

# Spanish Mountain **GOLD**



**Multimillion Ounce  
Resource &  
Low Projected OpCost  
July 2020**



# Cautionary Statements

Certain of the statements and information on this presentation constitute “forward-looking statements” or “forward-looking information”. Forward-looking statements or information are subject to a variety of known and unknown risks, uncertainties and other factors that could cause actual events or results to differ materially from those reflected in the forward-looking statements or information, including, without limitation, risks relating to results from infill and exploration drilling, geotechnical studies, metallurgical studies, planning of tailings facilities, access to power supply, fluctuations in the spot and forward price of gold or certain other commodities, timing of receipt of permits and regulatory approvals, the sufficiency of the Company’s capital to finance the Company’s operations, geological interpretations and potential mineral recovery processes, changes in national and local government legislation, taxation, controls, regulations and political or economic developments in Canada, business opportunities that may be presented to, or pursued by, the Company, operating or technical difficulties in connection with mining activities. In addition, there are risks and hazards associated with the business of gold exploration, development and mining, including environmental hazards, industrial accidents, unusual or unexpected formations, pressures, cave-ins, flooding and gold bullion losses (and the risk of inadequate insurance, or the inability to obtain insurance, to cover these risks). Readers should carefully review the Risk Factors section of the continuous disclosure documents of the Company and the Company’s technical reports available under its profile on the SEDAR website at [www.sedar.com](http://www.sedar.com) for more information on such risks.

Although the Company has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be as anticipated, estimated, described or intended. The Company’s forward-looking statements and information are based on the assumptions, beliefs, expectations and opinions of management as of the date of posting on the presentation, and other than as required by applicable securities laws, the Company does not assume any obligation to update forward-looking statements and information if circumstances or management’s assumptions, beliefs, expectations or opinions should change, or changes in any other events affecting such statements or information. For the reasons set forth above, investors should not place undue reliance on forward-looking statements and information.

Preliminary Economic Assessment is preliminary in nature and may include measured and indicated mineral resources as well as inferred mineral resource. A measured or indicated mineral resource is that part of a mineral resource for which quantity, grade or quality, densities, shape and physical characteristics are estimated with sufficient confidence to allow the application of Modifying Factors in sufficient detail to support mine planning and evaluation of the economic viability of the deposit. An inferred mineral resource is that part of a mineral resource for which quantity and grade or quality are estimated on the basis of limited geological evidence and sampling. Geological evidence is sufficient to imply but not verify geological and grade or quality continuity. Mineral resources are not mineral reserves do not have demonstrated economic viability. There is no certainty that the PEA will be realized.

The Company’s measured and indicated resources estimates were prepared in accordance with NI 43-101 by Sue Bird, P. Geo. of Moose Mountain Technical Services with an effective date of October 10, 2019. Ms. Bird is a Qualified Person under NI 43-101 and is consultant who is independent of the Company.

Judy Stoeterau, P.Geo., an Officer and Vice-President of Geology of the Company, is a qualified person as defined under National Instrument 43-101. Ms. Stoeterau has reviewed and approved the project’s written technical information presented herein.



# Highlights—deliver major project milestones

## Project

- Located in mining friendly jurisdiction + excellent access & infrastructure
- Project Strategy: Prioritizing Phase I (Dec 2019 PEA)
  - 1 g/t Au project for 11 years producing 1.14 million ounces Au from near-surface open pit
  - US\$ 273m Capex + OpCost = AISC \$549/oz
- Advance stage project
  - \$80m+ expenditures
  - 900+ drill holes over 180,000 metres

## Resource

- Large and growing resource
  - 4.1 Moz in M&I categories + Inferred
  - Allows development flexibility & expansion potential

## Major Milestones in < 12 Months

- 2020 summer field program
- Early 2021
  - Complete Pre-Feasibility Study & Reserve Statement (Phase I)



# Current Project Strategy—Prioritize Phase I

## Mining Higher-grade, Near-surface Measured & Indicated (M&I) Ounces as Standalone Operations (Phase 1)

### Lower Capex

- Reduced target mill throughput to **lower initial capex** requirements significantly
- Enhance financing options and shorten payback of initial capex

### Shorten Timeline to Feasibility Study

- Eliminate the time and cost required to upgrade Inferred resource as **only M&I ounces** are factored in mine plan
- PFS can be achieved within **12 months**

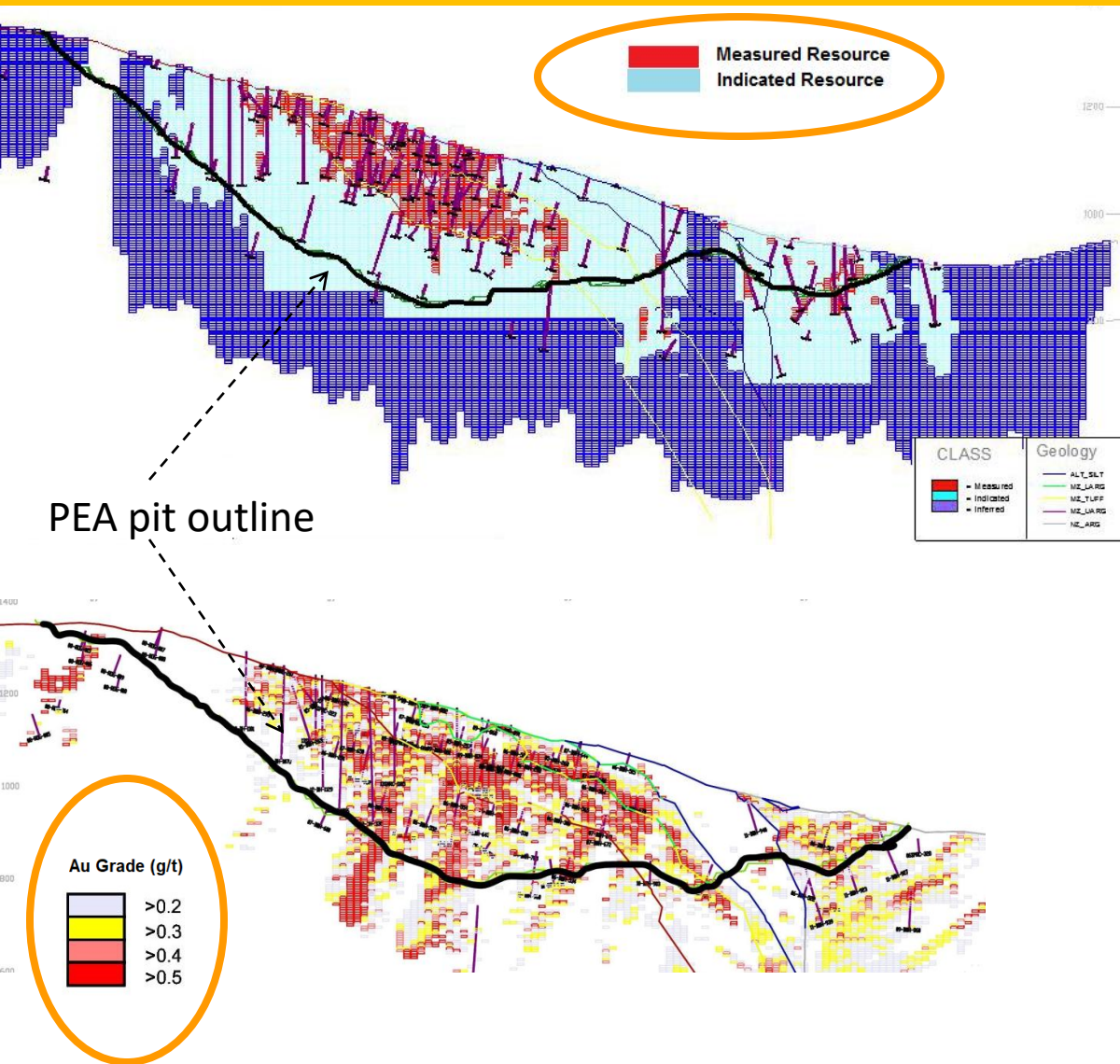
### Future Value/ Opportunities

- **Large resource** can potentially justify future mill expansion to increase annual production and extend mine life
- Process Phase 1 stockpile currently treated as “waste”
- Gold ounces not currently captured by pit

Dec, 2019 PEA



# Compelling Rationale for Phase 1



## Strategic Mine Plan

- Only 30% of M&I ounces processed
- Higher grade/ near-surface

## Mill Feed Profile

- Total feed: 39m tonnes
- Avg. Au grade: **1.0 g/t**
- Total gold: **1.258 Moz**

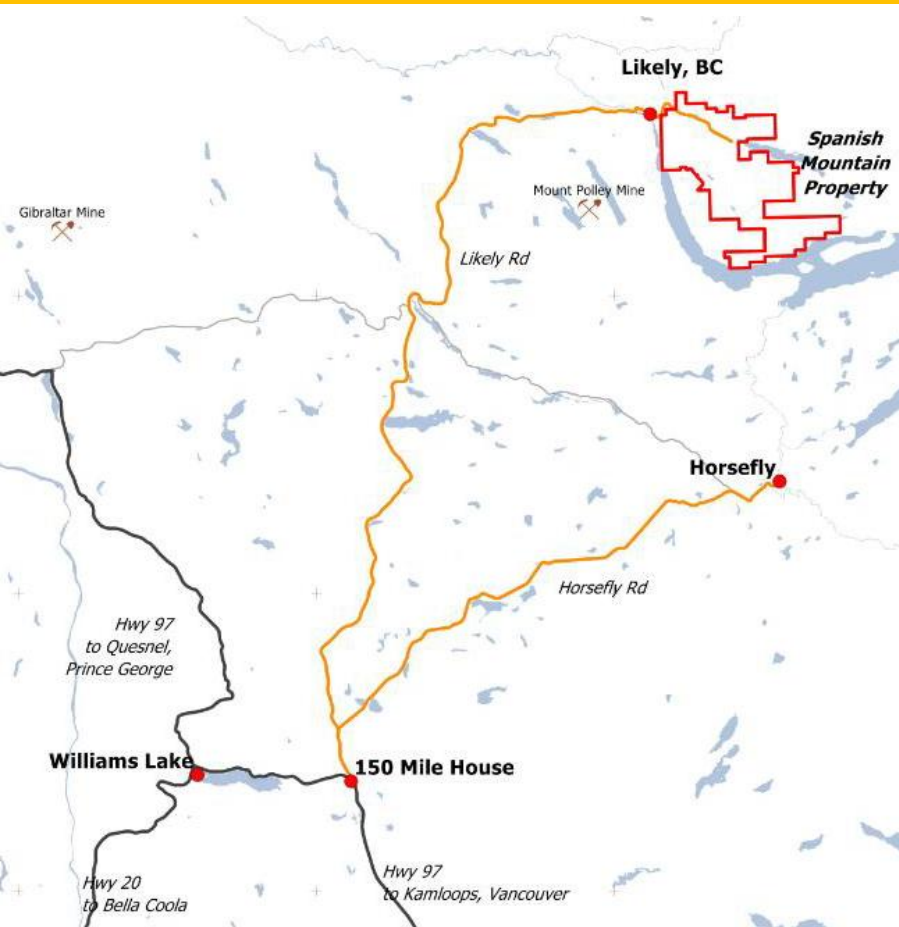
## Project Scope (Phase 1)

- Throughput: 10ktpd
- Capex: **C\$364m/ US\$273m**
- Mine Life: **11 Years**
- Avg. Annual Prod'n: **104K/yr**
- LOM Prod'n: **1.145 Moz**

Dec, 2019 PEA



# Low Cost Operations—\$549 AISC/oz



## Access & Infrastructure

- ~100k highway access to William Lake (major mining supply centre & labour pool)
- Abundance of grid power and BC Hydro substation connectivity
- Supplies & labour available from many surrounding communities

## Low Milling Cost & Simple Flowsheet

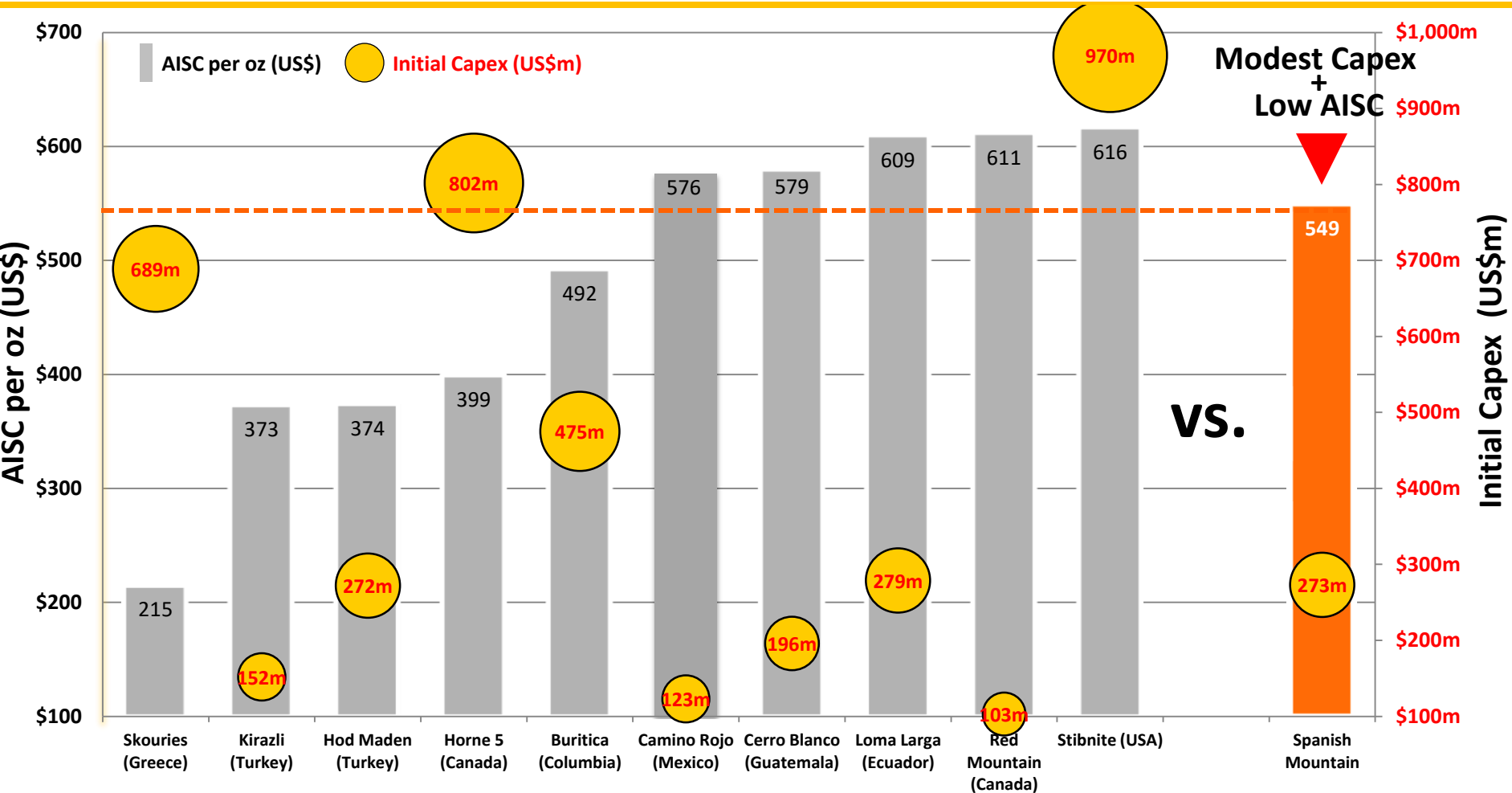
- Coarse primary grind of **180 microns**
- Low power consumption—**12 kwh/t**
- Cheap hydro power—**6.5¢/kwh**
- Low reagent consumption including **0.1kg/t NaCN**

Dec, 2019 PEA





# World's Top Ten: gold development projects\* with lowest AISC



\* Projects at feasibility study or pre-FS stage (Mining Intelligence, December 2019)



# Project Economics—Phase 1

## Positive Economics Even at Low Gold Price Environment

Pre-tax:	Gold Price							
	Unit	\$1100	\$1200	\$1275*	\$1500	\$1600	\$1700	\$1800
NPV@5%	C\$mm	\$232	\$336	\$414	\$648	\$752	\$856	\$960
IRR	%	16	20	23	31	34	37	40
Payback of Initial Capex	Years	4.3	3.8	3.5	2.8	2.6	2.4	2.2

Dec, 2019 PEA

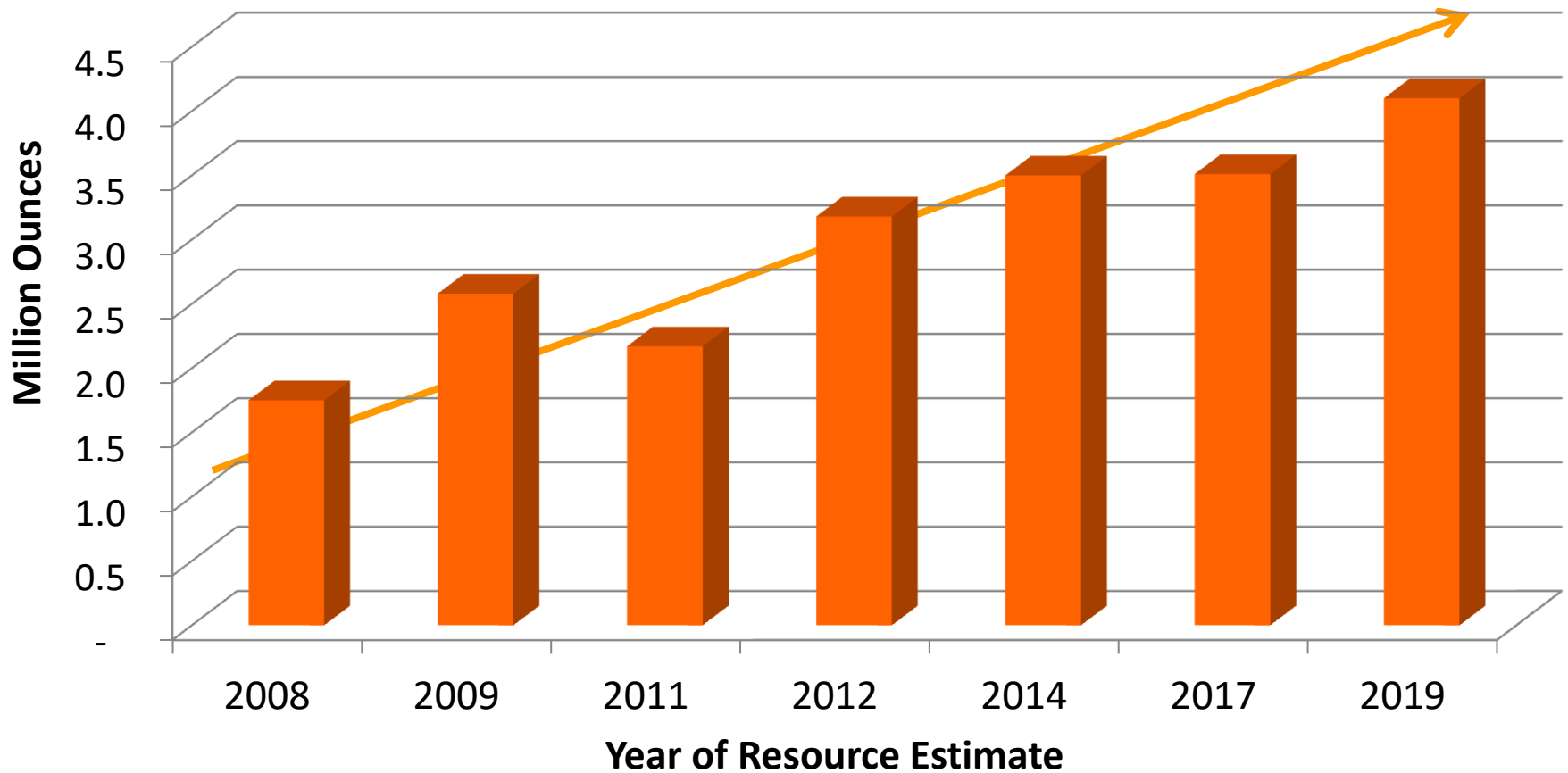
\* PEA base case assumption





# Large & Growing Gold Resource

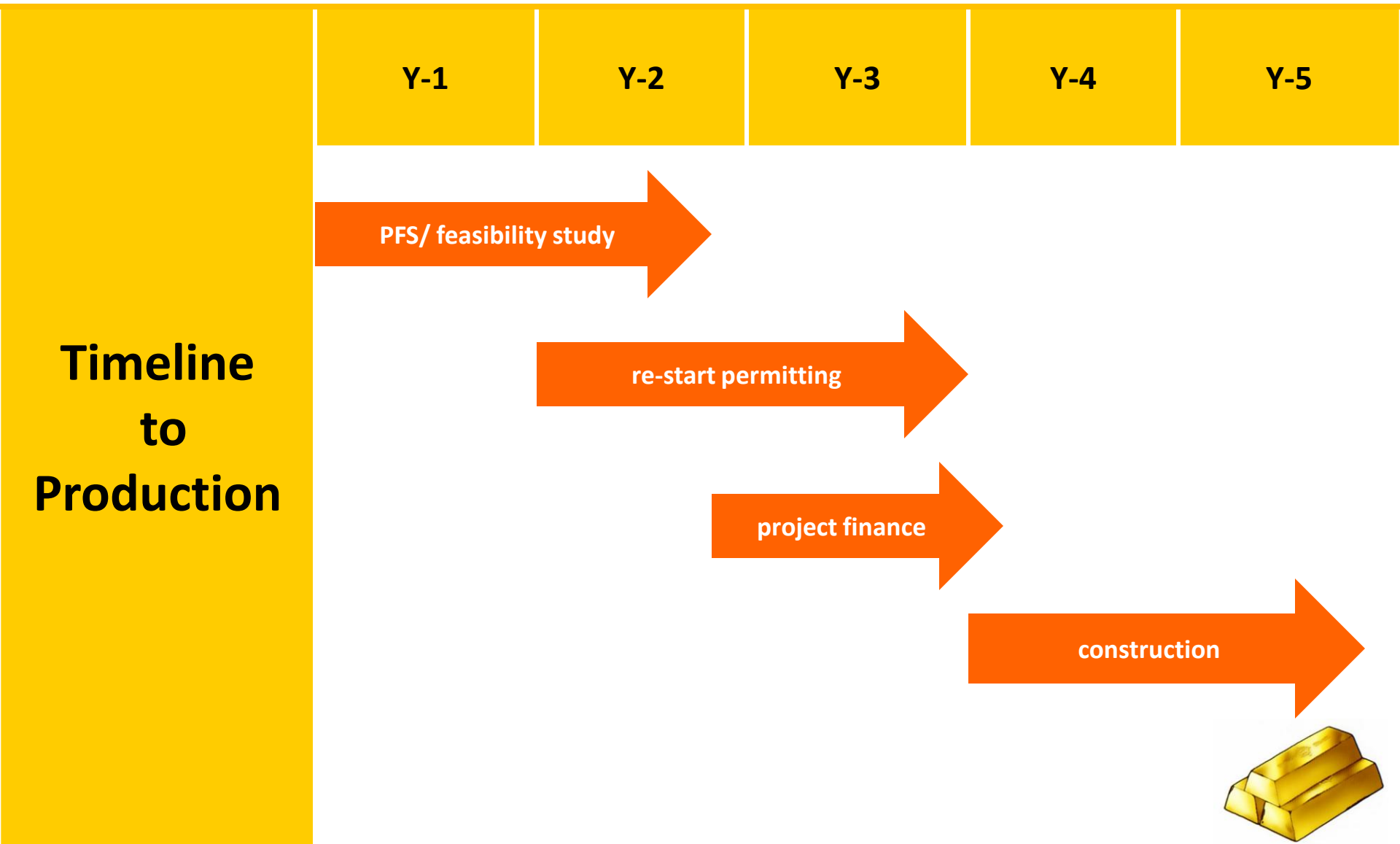
## M&I Gold Ounces\*



\* At economic cut-off grade



# Project Timeline



# Summary—“*ticking all the boxes*”

✓ Jurisdiction/ Location	Mining friendly/ Excellent access & infrastructure
✓ Large Resource	> 4 Moz M&I & growing + Inferred
✓ Accelerated Timeline	<ul style="list-style-type: none"><li>• No need for resource drilling &amp; upgrade</li><li>• <b>Detailed work completed</b> (Environmental baseline; metallurgical; archaeological clearance)</li></ul>
✓ Modest Initial Capex	US\$273m
✓ Simple Metallurgy	<ul style="list-style-type: none"><li>• <b>Straightforward</b> flowsheet &amp; <b>low cost</b> milling</li><li>• <b>91% Recovery</b></li></ul>
✓ Low OpCost	AISC \$549/ oz LOM
✓ Long Mine Life	<b>11 years</b> (Phase I alone) +
✓ Robust Production	Avg <b>116Koz/</b> Yr1-5 & Avg <b>104Koz/</b> Yr LOM
✓ Strong Economics	<b>23% IRR @ \$1275 Au/ 37% IRR @ \$1700 Au</b>



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# More about the Project...

**Location**

**De-risking Activities**

**Resource**



# British Columbia : Favourable Mining Jurisdiction

## Low Cost

- Cheap grid power – 6.5¢/kWh
- Among lowest corporate tax rates in Canada
- Refundable Mineral Exploration Tax Credit (made permanent in 2019)

## Attracting Major Investment (2019 & 2020)

- Barkerville Gold Mines by Osisko G&R for **C\$ 338 M**
- 70% of Red Chris Mine by Newcrest Mining for **US\$806 M**
- 46% of New Afton by Ontario Teachers' for **US\$300 M**
- Blackwater by Artemis Gold for **>C\$200 M**

## Successful Permitting of New Mines

- New Afton - 2007
- Mount Milligan - 2009
- Copper Mountain - 2010
- Red Chris - 2012
- Quintette - 2013
- Silvertip - 2015
- Brucejack - 2015

Location

De-risking Activities

Resource



# Project Location



## Pro-mining Jurisdiction

- Low political risks/ strong resource sector
- Attracted major in-bound investments in recent years
- Solid track record of new mine permitting

## Excellent Mining Infrastructure

- Close to producing mines – Gibraltar, QR Mine & Mount Polley
- Paved highway access
- Cheap hydroelectric power grid
- Year-round support centre in Williams Lake (97km on highway) – labour, CAT Dealership, maintenance & supplies

**Location**

**De-risking Activities**

**Resource**



# Advance Stage Project

## Extensive Project Work Completed in Multiple Areas

- Over \$80m in total project expenditures
- 900+ drill holes over 180,000 metres
- Multiple scoping studies completed to maximize project economics/ Highly scalable project
- Environmental baseline study completed and permitting activities commenced in 2011
- Large and growing mineral resource defined in successive resource estimates

Location

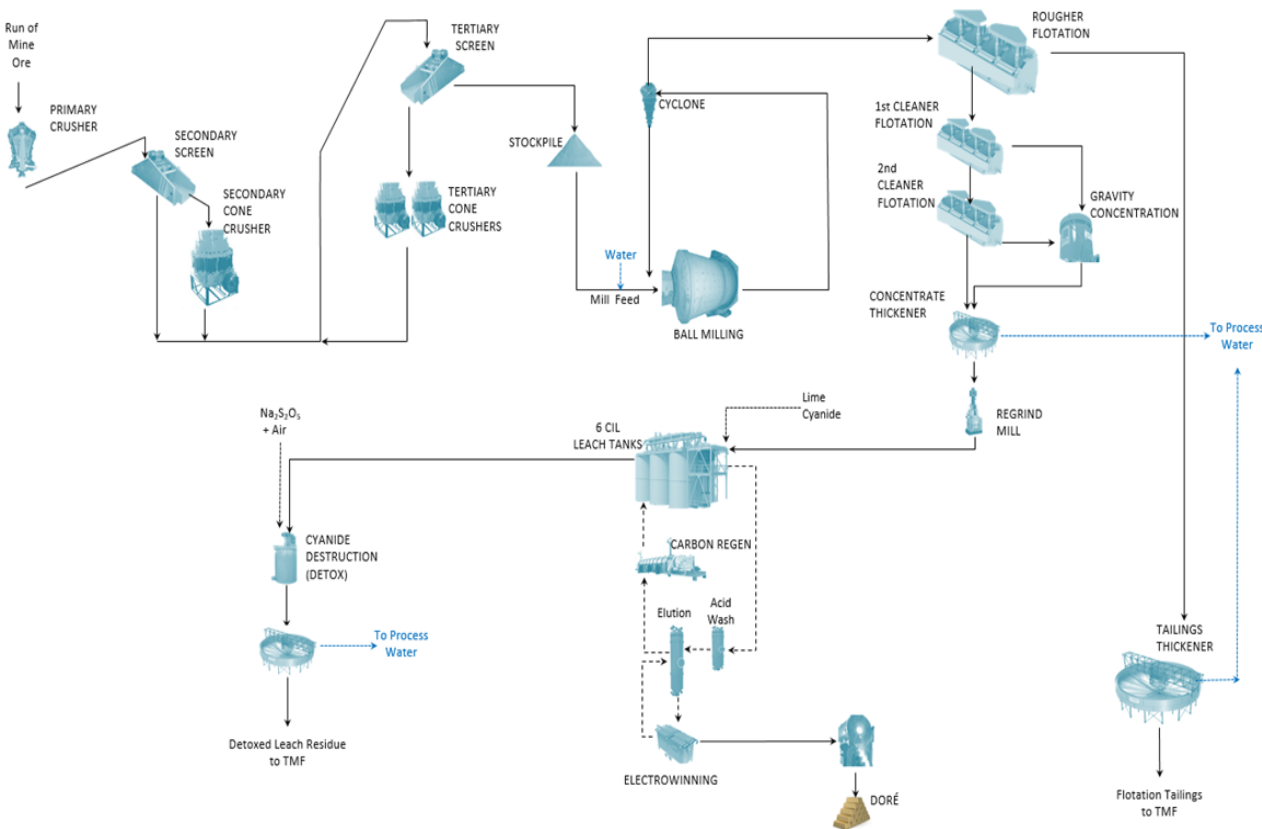
De-risking Activities

Resource

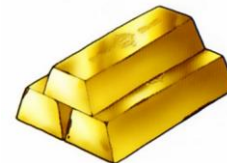




# High Confidence in Metallurgical Recovery



- Detailed **confirmatory** testwork completed
- Simple metallurgy and flowsheet
- Efficient conventional milling – coarse grind, low power cost and reagent consumption
- Overall gold recovery at **91%**



# Environmental & Permitting

## Community Engagement

- Protocol Agreements signed with all three First Nations bands providing a framework towards Impact Benefits Agreements
- Long-standing practice of sourcing employees from First Nations and local communities

## Environmental

- Archaeological clearance obtained for the entire project area
- Environmental baseline studies were initiated in 2007

## Permitting

- Environmental assessment process commenced in 2011
- Expected permitting timeline: 2 years after completion of a feasibility study

Location

De-risking Activities

Resource



# Resource Estimate\*—Phase 1 vs. Total

**Phase 1 processes only a portion (~25%) of**

**M&I resource:**

**39 million tonnes @ 1.00 g/t = 1,258,000 ounces**

Resource Category	Tonnes (Million)	Gold grade (g/t)	Gold (Million oz)
Measured	30	0.60	0.6
Indicated	244	0.46	3.6
M&I Total	273	0.47	4.1
Inferred	53	0.37	0.6

\* See cautionary statements

Location

De-risking Activities

Resource



# Mineral Resource

## Large and Growing

- Ensure long-life operations to ride out price cycles

## Development Flexibility

- Completed various scoping studies supporting potential viability at different throughput:
  - ✓ 40,000 tpd
  - ✓ 20,000 tpd
  - ✓ 10,000 tpd

## Additional Opportunities

- **Only 30%** of M&I ounces are captured by Phase I plan
- Satellite deposit – Phoenix Zone



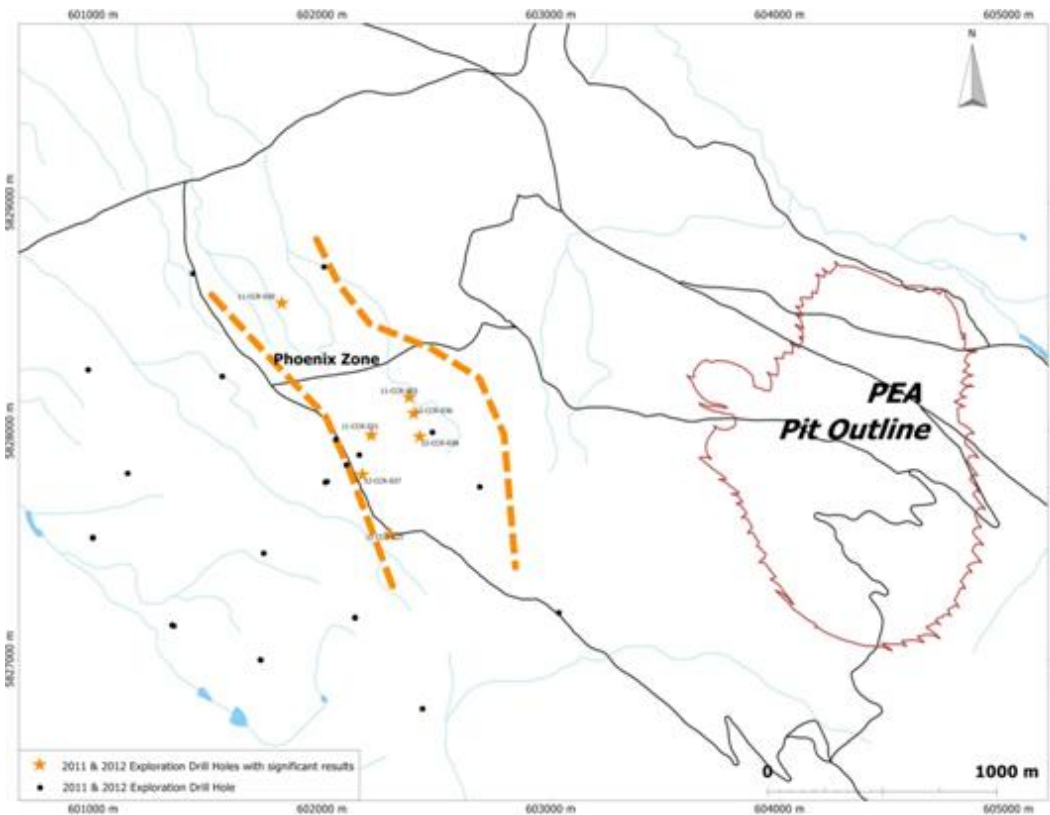
Location

De-risking Activities

Resource



# Phoenix Zone



- Strike length over 3.5km in length & less than 2km from the Main Zone
- Preliminary metallurgical testing suggests material is amenable to same processing flowsheet as Main Zone

Location

De-risking Activities

Resource



# Capital Structure

## CASH & CAPITAL STRUCTURE

**Net Cash**

\$5 million

**Shares Issued and  
Outstanding**

279 million

**Warrants**

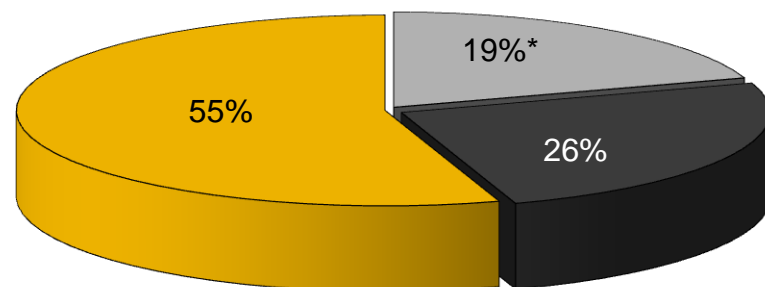
62 million

**Options**

9 million

**Market Capitalization**

\$55 million



Retail

Institutional (Eric Sprott 7%; Others 19%)

Management



# Experienced Management & High Calibre Board

Management	Industry & Business Experience
Larry Yau CEO	>30 yrs
Sharon Ng CFO	>20 yrs
Judy Stoeterau VP Geology	>30 yrs
<b>Board of Directors</b>	
Morris Beattie Chairman	>45 yrs
Sara Heston	>15 yrs
W. Terry Maclean	>40 yrs
Don Coxe	>40 yrs
Christopher Lattanzzi	>40 yrs
James Clare	>20 yrs
Dale Corman	>40 yrs

➤ Full biography at:  
[www.spanishmountaingold.com](http://www.spanishmountaingold.com)





# Contact Information

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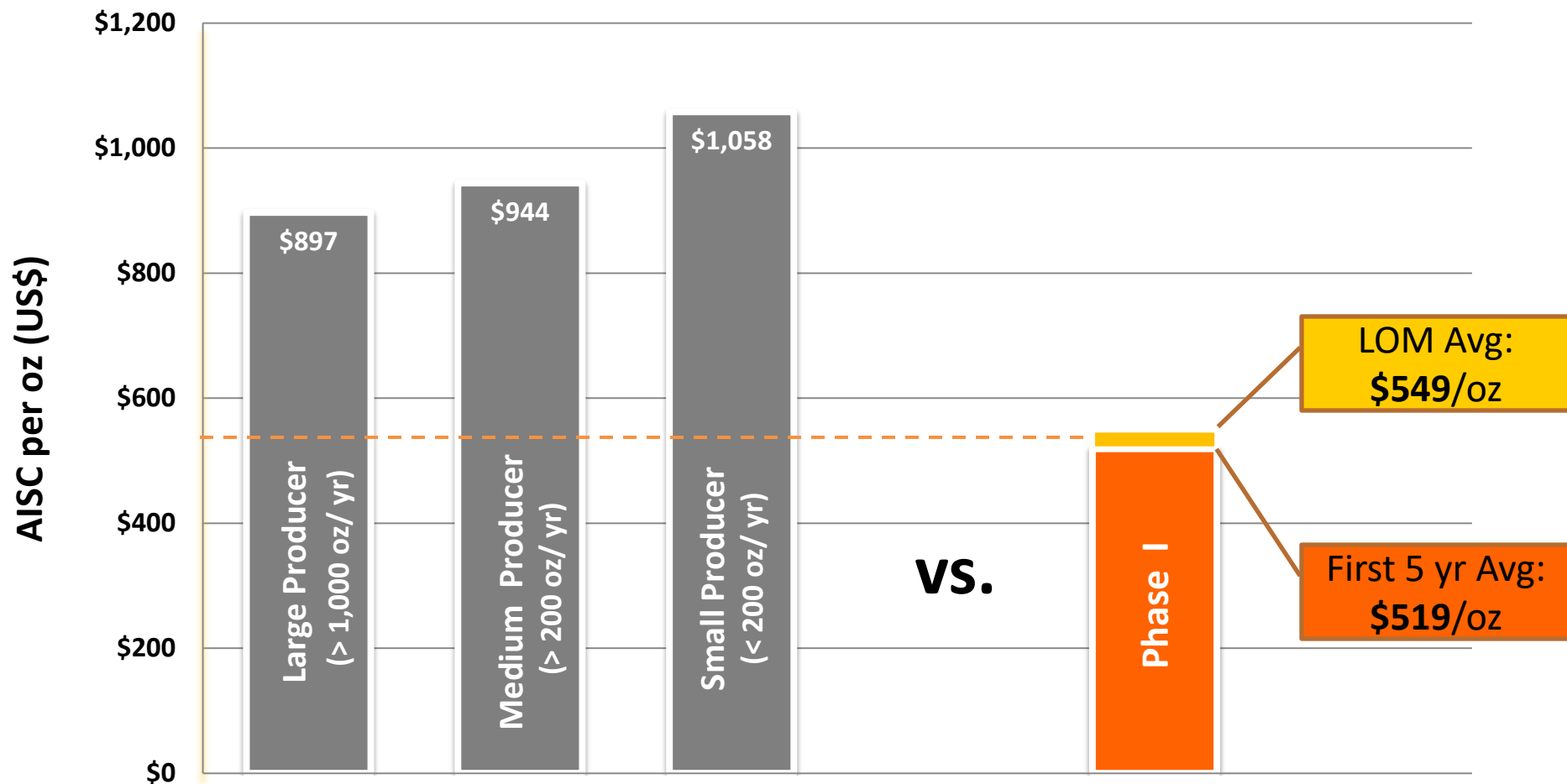


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# Phase 1 Operations : well below average AISC per oz



Source: CIBC World Markets/ 2019 actual AISC per Au ounce

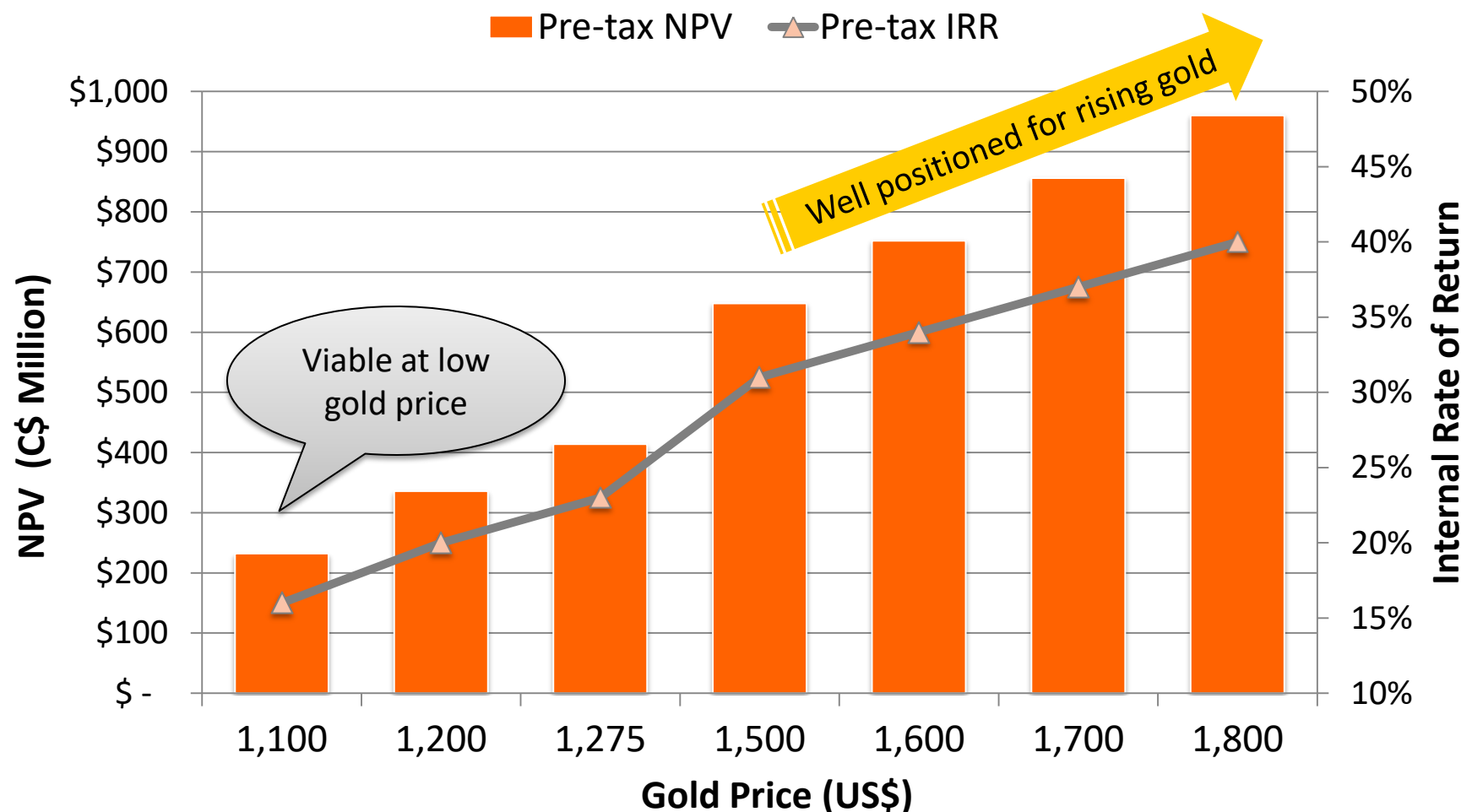
Location

De-risking Activities

Resource



# Phase 1 Operations : NPV & IRR



Location

De-risking Activities

Resource



# Mine Plan—Phase 1

## Only Measured & Indicated Resource is Processed

	Unit	Amount
M&I Mill Feed	Mt	39
Gold Grade	g/t	1.00
Silver Grade	g/t	0.74
M&I Gold Ounces	Koz	1,258
M&I Silver Ounces	Koz	927

Dec, 2019 PEA



# OpCost Profile—Phase 1

## Input Costs

Mining	C\$/t mined	\$2.48
Mining	C\$/t milled	\$10.73
Processing		\$6.14
Tailings		\$0.16
G&A		\$2.06
Total		<b>\$19.10</b>

## Operations

	Unit	Year 1 – 5 Avg.	LOM Avg.
Gold Grade	g/t	1.13	1.00
Recovery	%	91	91
Annual Gold Production	Koz	116	<b>104</b>
Cash Cost / oz	US\$	481	511
All-in-sustainable Cost / oz	US\$	519	<b>549</b>
Total Cost / oz	US\$	776	807

Dec, 2019 PEA



# Initial Capex—Phase 1

	C\$ m	Dec, 2019 PEA
<b>Direct</b>		
Site & Infrastructure	\$47.8	
Mining	\$70.2	
Processing Plant (including ore handling)	\$77.4	
Tailing Management Facility & Water Management	\$46.7	
Environmental	\$12.0	
<b>Sub-total</b>	<b>\$254.1</b>	
<b>Indirect</b>		
Project Indirect & Owner's Cost	\$68.2	
Contingencies	\$41.5	
<b>Sub-total</b>	<b>\$109.7</b>	
<b>TOTAL</b>	<b>\$363.8</b>	<b>(US\$273m)</b>

