalability has always been a high priority. This new mine plan has us producing more gold sooner, at a drastically lower AISC. With the drill turning and the Elk being approximately six months away from commercial production, we intend to continue pushing the pace over the second half of 2021."

Ore Purchase Agreement

On January 26th 2021, the Company entered into an Ore Purchase Agreement with New Gold to purchase the ore from the Elk Gold Mine. The Company will deliver ore to New Gold's New Afton Mine located 133km from the Elk Gold Mine in Kamloops BC. Under the terms of the Ore Purchase Agreement, Gold Mountain will deliver 70,000 tonnes of ore per annum or approximately 200 tonnes per day. The Ore Purchase Agreement has a term of three years.

The ore will be sampled and weighed at the Elk Gold Mine to determine the contained ounces of gold and silver. Following delivery, New Gold will pay Gold Mountain at the end of each calendar month based on the value of the gold and silver in the ore, net of the agreed metallurgical recovery and concentrate selling costs. The terms of the Ore Purchase Agreement mitigate the variance and volatility of operational throughput and allows the Company to avoid any risk of recovery.

Letter of Intent

The LOI contemplates an increase to the annual tonnage delivered to New Gold by 400%. Under the terms

of the LOI, New Gold confirmed its ability to purchase up to 350,000 tonnes of ore per year beginning in year 4. The new terms allow Gold Mountain to scale production without the requirement to build an on-site mill, drastically reducing its capital requirements over the life of mine. The Company foregoing an on-site mill was a substantial driver for reducing its AISC from \$735/ounce to \$554/ounce (USD) in its latest Preliminary Economic Assessment ("PEA"). For more information, see the Company's press release dated May 27, 2021 at www.sedar.com.

With the LOI in hand, Gold Mountain will now look to streamline the permitting process required to scale production by avoiding the environmental impact of an on-site mill. The Company anticipates increasing production to 350,000 tonnes per year beginning in 2024 subject to both the Company and New Gold obtaining the necessary regulatory approvals.

New Gold Permitting Update

Additionally, New Gold has submitted its Notice of Departure ("NOD") to the Ministry of Energy, Mines and Low Carbon Innovation to receive ore from the Elk Gold Mine. The NOD contemplates New Gold processing 70,000 tonnes per annum in years 1-3. Both parties do not foresee any delays to the production schedule which anticipates ore delivery in October 2021.

Qualified Person

The foregoing technical information was approved by Grant Carlson, P.Eng., a Qualified Person, as defined under National Instrument 43-101 and the Chief Operating Officer for [Gold Mountain Mining Corp.](http://www.goldmountain.ca)

About Gold Mountain Mining

Gold Mountain is a British Columbia based gold and silver exploration and development company focused on resource expansion at the Elk Gold Project, a past-producing mine located 57 KM from Merritt in South Central British Columbia. Additional information is available at www.sedar.com or on the Company's new website at www.gold-mountain.ca.

For Further information, please contact

[Gold Mountain Mining Corp.](http://www.goldmountain.ca)

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This news release includes certain 'forward-looking statements' under applicable Canadian securities legislation. Forward-looking statements include statements that are based on assumptions as of the date of this news release and are not purely historical including any information or statements regarding beliefs, plans, expectations or intentions regarding the future and often, but not always, use words or phrases such as "expects" or "does not expect", "is expected", "anticipates" or "does not anticipate", "plans", "estimates" or "intends", or stating that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward looking statements in this press release include those relating to the Company's ability to increase production to 350,000 tonnes per year, the timing to scale production at the Elk Gold Project and the timing for New Gold to obtain permits necessary to process ore from the Elk Gold Project. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable, are subject to known and unknown risks, uncertainties and other factors which may cause the actual results and future events to differ materially from those expressed or implied by such forward-looking statements. Such factors include, but are not limited to: general business, economic, competitive, political and social uncertainties; delay or failure to receive board, shareholder or regulatory

approvals; the price of gold; and the results of current exploration. There can be no assurance that such statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. Gold Mountain disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. For a comprehensive overview of all risks that may impact the Company, please see the Company's Management Discussion and Analysis for the year ended January 31, 2021.

SOURCE: [Gold Mountain Mining Corp.](#)

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