

Silver Mountain Resources Inc. Delivers Positive Preliminary Economic Assessment For Its Reliquias Project

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Pre-Tax NPV 5% Of C\$107 million, Pre-Tax IRR Of 57%, And Payback Of 1.8 Years

Key Highlights - Preliminary Economic Assessment ("PEA")

- Pre-Tax Net Present Value ("NPV"), C\$107 million¹ at 5% discount rate, and Pre-Tax Internal Rate of Return ("IRR") of 57%
- After-Tax Net Present Value ("NPV"), C\$85 million¹ at 5% discount rate, and After-Tax Internal Rate of Return ("IRR") of 51%.
- Construction time of 10 months
- Payback Period of 1.8 years
- Profitability ratio (Initial CAPEX/NPV) of 2.5 times
- Average annual metal production of 2.2 million ounces AgEq per year
- Initial CAPEX of US\$24.8 million
- All-in Sustaining Cost ("AISC") ² of 17 US\$/Oz AgEq
- Benefits from existing and fully permitted infrastructure

TORONTO, May 15, 2024 - [Silver Mountain Resources Inc.](#) ("Silver Mountain" or the "Company") (TSXV: AGMR) (OTCQB: AGMRF) is pleased to announce the results of a Preliminary Economic Assessment (the "PEA") of its 100% owned Reliquias Project, Huancavelica department, central Peru ("Reliquias" or the "Project"). The PEA shows Reliquias to be a robust silver and base metals project with significant infrastructure in place. Restarting operations at this historic past producer could position Silver Mountain as the next producer in Peru, taking advantage of a favourable metals market.

Alvaro Espinoza, CEO of Silver Mountain, stated: "This PEA reflects 18 months of diligent work by our team, highlighting a strong business case for Reliquias as a future silver producer in Peru and supported by favourable market conditions. Essential infrastructure, including a tailings facility, is already in place, and permitting is progressing as planned. This is reflected in a reduced initial CAPEX of US\$24.8 million and a short payback period of less than two years considering a conservative silver price of US\$24 per ounce. Silver Mountain's experienced technical team, led by Richard Contreras and known for developing deposits like Panamerican Silver's Morococha mine, ensures that our mine plan and methods are achievable and cost-effective. We are on track with our development timeline and budget. Furthermore, the exploration potential within our 60,000 hectare land package holds potential for significant resource expansion through future drilling, setting the stage for increased production over time.

The results of the PEA will be disclosed in an independent technical report in accordance with National Instrument 43-101 - Standards of Disclosure for Mineral Projects ("NI 43-101") and prepared by independent consulting firm RECURSOS RESERVAS Y EVALUACIONES MINERAS S.A.C. with specific subject matter expertise including Plenge Laboratorios for metallurgical test work, Airex, as ventilation consultants, DTC as geotechnical consultants, and Apeg for mine planning. A NI 43-101 compliant technical report in respect of the PEA will be filed on SEDAR+ within 45 days of this news release.

Note: The PEA is preliminary and includes Inferred Mineral Resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as Mineral Reserves, and there is no certainty that the preliminary economic assessment will be realized. Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability.

¹ Based on a US\$ to C\$ exchange rate of 1.3498.

² AISC is a non-IFRS financial ratio that does not have any standardized meaning prescribed under IFRS and therefore may not be comparable to other issuers. Please refer to "Non-IFRS Measures".

Discussion of Preliminary Economic Assessment

A summary of the key financial information for the PEA is provided in Table 1.

Table 1: Key financial information from the Reliquias Project PEA.

A Life of Mine (LOM) operating summary for the updated PEA is shown in Table 2.

Table 2: Operating summary and main assumptions used for the Reliquias Project PEA.

The Project is planned as an underground mine operation. For the PEA, the annual mining rate will be up to 322 ktpa. Production of both the bulk and zinc concentrates will begin simultaneously, each feeding separate processing circuits. The LOM is 9 years. Two separate mining methods, Bench and Fill Stopping, and Sublevel Stopping, have been selected for Reliquias, considering the existing infrastructure and the ventilation and drainage plans.

Production is assumed to commence following 10 months of refurbishment and commissioning of the existing flotation plant. The mine plan for Reliquias is based on mining a total of 2.4 million tonnes with a head grade of 3.71 oz / t silver, 0.32 g / t Au, 2.45% Zn, 1.62% Pb, and 0.26% Cu over a 9-year LOM using an NSR cut-off of \$85.64 / t. A lower marginal cut-off grade of \$74.28 / t was used, whereby lower grade blocks adjacent to existing infrastructure were incorporated into the resource base. Mining dilution is variable, depending on the stope sizes, and rates between 17% and 36% were applied.

Processing of the polymetallic mineralization will be through a conventional crushing and grinding circuit followed by froth flotation, concentrate thickening, and filtration in the existing plant. Two products, a bulk concentrate, and a zinc concentrate will be produced. Metallurgical test work indicates a bulk concentrate grading 69.88 oz/t Ag, 31.09 % Pb and 4.88 %Cu. The zinc concentrates grade 53.45 %. Table 3 below shows the concentrate grades and recovery assumptions for both products.

Table 3: Concentrate grades and metallurgical recoveries for the Reliquias Project

Note: The recoveries have changed compared to those published in January 2024 (Bulk concentrate recoveries of 88% Ag, 75% Au, 93% Pb, and 91% Cu, and Zinc concentrate recovery of 84% Zn), considering a mineral blend most suitable for the first three years of LOM operation, where the main contributors are the Mataballo, Sacasipuedes, Ayayay, and Vulcano veins.

Infrastructure

Access

There is a good existing road network from the Project to the Peruvian coast. The Project lies approximately 250 km from the Port of Callao, the main hub for concentrate exports in the country. The road leaving the Project is an all-weather gravel road that connects to a bitumen road to the coast and then to the Port of Callao via the Pan-American highway.

Tailings and Mine Waste Management

The existing tailings storage facility is permitted to store up to 770,000 m³, equivalent to four years of production. An old open pit is permitted to store up to 200,000 m³ of waste material, enough for the LOM of the deposit.

Power, Water

The Project is connected to an existing substation belonging to Consorcio Energético Huancavelica (CONENHUA), a private company dedicated to power generation and distribution. Potable water is supplied through existing pipes from approved sources to two large storage tanks. Finally, the existing mine hosts an operational water treatment facility that collects, stores, processes, and recirculates water for the metallurgical process.

Capital and Operating Costs

The major components of the initial capital expenditure of US\$24.8 million include US\$21.5 million for underground development and US\$2.1 million for processing plant refurbishment. The low capital expenditure for the plant reflects the current state of the facility, which can be quickly put back into full operation. Total sustaining capital is US\$32.3 million over the 9-year mine life. The major components of sustaining capital are US\$12.6 million for lateral development and US\$4.7 million for increasing the capacity of the tailings dam.

The estimated capital costs, over the life of the Project, are as follows in Table 4.

Table 4: Capital expenditure costs for the Reliquias Project

Numbers may not add up due to rounding errors.

The total operating cost over the life of mine is US\$ 207.9 million, and the breakdown is shown in table 5.

Table 5: LOM operating costs for the Reliquias Project

Sensitivity Analysis

During the PEA study, an initial sensitivity analysis was conducted, focusing on metal pricing parameters within practical ranges. This analysis elucidates how each variable affects essential project financial indicators like NPV and IRR.

Opportunities and Exploration Potential

The Reliquias deposit has not been fully delineated by exploration drilling, and the extension of several of the veins remain open along strike and at depth. Opportunities for additional value at Reliquias include, but are not limited to:

- i. Potential to extend individual vein systems both along strike and at depth with more drilling.
- ii. Potential to find different styles of mineralization under the large alteration areas found in the Brownfields targets identified by Company geologists.
- iii. Exploration potential for large porphyry-style mineralization under mineralized tourmaline breccias at the Yahuarcocha and Caudalosa targets which have not been reflected in the PEA.

Furthermore, the Caudalosa mine, located adjacent to the flotation plant used for Reliquias, hosts a historical resource equivalent to a 38 Moz of contained silver ounces. An aggressive drill program is planned in the near term to convert these resources into current resource and incorporate them quickly into the mine plan.

Resource Estimate

The mineral resource estimate for the PEA was prepared in accordance with NI 43-101 and CIM Standards and is set forth in the technical report entitled "NI 43-101 Technical Report: Mineral Resource Update,

Reliquias Mine" dated March 8, 2024 and with an effective date of January 1, 2024 and available on the Company's profile on SEDAR+ at <https://sedarplus.ca>.

Technical Background and Qualified Persons

All scientific and technical information contained in this news release has been reviewed and approved by Gerardo Acuña FAusIMM (CP), Principal Consultant (Mining Engineering) who is a Qualified Person as defined in NI 43-101.

About Silver Mountain

[Silver Mountain Resources Inc.](#) is a silver explorer and mine developer planning to restart production at the Reliquias underground mine and undertake exploration activities at its prospective silver camps at the Castrovirreyna Project in Huancavelica, Peru.

For additional information in respect of the Project, please refer to the Company's technical report, titled "NI 43-101 Technical Report: Mineral Resource Update, Reliquias Mine", Huancavelica- Peru, dated March 8, 2024, effective date January 1, 2024, available at <https://sedarplus.ca>.

For further information about our drill program, including cross sections of the main veins with drill hole locations, please refer to our corporate presentation, available on our website at www.agmr.ca

Silver Mountain's subsidiary Sociedad Minera Reliquias S.A.C. owns 100% of its concessions and holds more than 60,000 hectares in the district of Castrovirreyna, Huancavelica, Peru.

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

Non-IFRS Financial Measures

This news release contains certain non-IFRS measures, including AISC per Ounce of Payable Silver. AISC is reflective of all of the expenditures required to produce an ounce of silver from operations. AISC reported in the PEA includes total cash costs, sustaining capital, and corporate general and administrative costs. AISC per ounce is calculated as AISC divided by payable silver ounces. The Company believes that these measures, together with measures determined in accordance with IFRS, provide investors with an improved ability to evaluate the underlying performance of the Company and the results of the PEA. Non-IFRS measures do not have any standardized meaning prescribed under IFRS, and therefore they may not be comparable to similar measures employed by other companies. The data is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

Forward Looking Statements

This news release contains forward-looking statements and forward-looking information within the meaning of Canadian securities legislation (collectively, "forward-looking statements") that relate to Silver Mountain's current expectations and views of future events. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as "will likely result", "are expected to", "expects", "will continue", "is anticipated", "anticipates", "believes", "estimated", "intends", "plans", "forecast", "projection", "strategy", "objective" and "outlook") are not historical facts and may be forward-looking statements and may involve estimates, assumptions and uncertainties which could cause actual results or outcomes to differ materially from those expressed in such forward-looking statements and include, but are not limited to, statements with respect to: the results of the PEA, including future Project opportunities, future operating and capital costs, closure costs, AISC per ounce of payable silver, the projected NPV, IRR, timelines, permit timelines, and the ability to obtain the requisite permits, economics and associated returns of the Project, the technical viability of the Project, the market and future price of and demand for silver, the environmental impact of the Project,

and the ongoing ability to work cooperatively with stakeholders, including the local levels of government. No assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this news release should not be unduly relied upon. These statements speak only as of the date of this news release.

Forward-looking statements are based on a number of assumptions and are subject to a number of risks and uncertainties, many of which are beyond Silver Mountain's control, which could cause actual results and events to differ materially from those that are disclosed in or implied by such forward-looking statements. Such risks and uncertainties include, but are not limited to, the factors set forth under "Risk Factors" in the Company's annual information form for the year ended December 31, 2023 and dated April 26, 2024, and other disclosure documents available on the Company's profile at www.sedarplus.ca. Silver Mountain undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by law. New factors emerge from time to time, and it is not possible for Silver Mountain to predict all of them or assess the impact of each such factor or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement. Any forward-looking statements contained in this news release are expressly qualified in their entirety by this cautionary statement.

SOURCE [Silver Mountain Resources Inc.](#)

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