



# Spanish Mountain **GOLD**

Delivering  
Preliminary Feasibility Study

Coming soon!

January 2021



TSX-V : **SPA** | OTC : **SPAZF**



# 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.



# Project Highlights

## Project (Phase 1)

- Mining friendly jurisdiction + excellent access & infrastructure
- Fast-track Phase 1 to be “shovel ready”
  - Phase 1 : higher-grade/ near-surface portion of M&I resource
- Advance stage project
  - \$80m+ expenditures
  - 900+ drill holes over 180,000 metres

## Resource

- Large and growing resource with ongoing drilling
  - **4.1 Moz in M&I** categories + Inferred
  - Allows development flexibility & expansion potential (PEA for Phase 1 processes only 30% of M&I)



# Funded to Concurrently Achieve Dual Objectives

## 1. Fast-track Phase 1

- To be **“shovel ready”** with compressed timeline
  - Completion of Preliminary Feasibility Study 2021
  - Resume Environmental Assessment in 2021
  - Full Feasibility Study to follow

## 2. Aggressively Expand Resource

- Target significant **resource expansion**
  - Resume resource drilling campaign in Q4 2020
  - Another drilling program in 2021



# Current Project Strategy—Prioritize Phase 1

## Mining 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
- Deliver PFS in Q1 2021; Feasibility Study to follow

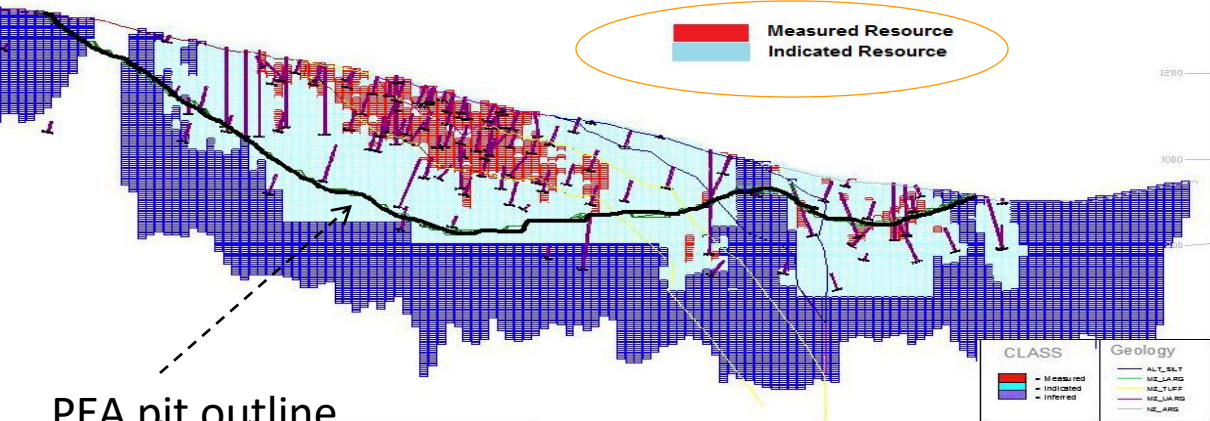
### Future Value/ Opportunities

- **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

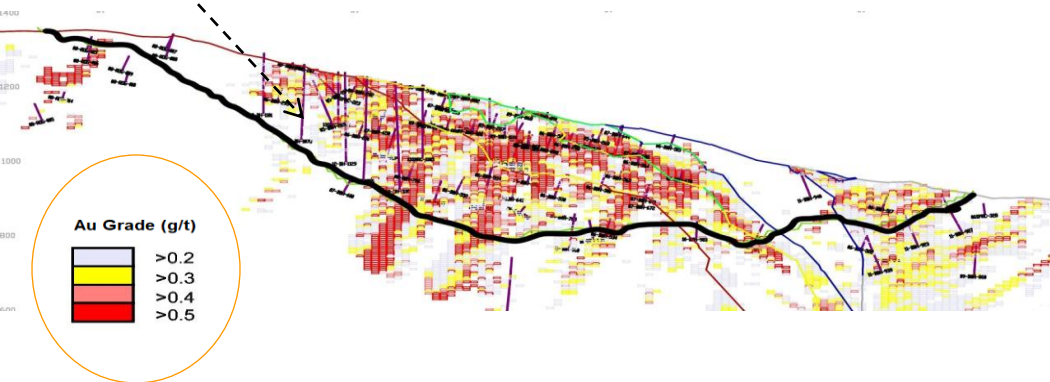
PEA (to be optimized in PFS)



# Compelling Rationale for Phase 1



PEA pit outline



## Strategic Mine Plan

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

## Mill Feed Profile

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

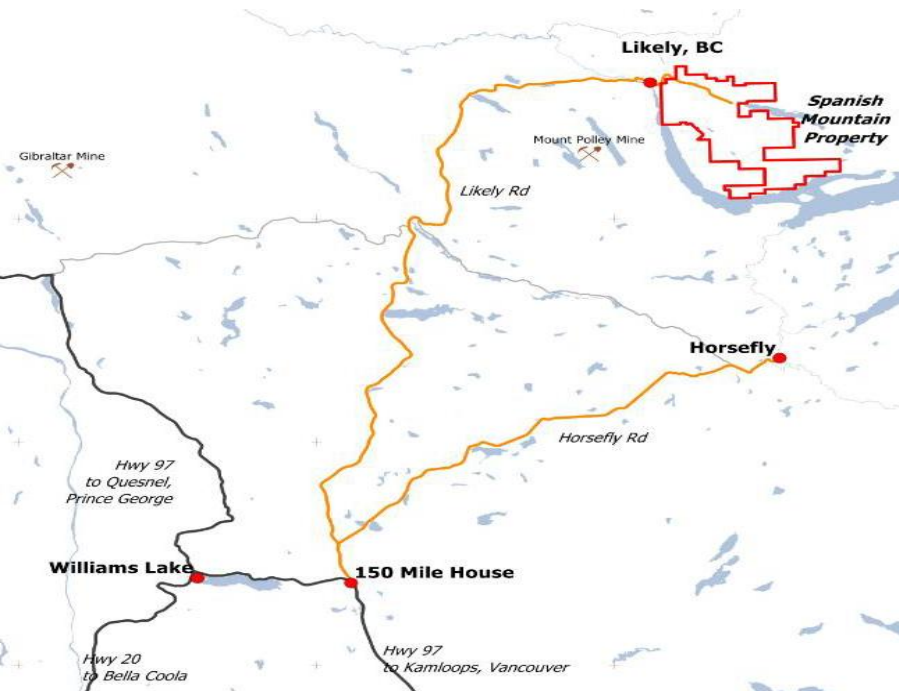
## Project Scope (Phase 1)

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

PEA (to be optimized in PFS)



# High Margin Operation: Low Input Costs—\$549 AISC/oz



## Access & Infrastructure

- < 100k highway access to Williams Lake (major mining supply centre & labour pool)
- Abundance of grid power and BC Hydro substation connectivity
- Supplies & labour available from many surrounding communities (low overhead costs)
- Year-round access/ accommodating climate/ abundance of water source

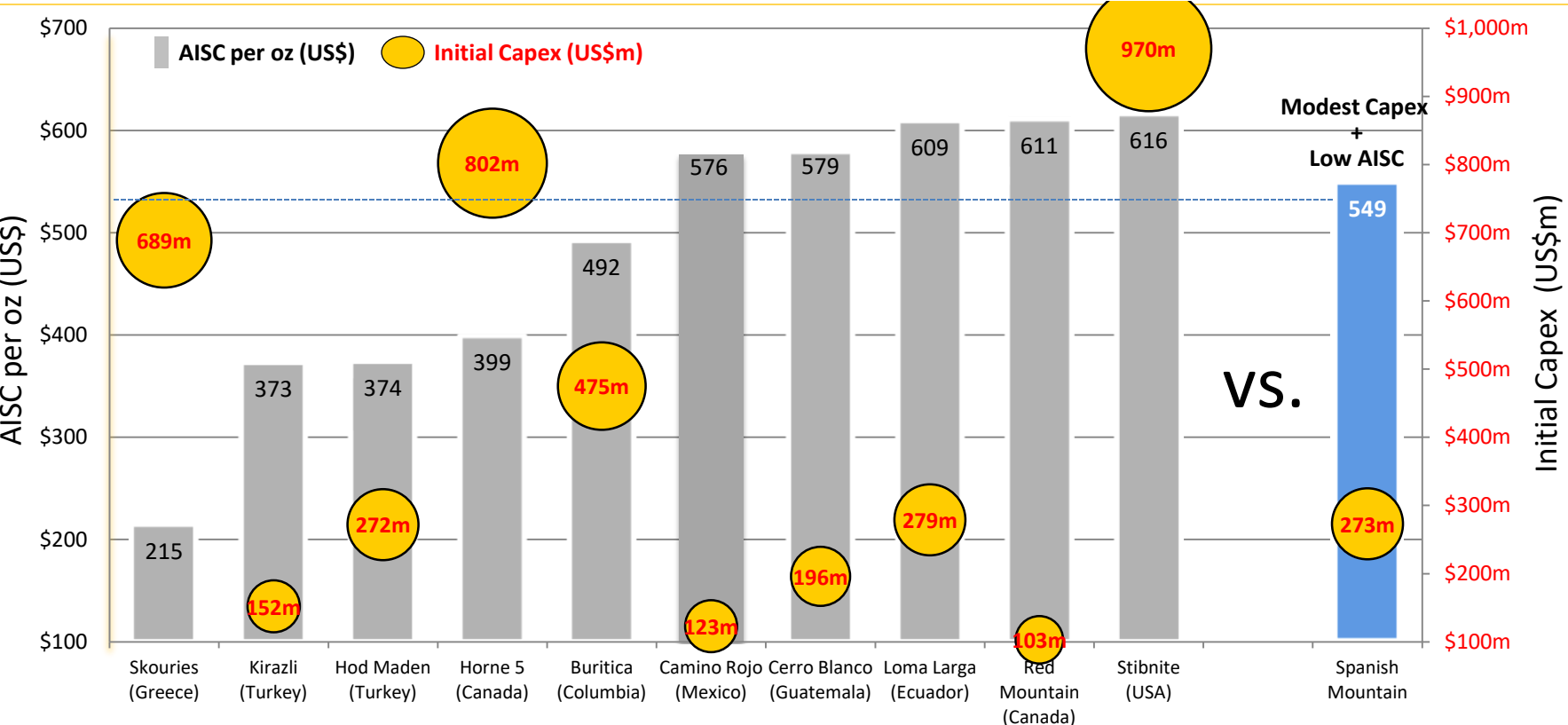
## Low Milling Cost & Simple Flowsheet

- 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**

PEA (to be optimized in PFS)



# Compared to gold projects\* with lowest AISC in the world



\* Projects at feasibility study or pre-FS stage with lowest AISC in the world (Mining Intelligence, December 2019)

PEA (to be optimized in PFS)





# Project Economics—Phase 1

## Positive Economics Even at Low Gold Price Environment

Pre-tax:	Unit	Gold Price						
		\$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

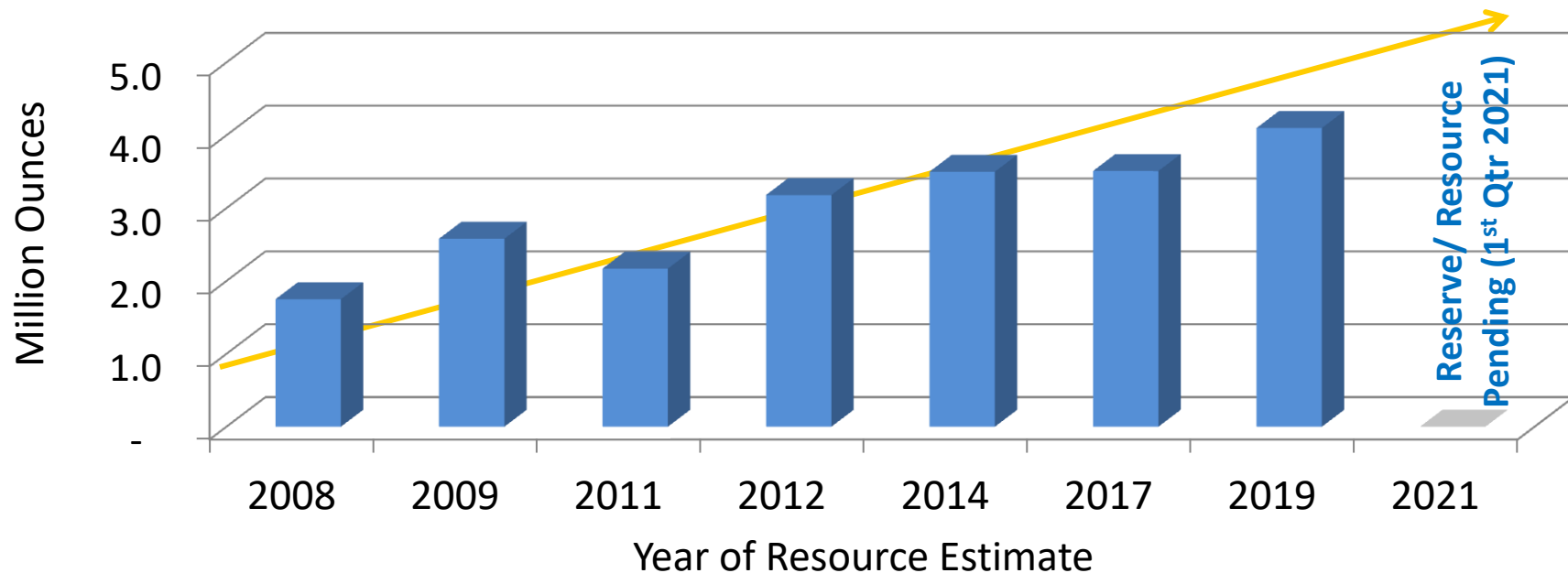
PEA (to be optimized in PFS)

\* PEA base case assumption



# Large & Growing Gold Resource

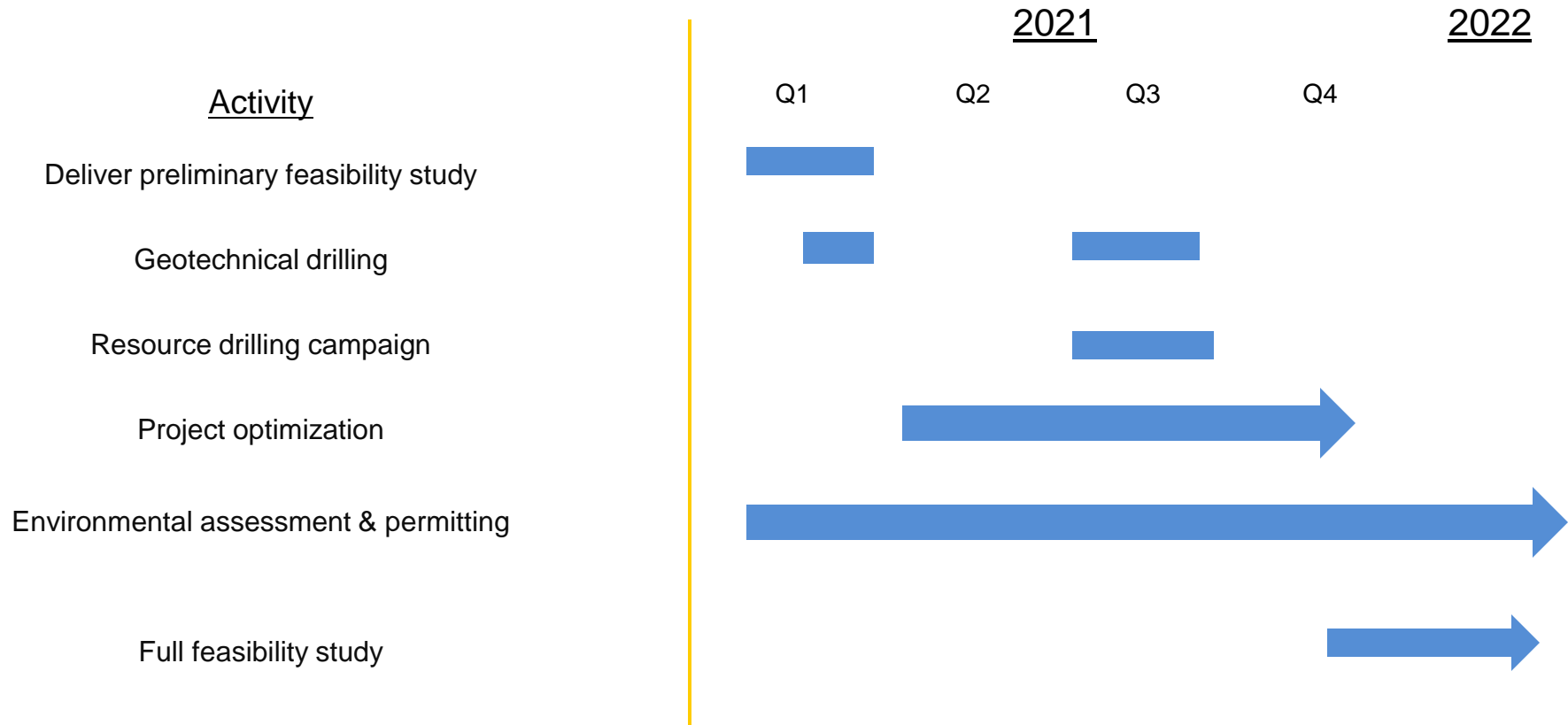
M&I Gold Ounces\*



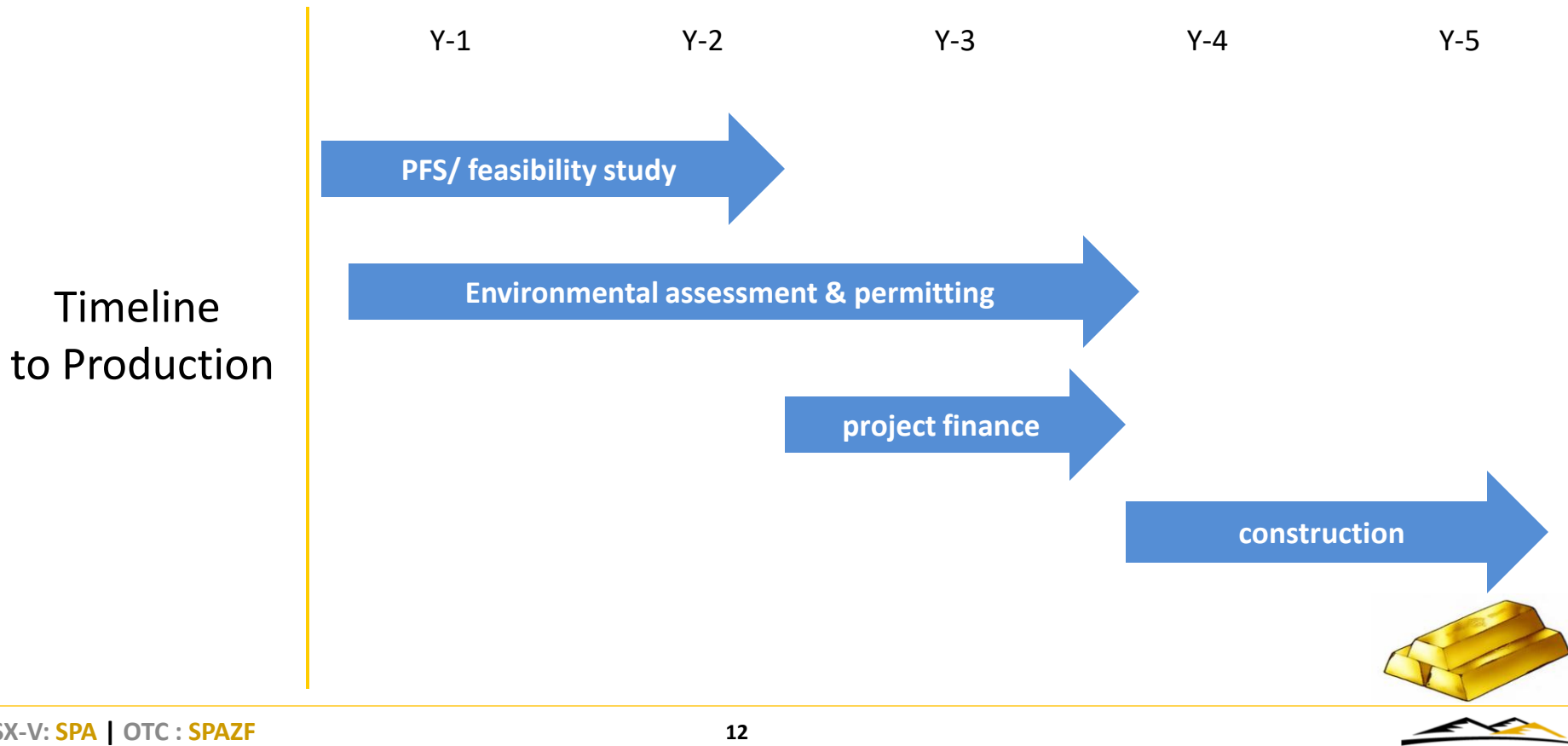
\* At economic cut-off grade



# Planned Project Activities



# 5-year Project Timeline



# Summary—*“ticking all the boxes”*

- |  |  |
|--|--|
| <ul style="list-style-type: none"><li>✓ Jurisdiction/ Location</li><li>✓ Large Resource</li><li>✓ Accelerated Timeline</li><li>✓ Modest Initial Capex</li><li>✓ Simple Metallurgy</li><li>✓ Low OpCost*</li><li>✓ Long Mine Life*</li><li>✓ Robust Production*</li><li>✓ Strong Economics*</li></ul> | <ul style="list-style-type: none"><li>• Mining friendly/ excellent access &amp; infrastructure</li><li>• <b>&gt; 4 Moz M&amp;I</b> &amp; growing + Inferred</li><li>• <b>Detailed work completed</b> (environmental baseline; metallurgical; archaeological clearance)</li><li>• <b>Staged development approach (Phase 1)</b></li><li>• Conventional flowsheet &amp; low cost milling / <b>91% Au Recovery to Doré</b></li><li>• <b>AISC \$549</b> per oz : Excellent Infrastructure + Access + Grid-power &amp; more</li><li>• <b>&gt;11 years</b> (Phase 1 alone)</li><li>• &gt; Avg <b>100Koz</b> per year</li><li>• <b>23% IRR</b> @ \$1275 Au/ <b>40% IRR</b> @ \$1800 Au</li></ul> |
|--|--|

\* as demonstrated in 2019 PEA/ to be optimized in PFS



# Opportunity—PFS for Phase 1 ( doubling throughput to 20,000 tpd)

## **Optimized Phase 1** (PFS in Q1 2021)

### **Optimal Combination:**

- ✓ Capex
- ✓ Operational efficiency
- ✓ Economic metrics
- ✓ Mine life
- ✓ Production Profile
- ✓ Develop within the same compressed timeline



# Project Details...

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

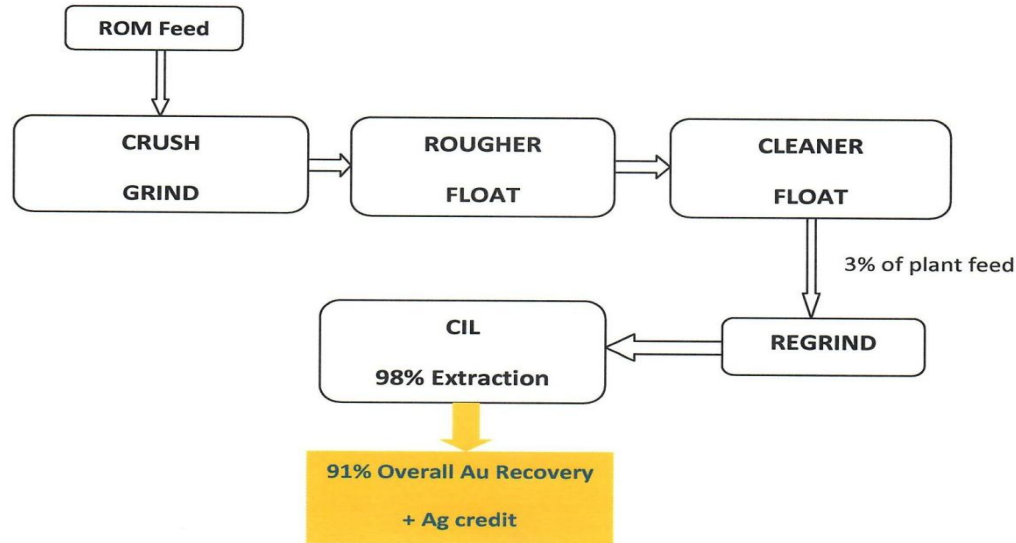
Location

**De-risking Activities**

Resource



# Advanced Metallurgical Study



- Confirmatory testwork completed at multiple laboratories
- Efficient conventional milling – coarse grind, low power cost of 12 kwh/t and low cyanide consumption of 0.1 kg/t
- 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 (~30%) 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

PEA (to be optimized in PFS)

Location

De-risking Activities

Resource



# Mineral Resource

## Large and Growing

- Ensure long-life operations to ride out price cycles
- Continue **resource expansion** with ongoing drilling program

## 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

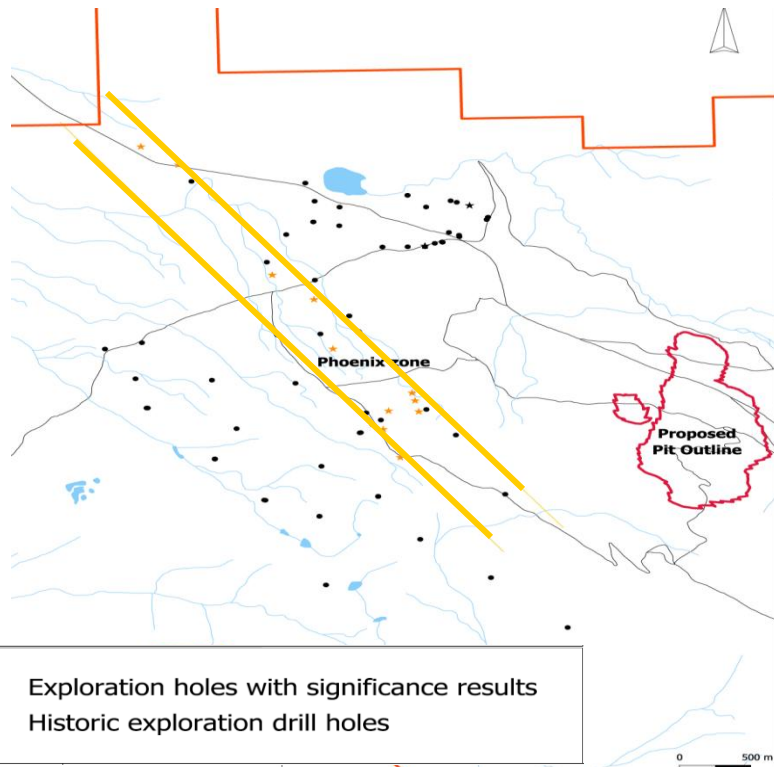
Location

De-risking Activities

**Resource**



# Exploration Potential—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

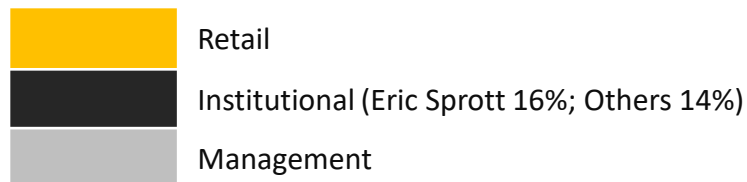
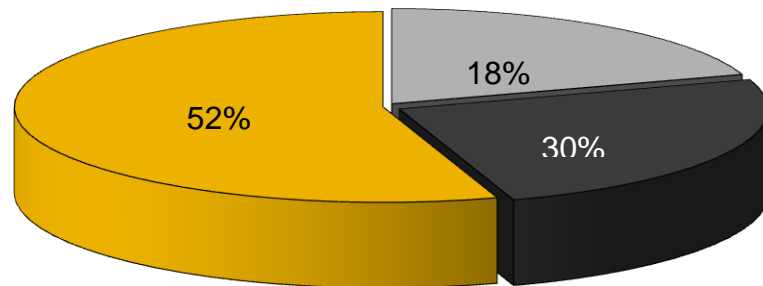
**Net Cash** \$12 million

**Shares Issued and Outstanding** 327 million

**Warrants** 73 million

**Options** 7 million

**Market Capitalization** \$130 million





# Experienced Management & High Calibre Board

	Expertise	Industry & Business Experience
<b>Larry Yau, CEO</b>	M&A, finance	>30 yrs
<b>Sharon Ng, CFO</b>	finance, accounting	>20 yrs
<b>Judy Stoeterau, VP-Geology</b>	exploration, geology	>30 yrs
<b>Ray Mah, Project Director</b>	engineering, project management, mine construction	>30 yrs
<b>Doug Ramsey, Director, Sustainability &amp; Indigenous Affairs</b>	environmental assessment, permitting	> 30 yrs

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

## **Board of Directors**

<b>Morris Beattie, Chairman</b>	project management, metallurgy	>45 yrs
<b>Sara Heston</b>	investment, finance	>15 yrs
<b>W. Terry Maclean</b>	mine construction, operations	>40 yrs
<b>Don Cox</b>	Investment strategist	>40 yrs
<b>Christopher Lattanzzi</b>	project consulting	>40 yrs
<b>Dale Corman</b>	Project management, executive	>40 yrs



# Contact Information

## Spanish Mountain Gold Ltd.

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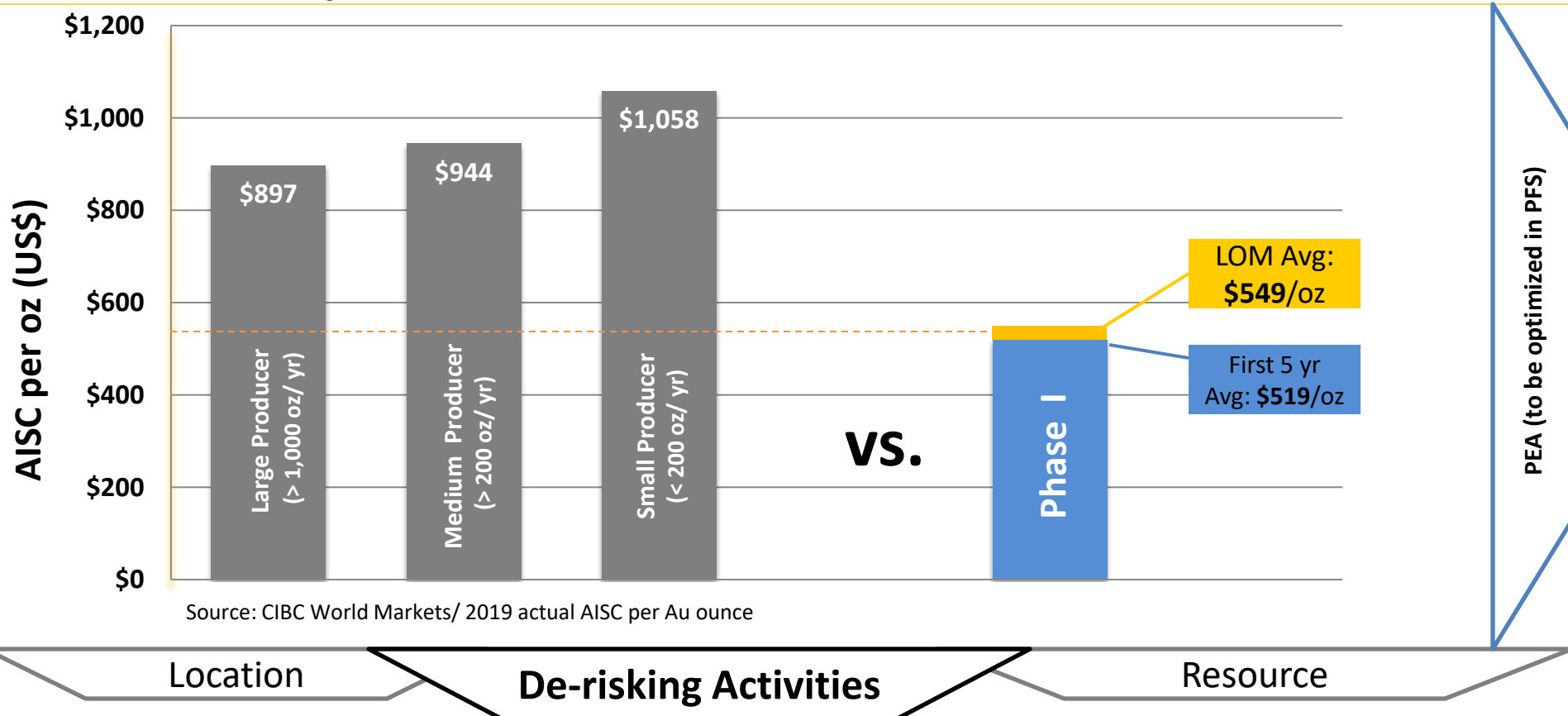
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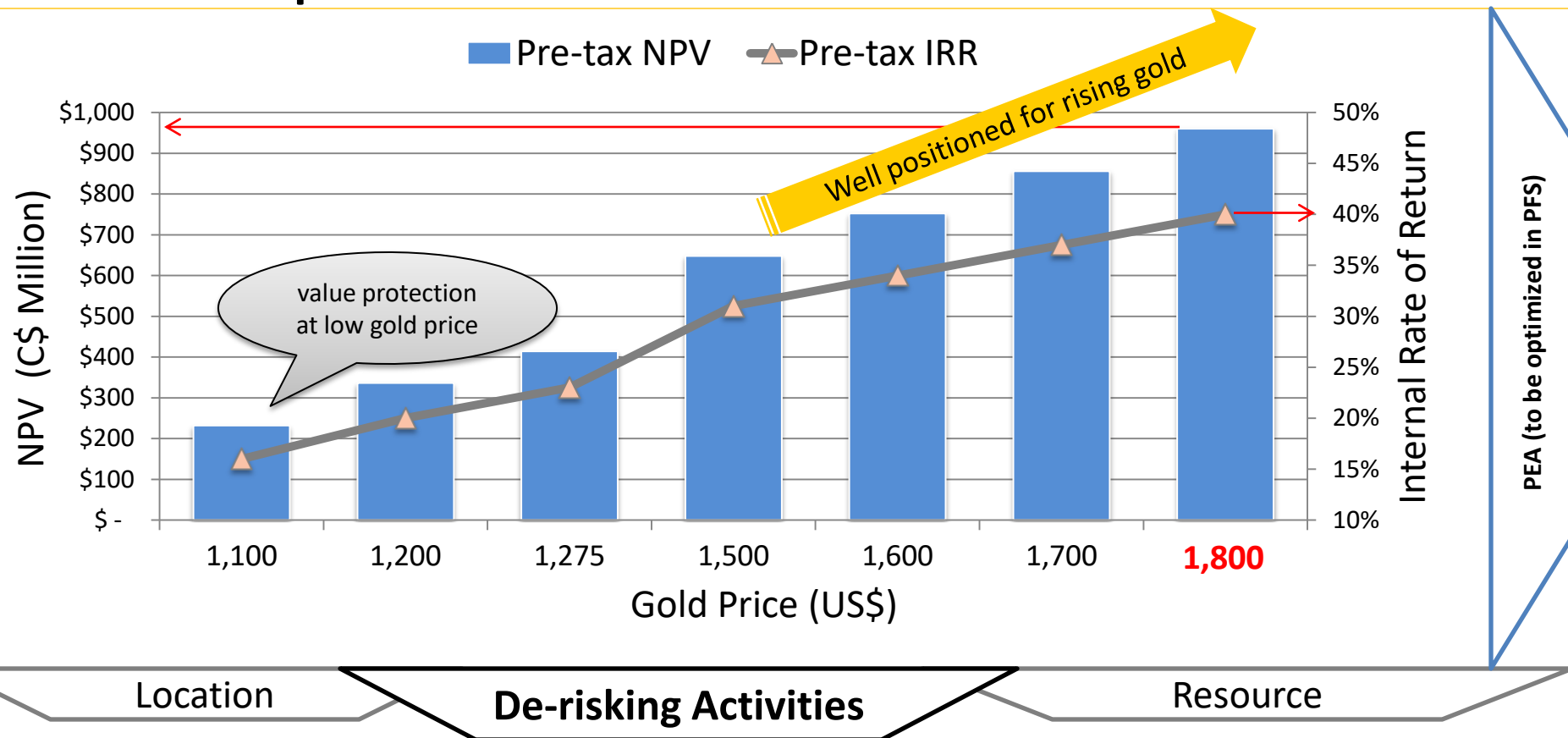
<https://spanishmountaingold.com/contact/subscribe-for-updates/>



# Phase 1 Operations : well below average AISC per oz



# Phase 1 Operations : NPV & IRR



# 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

PEA (to be optimized in PFS)



# OpCost Profile—Phase 1

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

	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

PEA (to be optimized in PFS)



# Initial Capex—Phase 1

## Direct

Site & Infrastructure	\$47.8
Mining	\$70.2
Processing Plant (including ore handling)	\$77.4
Tailing Management Facility & Water Management	\$46.7
Environmental	\$12.0

### Sub-total

**\$254.1**

## Indirect

Project Indirect & Owner's Cost	\$68.2
Contingencies	\$41.5

### Sub-total

**\$109.7**

## TOTAL

**\$363.8**

**(US\$273m)**

PEA (to be optimized in PFS)

