

# Gold Mountain Announces Reliance on Financial Hardship Exemption in Connection With Debt Settlements and Deferrals and Private Placement Offering Up to \$750,000

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VANCOUVER, March 25, 2024 - [Gold Mountain Mining Corp.](#) ("Gold Mountain" or the "Company") (TSX:GMTN)(OTCQB:GMTNF)(FRA:5XFA) announces that it has reached agreements with two secured creditors for the settlement and postponement of certain secured debts (the "Debt Settlements"). The secured creditors are Nhwelmen Construction LP Ltd. ("Nhwelmen") who is currently owed \$7,784,850.71 (the "Nhwelmen Secured Debt") and Hedge Minerals Corp. ("Hedge") who is currently owed \$1,241,669.18 (the "Hedge Secured Debt").

Nhwelmen is the contract miner at the Company's Elk Gold Mine, and Hedge is an arms-length lender to the Company pursuant to a loan arrangement entered into effective September 13, 2023. Nhwelmen has agreed to accept common shares of the Company in payment of \$1,250,000 of the Nhwelmen Secured Debt at an issuance price of \$0.0075 per share (the "Issue Price"), which pricing is at a discount to market price (for a maximum of 166,666,667 common shares being issued to Nhwelmen), and the remaining amount of the Nhwelmen Secured Debt will be repaid in equal cash payments over 24 months commencing in April, 2024 and including interest at a rate of 18% per annum. The entire Hedge Secured Debt will be repaid through the issuance of common shares of the Company at the Issue Price (for a maximum of 165,555,891 common shares being issued to Hedge).

The Company has also approached certain unsecured vendors who provide critical services to the Company for the conversion of up to \$1.5 million of unsecured debt for settlement of such debts in payment of common shares of the Company at the Issue Price for a maximum issuance of 200,000,000 common shares.

Further, the Company is pleased to announce a non-brokered private placement (the "Private Placement") of up to 100,000,000 common shares in the capital of the Company at the Issue Price for gross proceeds to the Company of up to \$750,000, which would represent a maximum of up to 14.28% of the Company's issued and outstanding common shares following the issuance of common shares with respect to the Debt Settlements. The common shares issued are subject to applicable resale restrictions, including a hold period of four months and one day from the closing of the Private Placement under Canadian securities rules. The Private Placement is subject to customary closing conditions including final Toronto Stock Exchange ("TSX") approval. Proceeds of the Private Placement will be used to ramp up operations at the Elk Gold Mine and for working capital and general corporate purposes. No insiders of the Company will be participating in the Private Placement.

## Insider Participation

None of the creditors currently own (directly or indirectly) any securities of the Company. Upon completion of the Debt Settlements (assuming no settlement of unsecured debts and prior to closing of the Private Placement) Hedge would own 39.38% of the Company's common shares (non-diluted) and Nhwelmen would own 39.65% of the Company's common shares (non-diluted). Assuming settlement of all \$1.5 million of the unsecured debt and closing of the Private Placement of \$750,000 in gross proceeds, Hedge would own 23.64%, Nhwelmen would own 23.80% and the unsecured creditors would own 28.60% the Company's common shares, all on a non-diluted basis. As a result of such ownership, Nhwelmen and Hedge will become "insiders" of the Company for purposes of the TSX Company Manual and a "related party" of the Company pursuant to Multilateral Instrument 61-101 - Protection of Minority Security Holders in Special

Transactions ("MI 61-101"). Depending on the participation of the unsecured creditors, such unsecured creditors may also become "insiders" and "related parties" and the Company will make such disclosure in future press releases once determined. The Debt Settlements will result in a change of control of the Company as both Nhwelmen and Hedge will become control persons in the Company, owning more than 20% of the current issued and outstanding. The Company does not anticipate that any of subscribers pursuant to the Private Placement will become "insiders" or "related parties" of the Company.

The Debt Settlement is a "related party transaction" within the meaning of MI 61-101. However, in light of the fact that the Board and Special Committee have determined that the Company is in serious financial difficulty and that the Debt Settlement is designed to improve the Company's financial situation, the Company is relying on the exemption from the formal valuation and minority approval requirements of MI 61-101 contained in Section 5.5(g) and Section 5.7(1)(e) of MI 61-101, respectively, on the basis of the "financial hardship" exemption therein.

### Special Committee

A special committee of the board of directors of the Company (the "Special Committee") was constituted and considered the fairness of the Debt Settlements and related matters. The Special Committee is comprised of two independent directors. The Special Committee has determined that the Debt Settlements are reasonable for the Company in the circumstances and recommends that the Company proceed with the Debt Settlement.

The Special Committee carefully considered management's efforts in recent years in exploring various alternatives to improve the financial situation of the Company and considered whether other alternatives may be available (e.g., various corporate transactions, M&A transaction with third parties, accessing public or private debt or equity markets). The Special Committee has concluded that the Company is in serious financial difficulty and there are no viable alternatives available on commercially reasonable terms that would be more likely to improve the financial situation of the Company compared to the Debt Settlement (and related transactions).

### Financial Hardship Exemption

As the Debt Settlement will: (i) result in the issuance of shares to Hedge and Nhwelmen in an amount greater than 25% of the number of common shares outstanding and materially effect control of the Company (section 604(a)(i) of the TSX Company Manual); (ii) dilute the Company's market capitalization by more than 25% (section 607(g)(i) of the TSX Company Manual); and (iii) the issuance of common shares in the Debt Transactions and Private Placement are being priced lower than market price less the maximum applicable discount (section 607(e) of the TSX Company Manual), disinterested shareholder approval and an independent report regarding the value of the transaction consideration is required. However, the Company has applied to the TSX for a "financial hardship" exemption from the requirements to obtain disinterested shareholder approval and an independent valuation report on the basis that the Company is in serious financial difficulty and the Debt Settlement is designed to improve the Company's financial situation. The application was made upon the recommendation of the Special Committee, free from any interest in the Debt Settlement and unrelated to the parties involved in such transactions (other than the Company) and was based on its determination that the Debt Settlement is reasonable for the Company in the circumstances.

There is no certainty that the terms of the Debt Settlement will be acceptable to any of the unsecured vendors.

The Company anticipates that a resolution will be put to shareholders approving a share consolidation at its next Annual Meeting.

### Appointment of Director

The Company's Chief Executive Officer, Ronald Woo, has been appointed to the Board of Directors of the Company effective immediately. Mr. Woo has served as President of the Company between December 23, 2020 until December 23, 2021 and has served as CEO of the Company since July 10, 2023.

This press release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in the United States or in any other jurisdiction in which such offer, solicitation or sale would be unlawful. The securities have not been registered under the U.S. Securities Act and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements thereunder.

#### About Gold Mountain

Gold Mountain is a British Columbia based gold and silver production, exploration and development company focused on the development of the Elk Gold Mine, a producing mine located 57 kilometers from Merritt in South Central British Columbia. Additional information is available at [www.sedar.com](http://www.sedar.com) or on the Company's new website at [www.gold-mountain.ca](http://www.gold-mountain.ca).

For more information, please contact:

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#### Forward Looking Statements

This news release includes certain "forward-looking statements" under applicable Canadian securities legislation regarding the closing of the Debt Settlement and the timing of the same, the closing of the Private Placement and the timing of the same, the ability of the Company to continue as a going concern, the pro forma ownership of Hedge and Nhwelmen and the exact number of shares to be issued by the Company, the impact of the Debt Settlement on the Company and the results thereof, including that it will allow the Company to address its significant working capital deficiency and provide operating capital to the Company so that it can go forward as a viable going concern, receipt of the regulatory and TSX approval, the removal of all secured debt, elimination of future interest payments and the ability for the Company to restart the mine, thereby significantly improving the Company's financial situation. 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 relating to 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 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.

The TSX has not reviewed and does not accept responsibility for the adequacy or accuracy of the content of this News Release.

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