

Silver Mountain Mines Enters Into Letter of Intent with Nevgold Corp. For a Proposed Reverse Takeover

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CALGARY, Jan. 19, 2021 - Silver Mountain Mines Ltd. (TSXV: SMM) (Silver Mountain or the Company) announces that it has entered a non-binding Letter of Intent (the LOI) dated January 13, 2021 with Nevgold Corp. (Nevgold) with respect to a proposed transaction (the Proposed Transaction) whereby Silver Mountain will acquire all of the issued and outstanding common shares in the capital of Nevgold (the Nevgold Shares). Nevgold is a private British Columbia company which holds the right to acquire the Limousine Butte and Cedar Wash Projects in Nevada (the Properties) from [McEwen Mining Inc.](#) (NYSE: MUX, TSX: MUX) (McEwen).

The Proposed Transaction will constitute an arm's length reverse take-over pursuant to the policies of the TSX Venture Exchange (the TSXV), and following the Proposed Transaction, it is anticipated that the Company will be a Tier 2 Mining Issuer on the TSXV.

Proposed Transaction Summary

Pursuant to the Proposed Transaction, the Company will acquire all of the issued and outstanding Nevgold Shares from the holders thereof in exchange for common shares (Resulting Issuer Shares) of the Company (thereafter, the Resulting Issuer) on the basis of one Resulting Issuer Share for each Nevgold Share. This will result in the issuance of up to 25,000,000 Resulting Issuer Shares to shareholders of Nevgold, exclusive of securities issued in connection with the Concurrent Financing (as defined below). Certain of the Resulting Issuer Shares will be subject to escrow and resale restrictions pursuant to the policies of the TSXV.

It is anticipated that prior to the closing of the Proposed Transaction, Nevgold will complete a private placement (the Concurrent Financing) of subscription receipts of Nevgold (each, a Subscription Receipt) for aggregate gross proceeds of up to C\$5,000,000, at a price per Subscription Receipt to be determined in the context of the market. Each Subscription Receipt will entitle the holder thereof to automatically receive, upon satisfaction of certain escrow release conditions, one Nevgold Share, which shall immediately be exchanged for Resulting Issuer Shares upon completion of the Proposed Transaction. Nevgold intends to use the proceeds of the Concurrent Financing for exploration and development of the Properties and for working capital and general corporate purposes. Nevgold may pay a finder's fee in cash or securities to certain arm's length finders in connection with the Concurrent Financing.

The Proposed Transaction is subject to a number of terms and conditions, including, but not limited to:

1. Nevgold having prepared a technical report in accordance with the requirements of National Instrument (NI) 43-101 in respect of the Properties;
2. All financial statements of Nevgold having been prepared;
3. As at the closing of the Proposed Transaction, the Company will have no payables (less cash) other than ordinary course trade payables not to exceed an agreed upon amount;
4. Any obligations of the Company associated with the Proposed Transaction shall have been settled;
5. Completion of the Concurrent Financing and receipt of proceeds thereunder;
6. Approval of the TSXV in respect of the Proposed Transaction and the Resulting Issuer meeting the applicable minimum listing requirements of the TSXV;
7. Approval of the shareholders of Nevgold and the Company to the Proposed Transaction;
8. Execution of a definitive agreement in respect of the Proposed Transaction (the Definitive Agreement);
9. Completion of mutual due diligence; and
10. Receipt of any required third party consents.

It is currently anticipated that the Proposed Transaction will close on or before early Q2-2021.

Trading in common shares of the Company will remain halted until the resumption of trading is approved by the TSXV in connection with the completion of the Proposed Transaction. Further details concerning the Proposed Transaction and other matters will be announced if and when a Definitive Agreement is executed.

In connection with completion of the Acquisition, it is anticipated that the Company will change its name to "Nevgold Corp." and will adopt the ticker symbol "NAU".

Information Concerning Nevgold Corp.

Nevgold is a private company incorporated under the *Business Corporations Act* (British Columbia) (the "BCBCA").

Nevgold entered into an asset purchase and sale agreement dated December 14, 2020 (the "Asset Purchase Agreement") with McEwen and certain of McEwen's affiliates (collectively, the "Vendors") pursuant to which Nevgold has agreed to acquire the Properties from the Vendors immediately prior to or concurrently with the Proposed Transaction (the "Closing Date"), subject to Nevgold completing the following:

- Paying McEwen C\$600,000 on the Closing Date
- Issuing McEwen on the completion of the Proposed Transaction:
 - Resulting Issuer Shares equal to 10% of all outstanding Resulting Issuer Shares on a post-Concurrent Financing basis (the "Consideration Shares")
 - common share purchase warrants of the Resulting Issuer (the "Warrants") exercisable to acquire 50% of the number of Consideration Shares, which Warrants will have an exercise price at a 50% premium to the issue price of the Subscription Receipts with a term of 24 months from the date of issuance
- Granting McEwen a 0.5% Net Smelter Return ("NSR") Royalty on the Limousine Butte property
- Granting McEwen a 2.5% NSR Royalty on the Cedar Wash property, with an option to reduce the percentage of the Cedar Wash NSR Royalty as follows:
 - from 2.5% to 2.0% by payment of US\$500,000 to McEwen
 - from 2% to 1.5% by payment of an additional US\$500,000 to McEwen
 - from 1.5% to 1% by payment of an additional US\$750,000 to McEwen
- Paying McEwen C\$50,000 on or before each of the first and second anniversaries of the Closing Date

The Asset Purchase Agreement is subject to a number of conditions, including without limitation, Nevgold completing the Concurrent Financing to raise gross proceeds of at least C\$2,500,000, and the Resulting Issuer entering into an investor rights agreement with McEwen pursuant to which McEwen will have a pro-rata participation right in any future equity financings of the Resulting Issuer as long as they hold at least 5% of the issued and outstanding Resulting Issuer's Shares.

Asset Information - Limousine Butte

Limousine Butte is a past producing, Carlin-type gold district in Ely, Nevada consisting of 821 unpatented mining claims on federal Bureau of Land Management ("BLM") land covering approximately 66.5 square kilometers. The property covers a large hydrothermal gold system that exhibits alteration features indicative of sediment and structurally hosted gold deposits found on the Carlin Trend and elsewhere in Nevada. Gold is predominately associated with hydrothermal alteration of carbonate host rocks including extensive jasperoid development. Gold mineralization is known to occur along a roughly 20-kilometer northeast-southwest trending fault structure with cross-cutting northwest trending fault intersections.

Historical production from 1987-1989 by Alta Gold Corp. was approximately 91,000 ounces of near-surface oxide gold at the Golden Butte mine. Historical work that would cost over US\$45 million to replicate today includes over 900 drill holes and 120,000 meters of both reverse circulation ("RC") and core drilled by previous operators and other geophysical and geochemical studies. The project has a mineral resource estimate stated by McEwen (McEwen Estimate) of Measured & Indicated of 241,000 ounces of gold at 0.78 grams per tonne gold (9.6Mt) [Measured of 168,000 ounces of gold at 0.89 grams per tonne gold (5.9Mt), Indicated of 73,000 ounces of gold at 0.61 grams per tonne gold (3.7Mt)], and Inferred of 51,000 ounces of gold at 0.70 grams per tonne gold (2.2Mt).

The foregoing categories comply with the Canadian Mineral Resource and Reserve Definitions as published by the Canadian Institute of Mining, Metallurgy and Petroleum, in effect as at the date of the McEwen Estimate. The McEwen Estimate incorporated three of the more advanced gold targets within the large land package, and was disclosed in NI 43-101 Technical Report for the Limousine Butte Project, White Pine County, Nevada prepared by Telesto Nevada Inc. as of July 1, 2009 for US Gold Corporation. While the McEwen Estimate is considered reliable, and relevant to portions of the Limousine Butte property, there is significant subsequent drilling and other historical work that will be incorporated to prepare a current mineral resource estimate. A qualified person has not done sufficient work to classify the McEwen Estimate as current, and the Company is not treating the McEwen Estimate as current mineral resources.

Nevgold has commenced an updated NI 43-101 Technical Report for Limousine Butte to re-interpret the historical work and provide an updated resource estimate that will incorporate all historical drilling completed since the previous resource statement in 2009. The updated NI 43-101 Technical Report is expected to be completed in the next thirty days and the information will be included in the final transaction documents.

In addition to the areas covered by the McEwen Estimate, there are multiple defined targets along the 20-kilometer northeast-southwest trend with previous geochemical sampling, geophysical surveys, and limited drilling. The Resulting Issuer plans to focus significant resources on drilling these untested areas once the acquisition is complete.

Highlighted drill intercepts include:

Hole ID	From (m)	To (m)	Length(m)	Au g/t
BPD-2	35.05	86.87	51.82	3.31
BPD-2 <i>inc.</i>	38.10	41.15	3.05	6.62
BPD-2 <i>inc.</i>	47.24	54.86	7.62	4.16
BPD-2 <i>inc.</i>	60.96	86.87	25.91	4.01
BDD-4	9.14	24.08	14.94	4.78
BDD-4 <i>inc.</i>	12.19	22.25	10.06	6.63
BDD-5	37.95	53.95	16.00	1.13
BDD-5	58.83	87.17	28.35	1.34
BDD-5 <i>inc.</i>	65.23	71.93	6.71	1.95
BDD-5 <i>inc.</i>	73.46	76.20	2.74	1.63
BDD-5 <i>inc.</i>	80.77	87.17	6.40	1.70
BDR-9	28.96	85.34	56.39	5.02
BDR-9 <i>inc.</i>	35.05	54.86	19.81	12.70
BDR-9 <i>inc.</i>	73.15	83.82	10.67	2.15
LB023	44.20	56.39	12.19	6.79
LB023 <i>inc.</i>	44.20	48.77	4.57	8.04
LB023 <i>inc.</i>	50.29	54.86	4.57	9.53
LB080	228.60	274.32	45.72	2.06
LB080 <i>inc.</i>	252.98	274.32	21.34	2.77
LB084	224.03	251.46	27.43	1.49
LB084 <i>inc.</i>	236.22	242.32	6.10	1.87
LB084	245.36	251.46	6.10	2.00
LB119	170.69	204.22	33.53	1.67
LB119 <i>inc.</i>	170.69	182.88	12.19	2.44
LB119 <i>inc.</i>	192.02	202.69	10.67	2.23
LB120	216.41	230.12	13.72	2.01
LB120 <i>inc.</i>	217.93	222.50	4.57	4.50
LB120	236.22	254.51	18.29	2.10
LB120 <i>inc.</i>	240.79	246.89	6.10	2.97
LB120 <i>inc.</i>	249.94	252.98	3.05	4.95
LB121	249.94	275.84	25.91	3.86

LB121	inc.	249.94	259.08	9.14	4.08
LB121	inc.	263.65	275.84	12.19	5.00
LB122		249.94	262.13	12.19	4.85
LB122	inc.	251.46	259.08	7.62	7.72
LIM-45		22.86	36.58	13.72	3.24

Averages are calculated on intervals greater than 1.0 g/t Au. The above assays are from the assay database provided by McEwen. The QAQC procedures are being reviewed as part of the updated Technical Report.

Asset Information – Cedar Wash

Cedar Wash consists of 239 unpatented mining claims on federal BLM land covering approximately 19.3 square kilometers located in Lincoln County, Nevada. The project was a grassroots exploration discovery made by McEwen's Exploration Group in 2016. Surface reconnaissance geology has been completed on parts of the land package including soil and rock chip sampling, which identified an extensive gold soil trend spanning over 2 kilometers. The project was drilled in 2016 and 2017 with approximately 7,000 meters of RC drilling completed. Drill results in the shallow RC holes showed positive signs of mineralization and will be followed up on by the Resulting Issuer.

The project is located approximately 20 kilometers from Liberty Gold's Goldstrike Project in Utah and has similar geological characteristics.

Initial work at Cedar Wash will focus on completing all surface reconnaissance geology in the first half of 2021, followed by drill testing the identified targets within the large, consolidated land package in the second half of the year.

Management and Board of Directors of the Company on Completion of the Proposed Transaction

Upon closing of the Proposed Transaction, the Management and Board of Directors of the Resulting Issuer is expected to consist of Giulio Bonifacio, Brandon Bonifacio, Victor Bradley, Greg French, Tim Dyhr, Steve Konopelky, and Morgan Hay.

Name	Past Experience
Giulio T. Bonifacio Vancouver, BC	Mr. Giulio Bonifacio is a Chartered Professional Accountant with over 35 years of experience in executive roles in the mining industry. Mr. Bonifacio is the Founder and former Director, President of Nevada Copper Corp. since its inception in 2005 until his retirement in 2018. Among his many accomplishments Mr. Bonifacio has raised over \$700 million through equity and project debt financing, as well as being involved in corporate transactions aggregating in excess of a billion dollars. Mr. Bonifacio has led and directed efforts at every stage of development including exploration, engineering, permitting, and construction.
Brandon Bonifacio Vancouver, BC	Mr. Brandon Bonifacio is a mining executive with over 10 years of experience in project development, mergers and acquisitions, and project evaluations. Mr. Bonifacio was most recently the Finance Director of the Norte Abierto Joint Venture (Cerro Casale/Caspiche) in the Maricunga Region, Chile and a member of the Corporate Development team at Goldcorp Inc. (now Newmont Corporation). Mr. Bonifacio holds a Master's in Mining Engineering and MBA from the University of Nevada, Reno and a Bachelor of Commerce from the University of British Columbia.
Victor Bradley Monte Carlo, Monaco	Mr. Bradley is a Chartered Professional Accountant with more than 50 years of experience in the mining industry. Over the past 30 years he has founded, financed, and operated several mining and development exploration and development companies including the original Yamana Gold Inc., Aura Minerals Ltd., and Nevoro Inc. (sold to Starfield Resources). Mr. Bradley founded the original Yamana in 1994 and served as President and CEO, and subsequently Chairman of the Board and Lead Director until 2008. He was also Chairman of Osisko Mining Corp. from 2006 until its sale for \$4.1 billion to Agnico Eagle and Yamana in 2014. He served as a director of Osisko Gold Royalties Ltd. from 2014 to 2018 and as Chairman of Nevada Copper Corp. from 2012 to 2017. He now serves as Chairman of Osisko Bermuda Ltd., Chairman of Osisko Metals Corp., and Director of PJX Resources Inc.
Greg French Reno, NV	Mr. French is a geologist with over 35 years of exploration experience in Western USA and Canada. His current role is VP, Head of Exploration, at Nevada Copper Corp. where he has been responsible for all stages of development from exploration to production since 2006. His prior roles include various positions at Homestake Mining Inc., Atlas Precious Metals, and Cornerstone Industrial Minerals. Mr. French's role in the Nevada gold discovery to his credit and extensive project development experience including two projects taken through feasibility and into production.

Tim Dyhr Tucson, AZ	Mr. Dyhr has over 35 years of experience in mining with expertise in environmental, permitting, and government relations in the United States. His current role is VP, External and Government Relations at Nevada Copper Corp. where his most recent achievement was directing the successful permitting of Copper's Pumpkin Hollow Project in Yerington, Nevada which is now in production. His previous roles include managing the initial permitting of Magma Copper's Robinson Mine near Ely, Nevada. He is Chairman of the Nevada Mining Association from 2017-2018, and other various senior capacities at several multinational mining companies including Magma Copper and BHP Copper.
Steve Konopelky Calgary, AB	Mr. Konopelky has spent the last 25 years developing a broad range of experience in building successful mining companies, effectively streamlining financials, raising capital, and leading operational initiatives across various industries. He is currently the President & CEO of ELM Inc. a leading environmental liability management company which supports the mining industry. He is also the founder, and current President & CEO of Silver Mountain Mines Inc.
Morgan Hay Vancouver, BC	Mr. Hay is a partner of Maxis Law Corporation, a Vancouver-based securities and corporate financial law firm. Since 2007 he has been advising companies listed on Canadian stock exchanges, principally in the natural resources sector, and has expertise in corporate finance, mergers and acquisitions, and corporate governance.

Exact management and board roles of the Resulting Issuer will be further disclosed as the Proposed Transaction progresses to closing.

Shareholder Approvals

The Company and Nevgold intend to seek shareholder approval for the Proposed Transaction and related matters as, and to the extent, required in accordance with the policies of the TSXV and applicable corporate and securities laws.

Sponsorship

The Company also intends to apply for a waiver from the requirement to obtain a Sponsor (as defined in the policies of the TSXV) for the Proposed Transaction, however, there can be no assurance that a waiver will be obtained. If a waiver from the sponsorship requirement is not obtained, a Sponsor will be identified at a later date. An agreement to act as Sponsor in respect of the Proposed Transaction should not be construed as any assurance with respect to the merits of the Proposed Transaction or the likelihood of its completion.

About Silver Mountain Mines Inc. (TSX-V: SMM) [Silver Mountain Mines Inc.](#) is a Canadian based exploration and development company with 100% ownership of a 9,300 hectare property centered on the historical silver rich Ptarmigan Mine in south eastern, British Columbia. The property hosts two styles of mineralization: silver rich, high-grade polymetallic epithermal veins and manto style massive / semi-massive sulphide mineralization.

For further information on [Silver Mountain Mines Inc.](#) please visit the Company's website <http://www.silvermountainmines.com> and SEDAR (www.sedar.com) or contact Mr. Steve Konopelky, Director of the Company.

Bill Fleshman FAus IMM(CP) 107342, Consulting Geologist, a qualified person as defined by National Instrument 43-101 has reviewed and approved the scientific and technical disclosure in this press release.

This news release does not constitute an offer to sell and is not a solicitation of an offer to buy any securities in the United States. The securities of the Company and Nevgold have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") or any state securities laws and may not be offered or sold within the United States or to U.S. Persons unless registered under the U.S. Securities Act and applicable state securities laws unless pursuant to an exemption from such registration.

Completion of the Proposed Transaction is subject to a number of conditions, including but not limited to, the completion of satisfactory mutual due diligence, the negotiation and execution of the Definitive Agreement, and TSXV acceptance and shareholder approval of the Proposed Transaction. The Proposed Transaction cannot close until all necessary shareholder approvals are obtained. There can be no assurance that the Proposed Transaction will be completed as proposed or at all.

Investors are cautioned that, except as disclosed in the management information circular or filing statement

to be prepared in connection with the Proposed Transaction, any information released or received with respect to the Proposed Transaction may not be accurate or complete and should not be relied upon. Trading in the securities of the Company should be considered highly speculative.

The TSXV has in no way passed upon the merits of the Proposed Transaction and has neither approved nor disapproved the contents of this news release.

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

Cautionary Note Regarding Forward Looking Statements

This news release contains certain forward-looking statements. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using 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) are not statements of historical fact and may be forward-looking statements. Forward-looking statements contained in this news release may include, but are not limited to, the terms, structure and completion of the Proposed Transaction, the terms and completion of the Concurrent Financing including the pricing and closing date thereof, the execution of the Definitive Agreement, Nevgold completing the acquisition of the Properties pursuant to the Asset Purchase Agreement, the management and board of directors of the Resulting Issuer on completion of the Proposed Transaction and the potential waiver of TSXV sponsorship requirements.

Forward-looking statements are subject to a variety of risks and uncertainties which could cause actual events or results to materially differ from those reflected in the forward-looking statements. These risks and uncertainties include, but are not limited to: liabilities inherent in mine development and production; geological risks, risks associated with the effects of the COVID-19 virus, the financial markets generally, the results of the due diligence investigations to be conducted by the Company and Nevgold, the satisfaction or waiver of the conditions precedent to the Proposed Transaction, the ability of Nevgold to complete the Concurrent Financing and the acquisition of the Properties pursuant to the Asset Purchase Agreement, and the ability of the Company and Nevgold to complete the Proposed Transaction and obtain requisite TSXV acceptance and shareholder approvals. There can be no assurance that forward-looking statement will prove to be accurate, and actual results and future events could differ materially from those anticipated in such statements. The Company undertakes no obligation to update forward-looking statements if circumstances or management's estimates or opinions should change except as required by applicable securities laws. The reader is cautioned not to place undue reliance on forward-looking statements.

ON BEHALF OF THE BOARD

Signed;
Vince Goegan
Chairman

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