SPANISH MOUNTAIN GOLD LTD.

Management Discussion & Analysis

For the Period Ended March 31, 2023

Dated: May 29, 2023

The following is management's discussion and analysis ("MD&A") of the financial condition and results of operations of Spanish Mountain Gold Ltd. (the "Company"). This MD&A should be read in conjunction with the condensed consolidated interim financial statements, including the notes thereto, for the period ended March 31, 2023 and 2022 ("Financial Statements") as well as the audited consolidated financial statements of the Company for the years ended December 31, 2022 and 2021.

The accompanying Financial Statements and related notes are presented in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These Financial Statements, together with the following MD&A dated May 29, 2023 ("Report Date"), are intended to provide investors with a reasonable basis for assessing the financial performance of the Company as well as potential future performance. Please refer to the cautionary notices at the end of this MD&A, especially in regard to forward looking statements. All dollar amounts are in Canadian dollars unless otherwise noted.

Additional information relating to the Company including its Financial Statements may be found on the Company's website at *www.spanishmountaingold.com* as well as under the Company's profile on SEDAR at *www.sedar.com*.

The MD&A has been reviewed by the Audit Committee, approved and authorized for issue by the Board of Directors on May 29, 2023. The information contained within this MD&A is current to the same date.

OVERVIEW

The Company's March 31, 2023 Financial Statements reflect the financial position and results for the year ended including those for its wholly-owned subsidiary, Wildrose Resources Ltd. ("Wildrose").

The Company is an exploration stage company engaged in the acquisition, exploration and development of mineral properties. The Company's primary asset is the Spanish Mountain property located approximately 180 kilometres (km) north of Kamloops, British Columbia ("BC"). and 66 km northeast of the City of Williams Lake, BC. The Spanish Mountain property refers to the contiguous mineral and placer claims the Company holds while the Spanish Mountain gold project (the "Project") refers to the mineral resource that the Company has defined in an area within the property. The Company's focus is to advance the development of the Project and may conduct exploration programs on the property.

The Company completed the Project's Pre-Feasibility Study ("PFS") along with a Mineral Reserve estimate and an updated Mineral Resource estimate in May 2021. The PFS is based on a 20,000 tonnes per day ("tpd") milling rate to process the delineated Proven & Probable Reserves as a standalone open pit operation for 14 years. The NI 43-101 Technical Report for the prefeasibility study ("PFS") was filed on SEDAR on June 3, 2021

In 2022, the Company advanced the environmental assessment ("EA") and permitting processes. The Initial Project Description ("IPD") and Early Engagement Plan ("EEP") for the Project were submitted in March 2022 to the BC Environmental Assessment Office ("BCEAO") and the Impact Assessment Agency of Canada ("IAAC"). Both the provincial and federal agencies accepted the documents within the same month without requesting amendments. The issuance of the Summary of Engagement by BCEAO and the Joint Summary of Issues and Engagement by IAAC on June 23, 2022 completed the early engagement period. The Detailed Project Description was submitted to the provincial and federal agencies in December 2022.

The Company continued active engagement with First Nations and other communities critical for the success of the EA process and is pleased to support the full involvement of the First Nations. Prior to the submission of the IPD, management conducted pre-submission review with all three First Nations (Lhtako Dené, Williams Lake and Xatśūll) whose traditional territories include the Project area. The Company signed an Engagement Protocol Agreement with Xatśūll First Nation in October 2021 and Lhtako Dené Nation in December 2021 and proceeded with the process of completing a Life-of-Mine Relationship Agreement with Williams Lake First Nation and the aforementioned Nations.

During 2022, two community open houses were held in Likely, BC in June and site visits were conducted with the Xatśūll First Nation in August 2022 and the Williams Lake First Nation in October 2022.

During Q1, 2023 the Company conducted field programs and desk top work to support the ongoing environmental assessment/ permitting process and to further enhance the Project in a number of areas including power, metallurgical process, water management and treatment, geotechnical, electrification and lowering carbon intensity and green-house gas emissions:

- **Environmental assessment (EA) and permitting:** During Q1 2023, ongoing baseline surface water quality sampling and stream hydrology monitoring was conducted. Other work focused on advancing the EA process which included drafting the Application Information Requirements (the dAIR) and compiling historical information.

- **Power line:** A System Impact Study was formalized and commenced with BC Hydro in Q1, 2023 for a new 230 kV transition line supporting project electrification alternatives and initiatives for lowering carbon footprint (see electrification discussion below) for the Project.

- **Metallurgy:** A review of the historical metallurgical information was initiated to assist with planning the next phase of metallurgical testing (Phase 3) which consists of variability testing on fresh core. The assay results for the five-hole drill program that was completed in 2022 were issued by ALS and received by the company in Q1, 2023. The assay results will be used to select and prepare samples for the Phase 3 testing expected to be conducted in H2 2023.

- **Water Management:** No change in Q1, 2023. A report is expected by Q2, 2023 from Linkan Engineering regarding preliminary designs for passive water treatment presented in the PFS and measures to potentially inhibit sulphide oxidation and any associated neutral metal leaching from the non-acid generating waste rock.

- **Geotechnical and hydrogeological:** In Q1, 2023 BGC issued a draft report for the 2022 field program findings. The final report from BGC Engineering is expected to be issued in Q2, 2023. The data collection results will supplement the geotechnical database for the feasibility open pit design design and includes logging of geotechnical core for rockmass classifications, hydrogeological conductivity data, and ground water monitoring data. The water and hydrogeological data will support a site wide water balance model to be completed during the feasibility study. The drilling also identified fault zones in the pit area which are to be further assessed with respect to considering a potentially larger optimized pit shell for the feasibility study. SMG will use this information to design a focused and cost-effective drilling program for additional pit geotechnical and hydrogeological information that can optimize the pit size, slope designs and water model.

- **Electrification, lowering carbon intensity and green-house gas emissions:** The Project's location is supported by excellent infrastructure including connectivity to the provincial power grids supplied with low-cost, renewable hydro power. Through collaboration with BC Hydro (the provincial utility company), a number of opportunities that may potentially reduce capital and operating costs, carbon intensity and green-house gas emissions have been identified for the proposed mine. These opportunities include trolley assist trucks and equipment as well as various energy efficiency measures. The Company is actively assessing these opportunities with industry experts and in due course will provide more specific plans and details for these initiatives.

Corporate

On May 12, 2023 the Company completed a non-brokered private placement and issued 28,571,429 common share units ("Unit") at a price of $0.21 per Unit for gross proceeds of $6,000,000. Each Unit consists of one common share of the Company and one half of one share purchase warrant. Each whole warrant will entitle the holder thereof to acquire one common share of the Company at a price of $0.25 per common share for a period of 24 months, subject to earlier expiry if the ten-day volume weighted average price exceeds $0.30 per common share. No finders' fees, commission or warrants were paid in connection with the private placement. The Company intends to use the proceeds from the Offering for exploration and development at its Spanish Mountain Project, and for general working capital purposes.

On May 4, 2023 the Company announced the appointment of Peter Mah as President and permanent Chief Executive Officer ("CEO") and Brent Bergeron as Chair of the Board of Directors.

On March 6, 2023 the Company announced the appointment of Peter Mah as interim CEO to replace Larry Yau as CEO effective the same day. Mr. Mah currently serves as a Board member of the Company and is a Professional Engineer with over thirty years of Canadian and global mining experience in gold, silver, diamond and base metal projects. Mr. Yau remains a member of the Company's Board of Directors.

During 2022, the Company appointed Lembit Janes, Garnet Dawson, Brent Bergeron, Peter Mah and Richard Orazietti as new directors as part of the succession process for the Board of Directors and to broaden the technical, sustainability and corporate governance skills. The biographies of the new directors are available on the Company's website https://spanishmountaingold.com/corporate/board-of-directors/.

MINERAL ASSET

Spanish Mountain Gold Project, B.C.

The Spanish Mountain property is located in the Cariboo region of central British Columbia, 6 km east of the village of Likely, and 66 km northeast of the City of Williams Lake, a key supply hub for multiple mines and projects in the region. The property, which comprises approximately 51 contiguous mineral claims and 13 placer claims and covers an area of approximately 10,414 hectares, is 100% owned by the Company.

The property can be reached from Williams Lake via a paved secondary road that leaves Highway 97 at 150 Mile House, approximately 16 km south of Williams Lake, and continues for 87 km to the village of Likely. From Likely, the property is accessed from the Spanish Mountain Forest Service Road 1300.

The Company has been actively conducting drilling and other exploration activities on the property since 2005. The Spanish Mountain gold deposit is a bulk-tonnage, gold system that contains finely disseminated, coarse gold that includes higher-grade intercepts in quartz veins within the resource block model. The largest zone carrying significant gold mineralization is called the Main Zone, which has been traced by drilling over a length of approximately 900 metres ("m") north-south and a width of 800 metres and is open in all directions. The mineralization of the Main Zone extends northward covering another area of about 400m north-south with a similar width. Gold mineralization occurs predominately as disseminated within the black, graphitic argillite. Gold grain size is typically less than 30 microns, and is often, but not always, associated with pyrite. Gold mineralization also occurs within quartz veins as free, fine to coarse (visible) gold within multiple lithologies. The deposit area of gold enrichment has been traced for over 1.7 km, occurring in multiple stratigraphic horizons. Geological controls to high-grade mineralization are under review to assist with future drill program targeting of mineralization within the pit shells and for possible extensions of the deposit.

The Company is focused on advancing the Project towards a bankable feasibility and a construction decision.

Pre-Feasibility Study

The PFS is based on a 20,000 tpd milling rate to process the delineated Proven & Probable Reserves as a standalone open pit operation for 14 years.

The proposed open pit mine is expected to produce a total of 96 million tonnes ("Mt") of ore with an average diluted gold grade of 0.88 grams per tonne ("g/t") for the first six years and 0.76 g/t LOM. Stockpiling of some material is utilized to maximize mill feed grade early in the project life. This material is reclaimed for processing over the course of the operation.

The milling process involves a primary crushing circuit followed by a semi-autogenous grind ("SAG") mill and ball mill to produce a gravity concentrate and flotation concentrate for fine grinding and CIL cyanidation at an overall LOM average gold recovery of 90% and silver recovery of 40%. Doré will be produced on-site as an end product.

Tailings from the processing plant are stored in a tailings storage facility that has been designed to minimize water held within the tailings facility. All of the site water is managed through a separate water management pond that includes a water treatment plant for any water to be discharged during the LOM.

(a) Mineral Reserves

The Project's Mineral Reserves, which are a subset of the Measured & Indicated Mineral Resources, are based on the mine plan developed for the PFS. Mineral Reserves are estimated in accordance with the Canadian Institute of Mining, Metallurgy and Petroleum ("CIM") 2019 Best Practices Guidelines and are classified using the 2014 CIM Definition Standards.

Reserve Class	Mill Feed (Mt)	Mill Feed Gold Grade (g/t)	Contained Gold (Moz)	Mill Feed Silver Grade (g/t)	Contained Silver (Moz)
Proven	40.8	0.79	**1.03**	0.67	**0.88**
Probable	55.1	0.74	**1.31**	0.74	**1.30**
Total	**95.9**	**0.76**	**2.34**	**0.71**	**2.18**

1. The Mineral Reserve estimates were prepared by Marc Schulte, P.Eng. (who is also the independent Qualified Person for these Mineral Reserve estimates), reported using the 2014 CIM Definition Standards, and have an effective date of March 31, 2021.
2. Mineral Reserves are based on the PFS Life of Mine Plan.
3. Mineral Reserves are mined tonnes and grade, the reference point is the mill feed at the primary crusher and includes consideration for operational modifying factors
4. Mineral Reserves are reported at a cut-off grade of 0.3 g/t Au.
5. Cut-off grade assumes US$1,500/oz. Au and US$20/oz Ag at a currency exchange rate of 0.76 US$ per C$; 99.8% payable gold; 95.0% payable silver; $5.00/oz Au offsite costs (refining, transport and insurance); a 1.5% NSR royalty; and uses a 91% metallurgical recovery for gold and 25% recovery for silver.
6. The cut-off grade equates to incremental operating costs of $17/t, which covers process, G&A and site, stockpile reclaim, and sustaining and closure capital costs.
7. Mined tonnes and grade are based on a selective mining unit (SMU) of 15mx15mx5m, including additional estimates for mining loss (3%) and dilution between ore and waste zones (6.6%, 0.24 g/t Au, 0.6 g/t Ag).
8. Factors that may affect the Mineral Reserve estimates include metal prices, changes in interpretations of mineralization geometry and continuity of mineralization zones, geotechnical and hydrogeological assumptions, ability of the mining operation to meet the annual production rate, process plant and mining recoveries, the ability to meet and maintain permitting and environmental licence conditions, and the ability to maintain the social licence to operate.
9. Numbers have been rounded as required by reporting guidelines.

There are no other known factors or issues that materially affect the Mineral Reserve estimate other than normal risks faced by mining projects in the province in terms of environmental, permitting, taxation, socio-economic, marketing, and political factors and additional risk factors as listed in the accompanying cautionary note regarding forward-looking statements below.

(b) Mineral Resource

As part of the PFS, an update of the Mineral Resources has been prepared based on the pit shell developed using assumed cost parameters and assumptions. Mineral Resources, which are not Mineral Reserves, do not have demonstrated economic viability. Inferred Mineral Resources have insufficient confidence to allow the meaningful application of technical and economic parameters or to enable an evaluation of economic viability suitable for public disclosure. The Project's Mineral Resources are as follows:

Classification	Run of Mine (Mt)	Gold Grade (g/t)	Silver Grade (g/t)	Contained Gold (Moz)	Contained Silver (Moz)
Measured	68.4	0.59	0.67	1.3	1.5
Indicated	225.7	0.47	0.73	3.4	5.3
M&I Resources	**294.2**	**0.50**	**0.72**	**4.7**	**6.8**
Inferred Resource	**18.3**	**0.63**	**0.76**	**0.4**	**0.4**

1. The Mineral Resource Estimates were prepared by Marc Jutras, P.Eng.; M.A.Sc. (who is also the independent Qualified Person for these Mineral Resource Estimates), in accordance to the 2014 Canadian Institute of Mining, Metallurgy and Petroleum ("CIM") Definition Standards for Mineral Resources and Mineral Reserves, with an effective date of February 3, 2021.
2. The Mineral Resource Estimates are reported at a cutoff grade of 0.15 g/t Au.
3. Cut-off grade assumes US$1,600/oz. Au at a currency exchange rate of 0.75 C$ per US$; 99.8% payable gold; $4.00/oz. offsite costs (refining and transport), a 1.5% royalty; and uses a 91% metallurgical recovery for Au and a 25% recovery for Ag. The cut off-grade covers processing costs of $7.33/t and general and administrative (G&A) costs of $2.67/t.
4. The Mineral Resources are constrained by an open pit shell generated by applying the Lerchs-Grossman algorithm to the Spanish Mountain deposit. The pit shell was generated using the same inputs as the cutoff grade determination, as well as a $2.40/t mining cost for ore and a $2.20/t mining cost for waste. Overall pit slope angles range from 21 degrees to 35 degrees and are estimated based on geotechnical analysis of various zones in the deposit.
5. Factors that may affect the estimates include: metal price assumptions, changes in interpretations of mineralization geometry and continuity of mineralization zones, changes to kriging assumptions, metallurgical recovery assumptions, operating cost assumptions, confidence in the modifying factors, including assumptions that surface rights to allow mining infrastructure to be constructed will be forthcoming, delays or other issues in reaching agreements with local or regulatory authorities and stakeholders, and changes in land tenure requirements or in permitting requirement. Any other known legal, political, environmental, or other risks that could materially affect the potential development of the Mineral Reserves are detailed below in the section entitled "Forward-Looking Statements".
6. Estimates have been rounded and may result in summation differences.

Exploration Programs

A review of the historical geologic and exploration information was initiated in Q1, 2023 with the aim to identify the potential for: (1) high grade, near surface targets within the existing pit constrained resource and (2) mineralization extensions beyond the prefeasibility pit design.

A drilling program to extract samples for the metallurgical and geotechnical analyses was completed in the fall of 2022. Assays results are expected to be available in the second quarter of 2023.

The latest exploration drilling program to further expand the Project's multimillion ounce gold resource was comprised of 28 exploration drill holes for a total meterage of 4,485 m. The assay results were announced in July 2021. Review of results and a potential follow up drill program targeting mineralization within the pit constrained resource is ongoing. A resource model update is anticipated to coincide with the targeted feasibility study and any additional associated drilling.

AGREEMENTS WITH FIRST NATIONS

The Company recognizes and respects the First Nations' asserted aboriginal rights and title in the area of the Spanish Mountain gold project and, for over a decade, has regularly engaged all three First Nations whose traditional territories include the Project area concerning the Company's plans and project activities.

As a part of the current environmental assessment and permitting process, the Company signed Engagement Protocol Agreements with Xatśūll First Nation in October 2021 and Lhtako Dené Nation in December 2021. The Williams Lake First Nation opted to proceed directly to negotiating a Life of Mine Agreement.

The signed Engagement Protocol Agreements acknowledge that the First Nations have existing rights protected under s.35(1) of the *Constitution Act* (1982) and interests within their Traditional Territories, which include the area occupied by the Project. The Company and the First Nations will work together in a spirit of cooperation, mutually respect each other's values to establish a long term, mutually beneficial relationship based on honesty, trust, respect and understanding. General procedures will be established to guide the relationship whereby information regarding the project activities may be exchanged, and issues of concern can be raised and addressed. The Engagement Protocol Agreement also commences the process to negotiate a Life-of-Mine Relationship Agreement between the parties.

Once completed, the Life-of-Mine Relationship Agreements will guide the relationship between the First Nations and the Company and the participation of the Nations in the Project as the Company advances the Project through the environmental assessment/ permitting process and later through the construction, operation, and decommissioning of the proposed mine.

ENVIRONMENTAL ASSESSMENT AND PERMITTING PROCESS

The Project is subject to the requirements of both the *British Columbia Environmental Assessment Act* (2018) and the federal *Impact Assessment* Act (2019). The Company formally entered both processes in March 2022 with the submission of the IPD and EEP to the BC EAO and IAAC. Agency, First Nations, and public review questions and comments were solicited and these were used to develop the draft Detailed Project Description ("DPD") that was submitted to the agencies in December 2022. Environmental baseline studies resumed in 2020 and have continued through 2022 to build on significant studies conducted from 2007 to 2012. The reviews of the IPD and EEP included extensive engagement with First Nations, regulatory agencies and the general public and the Company continues regular communication and engagement with the agencies and the Nations. The Company expects to continue environmental field work and planning studies for the foreseeable future to support the next stages of the provincial and federal environmental assessment processes.

OUTLOOK

The Company's current strategy is focused on advancing the Project towards a bankable feasibility and construction decision. In Q1 2023, the Company initiated a scoping study to assess including a larger pit constrained resource option to advance towards a bankable feasibility. Results of this assessment are expected in H1, 2023 and will be used to establish the scope for the feasibility.

The Phoenix Zone was discovered in 2011 by the Company. No work was conducted on the Phoenix zone in 2022. It is located less than two km west of the proposed open pit delineated within the Main Zone of the Project. The trend remains under geologic review and open and untested in all directions. Geologic interpretation and targeting are under review.

RESULTS OF OPERATIONS

Summary of Quarterly Results

The selected quarterly consolidated information set out below has been derived from and should be read in conjunction with the previous eight quarterly consolidated Financial Statements for each respective financial period.

Period Ended	Revenue $	G&A Expenses $	Net Loss $	Loss per share $
March 31, 2023	Nil	(621,609)	(405,411)	(0.00)
December 31, 2022	Nil	(316,777)	(233,624)	(0.00)
September 30, 2022	Nil	(235,492)	(148,714)	(0.00)
June 30, 2022	Nil	(328,552)	(209,022)	(0.00)
March 31, 2022	Nil	(333,969)	(285,102)	(0.00)
December 31, 2021	Nil	(273,452)	(204,927)	(0.00)
September 30, 2021	Nil	(173,787)	(113,347)	(0.00)
June 30, 2021	Nil	(388,510)	(320,522)	(0.00)

In accordance with IFRS, general and administrative ("G&A") items are charged to the period's income as they are incurred. Several factors tend to cause variation in quarterly results. Seasonal weather conditions affect the Company's operations at its exploration camp. Typically its field program commences in spring or summer and is completed during the fourth quarter of the year. As a result, items such as impairment can only be reasonably determined after the program is completed. No impairment was recorded in the periods presented above.

Additionally, certain tax items such as the British Columbia Mining Exploration Tax Credit ("BC METC") tend to be processed and recognized during the third or fourth quarter of the year, when the Company is notified, resulting in potential adjustments to the corporate tax provision for the period. Furthermore, the timing of assessment for the Company's filings by tax authorities may lead to a one-time adjustment to the period's tax provision resulting in potentially significant changes to the net income or loss. Expenditures on mineral properties are capitalized and form part of the carrying values of the underlying assets in accordance with the Company's accounting policy.

Three months ended March 31, 2023 compared to three months ended March 31, 2022

G&A expenses are costs associated with the Company's corporate head office and other expenditures that are not directly attributable to the Company's project activities. For the three months ended March 31, 2023, G&A expenses increased by $287,640 when compared with the same period in the previous year (2023- $621,609 vs. 2022- $333,969). The increase is primarily due to an increase in salaries and wages by $248,618 (2023 – $350,848 vs. 2022 – $102,230) as a result of a change in senior management and the associated contractual termination benefits totaling $240,000. Additionally, legal fees related to the business of the board of directors during the current quarter increased by $103,887 (2023 - $144,669 vs. 2022 - $40,782). Offsetting these increases was a reduction in share-based payment compensation ("SBC") by $59,608 (2023 - $50,916 vs. 2022 – $110,524) as a result of fewer vested and lower fair value of stock options in the first quarter of 2023. SBC is a non-cash, estimated expense related to stock options granted by the Company.

During the current quarter, interest income increased by $7,915 (2023 - $18,422 vs. 2022 - $10,507) as a result of higher interest rates on its term deposits and short term investments in spite of the lower average cash balance.

For the three months ended March 31, 2023, the Company recorded a deferred income tax recovery of $201,973 (2022 - $38,759) as a result of greater taxable losses incurred in the current quarter compared with the same period in the prior year. Tax recoveries are recorded to reflect tax losses incurred during the period that may be potentially used to offset future taxable income.

For the quarter ended March 31, 2023 the Company incurred gross expenditures of $861,378 on its mineral properties, before recoverable tax credits and impairment loss, if any. The most significant expenditures this quarter were $468,738 for environmental assessment, $150,994 for staff wages, geological and engineering consulting fees, and $153,731 for geochemical assaying. Exploration and project activity expenditures are capitalized in accordance with the Company's accounting policies.

LIQUIDITY AND CAPITAL RESOURCES

At March 31, 2023, the Company had a working capital of $525,980 (December 31, 2022 - $1,917,125) and $1,327,107 (December 31, 2022- $3,065,985) in cash, cash equivalents and short-term investments.

Subsequent to March 31, 2023 the Company completed a non-brokered private placement and issued 28,571,429 common share units ("Unit") at a price of $0.21 per Unit for gross proceeds of $6,000,000. Each Unit consists of one common share of the Company and one half of one share purchase warrant. Each whole warrant will entitle the holder thereof to acquire one common share of the Company at a price of $0.25 per common share for a period of 24 months, subject to earlier expiry if the ten-day volume weighted average price exceeds $0.30 per common share. No finders' fees, commission or warrants were paid in connection with the private placement

During the year ended December 31, 2022, the Company issued 600,000 common shares from the exercise of stock purchase options ranging in price from $0.08 to $0.10 for gross proceeds of $52,000 and issued 7,241,500 common shares from the exercise of share purchase warrants ("warrants") with an exercise price of price $0.15 per share for gross proceeds of $1,086,225.

The Company believes that it currently has sufficient cash on hands to fund its operations for the foreseeable future. On a case by case basis, the Company may explore financing opportunities including those involving stock or flow-through shares. The Company may also explore non-equity financing arrangements as potential sources of funding.

Currently, the Company's budgeted non-project expenditures are approximately $100,000 per month and primarily comprise of payroll costs for current level of staff and other G&A costs for its head office. The actual expenditures are continuously being evaluated and adjusted with the objective of preserving cash to the furthest extent possible. The Company's expenditures on its mineral properties, which are capitalized in accordance with its accounting policy, typically represent the most significant use of its capital resources.

The Company is at an exploration/development stage and has no revenue from its business operations. The Company's ability to meet its future obligations and maintain operations for the foreseeable future is contingent upon successful completion of additional financing arrangements. Although the Company has been successful in raising funds in the equity markets, there is no assurance that additional funding will be available in the future at reasonable terms. The Company also evaluates other financing opportunities that become available from time to time. As a prudent business practice for a non-revenue generating enterprise, management carefully monitors its cash resources and explores available options to address any potential shortfall.

KEY MANAGEMENT COMPENSATON

Compensation of key management personnel for the period ended March 31, 2023 decreased by $56,016 compared with the prior year (2023 – $192,016 vs. 2022 - $248,032). This is primarily due to a decrease in SBC of $62,902 (2023 - $51,413 vs. 2022 - $114,315) reflecting the lower fair value and number of vested stock options during the first quarter of 2022. SBC, which is an estimated, non-cash expenditure recorded upon granting of stock options, is deferred and recognized in accordance with the scheduled vesting of stock options.

At March 31, 2023 accounts payable and accrued liabilities owed to related parties totaled $27,269 (December 31, 2022 - $137,644).

During the period ended March 31, 2023 contractual termination benefits paid totalled $240,000 (2022 - $Nil).

All related party transactions were recorded at the amounts agreed upon between the parties. Any balances are payable on demand without interest.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The carrying values of cash and cash equivalents, short-term investments, accounts receivable and accounts payable, accrued liabilities, loan payable, and the current portion of its lease liability approximate their fair values due to the short-term maturity of these financial instruments. The carrying value of deposits for reclamation also approximates fair value since amounts held earn interest at market rates.

The Company's risk exposure and the impact on the Company's financial instruments are summarized below:

(a) Credit risk

Credit risk refers to the potential that counterparty to a financial instrument will fail to discharge its contractual obligations and arises principally from the Company's holdings of cash and cash equivalents and short-term investments. The Company manages credit risk, in respect of cash and cash equivalents and short-term investments by holding these at a major Canadian financial institution.

Concentration of credit risk exists with respect to the Company's cash and cash equivalents and short-term investments as a majority of amounts are held at a single major Canadian financial institution.

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. At March 31, 2023, the Company had cash and cash equivalents and short-term investments in the amount of $1,327,107. Current liabilities of $928,331 comprise of accounts payable, accrued liabilities and the current portion of its lease liability and a $40,000 interest-free business account of which $10,000 of the loan is forgivable if paid by December 31, 2023. All have contractual maturities within 12 months. The Company's long-term potion of its lease liability is $276,583 and has contractual maturity between 1 to 5 years.

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company is exposed to interest rate, foreign currency risk, and other price risk as follows:

i. Interest rate risk

The Company's cash and cash equivalents and short-term investments are held in bank accounts earning interest at variable interest rates. Due to the short-term nature of these financial instruments and the prevailing interest rate environment, fluctuations in market rates do not have a significant impact on estimated fair values as of March 31, 2023.

ii. Foreign currency risk

The Company's operations are located in Canada with substantially all transactions denominated in Canadian dollars and, accordingly, the Company is not exposed to significant foreign currency risk.

iii. Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk. The Company is not exposed to significant other price risk with respect to its financial instrument as their fair values and future cash flows are not impacted by fluctuations in market prices.

OUTSTANDING SHARE DATA

The Company had the following common shares, stock options and warrants outstanding at March 31, 2023 and the Report Date:

	At March 31, 2023	Issued	At Report Date
Common shares	**341,815,551**	**28,571,429**	**370,386,980**
Stock options	**9,750,000**	**Nil**	**9,750,000**
Warrants	**Nil**	**14,285,715**	**14,285,715**
Fully Diluted shares	**351,565,551**	**42,857,144**	**394,422,695**

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

PROPOSED TRANSACTIONS

At the Report Date, the Company does not have any proposed material transactions. All material transactions including those completed subsequent to the financial statement date are fully disclosed in the Financial Statements for the period ended March 31, 2023.

COMMITMENTS

In February 2017 the Company signed an Extension Agreement to renew the lease of its former office premises. The agreement commenced on June 1, 2017 and expired on May 31, 2022. At the expiration date, the Company had fulfilled its entire lease obligation and thereby terminating the lease.

During March 2022, the Company entered into an agreement to sublease new office premises. The term of the sublease begins June 1, 2022 and expires March 31, 2023. Concurrently, the Company also entered into a lease extension with the direct landlord which begins April 1, 2023 and expires March 31, 2028. The combined total aggregate lease payments pursuant to the agreements are $404,001. Additionally, operating costs are estimated at $253,124 over the same period.

COMMITMENTS RELATED TO MINERAL PROPERTIES AS FOLLOWS:

Spanish Mountain Property, British Columbia

Pursuant to the purchase agreement, certain mineral claims comprising the Spanish Mountain property are subject to various net smelter returns ("NSR") at 2.5%. The Company may, at its option, reduce the NSR to 1% or 1.5% dependent on the underlying mineral claims with a maximum aggregate payment of $1,000,000 to the vendors.

On June 15, 2010, the Company acquired a 100% undivided interest in the Cedar Creek property, which is contiguous to the Spanish Mountain property. The wholly-owned property is subject to a 2.5% NSR in favour of a third party. The NSR may be purchased by the Company for $500,000 per 1% NSR. On May 23, 2011 the Company acquired two additional mineral claims that are adjacent to the Cedar Creek Property for $110,000 cash. The claims are subject to a 3% NSR, 2.5% of which may be purchased for $1,000,000.

On August 21, 2012, the Company completed the acquisition of an additional group of mineral claims for considerations of $500,000 in cash and 2,000,000 common shares of the Company. The property is subject to an underlying 4% NSR. The Company has the option to reduce the net NSR to 2% by paying a onetime cash payment of $2,000,000 to the royalty holders.

SUBSEQUENT EVENTS

Subsequent to March 31, 2023 the Company issued 1 million common shares from the exercise of stock purchase options ranging in price between $0.08 to $0.10 per share.

OTHER REQUIREMENTS

Additional disclosure of the Company's technical reports, material change reports, news releases, and other information can be obtained under the Company's profile at the following website: www.sedar.com.

RISKS AND UNCERTAINTIES

The Company's principal activity is mineral exploration and development. Companies in this industry are subject to many and varied kinds of risks, including but not limited to, environmental, metal prices, political and economical.

Although the Company has taken steps to verify the title to mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

Since the Company's main asset is the Spanish Mountain Gold Project, which is currently advancing towards the feasibility stage of project development, the Company has no revenues and source of operating cash flow. As discussed earlier in Liquidity and Capital Resources, the Company's ability to meet its future obligations and maintain operations for the foreseeable future is contingent upon successful completion of additional financing arrangements. Although the Company has been successful in raising funds in the equity markets, there is no assurance that additional funding will be available in the future at reasonable terms.

The property interests owned by the Company, or in which it has an option to earn an interest are in the exploration stages only, and have no ongoing mining operations. Mineral exploration involves a high degree of risk and few properties, which are explored, are ultimately developed into producing mines. Exploration of the Company's mineral properties may not result in additional discoveries of commercial bodies of mineralization.

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously held an interest. The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company. In August 2014, there was a breach of the tailings dam of a copper/ gold mine, owned by a third party, located near Likely, B.C. resulting in significant environmental damages in the area. Although the Company's operations have not been directly affected by the incident, the long-term impact, if any, on the regulatory or permitting process in connection with the Company's project cannot be determined at this time.

CAUTIONARY NOTICES

The Company's Financial Statements for the period ended March 31, 2023, and 2022, and these accompanying MD&A contain statements that constitute "forward-looking statements" within the meaning of National Instrument 51-102, *Continuous Disclosure Obligations* of the Canadian Securities Administrators. Forward-looking statements often, but not always, are identified by the use of words such as "seek", "anticipate", "believe", "plan", "estimate", "expect", "targeting" and "intend" and statements that an event or result "may", "will", "should", "could", or "might" occur or be achieved and other similar expressions. Forward-looking statements in this MD&A include statements regarding the Company's future exploration plans and expenditures, the satisfaction of rights and performance of obligations under agreements to which the Company is a part, the ability of the Company to hire and retain employees and consultants and estimated administrative assessment and other expenses. The forward-looking statements that are contained in this MD&A involve a number of risks and uncertainties. As a consequence, actual results might differ materially from results forecast or suggested in these forward-looking statements. Some of these risks and uncertainties are identified under the heading "RISKS AND UNCERTAINTIES" in this MD&A. Additional information regarding these factors and other important factors that could cause results to differ materially may be referred to as part of particular forward-looking statements. The forward-looking statements are qualified in their entirety by reference to the important factors discussed under the heading "RISKS AND UNCERTAINTIES" and to those that may be discussed as part of particular forward-looking statements.

Forward-looking statements involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Factors that could cause the actual results to differ include market prices, exploration success, continued availability of capital and financing, inability to obtain required regulatory approvals and general market conditions. These statements are based on a number of assumptions, including assumptions regarding general market conditions, the timing and receipt of regulatory approvals, the ability of the Company and other relevant parties to satisfy regulatory requirements, the availability of financing for proposed transactions and programs on reasonable terms and the ability of third-party service providers to deliver services in a timely manner. Forward-looking statements contained herein are made as of the date of this MD&A and the Company disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise. There can be no assurance that forward-looking 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.

Since early 2020, the COVID-19 pandemic has caused significant disruptions to the global economy and increased volatility in the global financial markets. The extent to which COVID-19 may adversely impact the Company's business and financing opportunities will depend on future developments such as the geographic spread of the disease, the duration of the outbreak, travel restrictions and social distancing, business closures or business disruptions, and the effectiveness of actions taken in Canada, and other countries to contain and treat the disease. To date, COVID-19 has had a minimal impact on the Company's exploration and business activities. Although it is not possible to reliably estimate the length or severity of the pandemic and the related financial impact, there may be further significantly adverse effects on the Company's financial position and results of operations for future periods if the pandemic is not successfully contained or the effects of which are not mitigated.