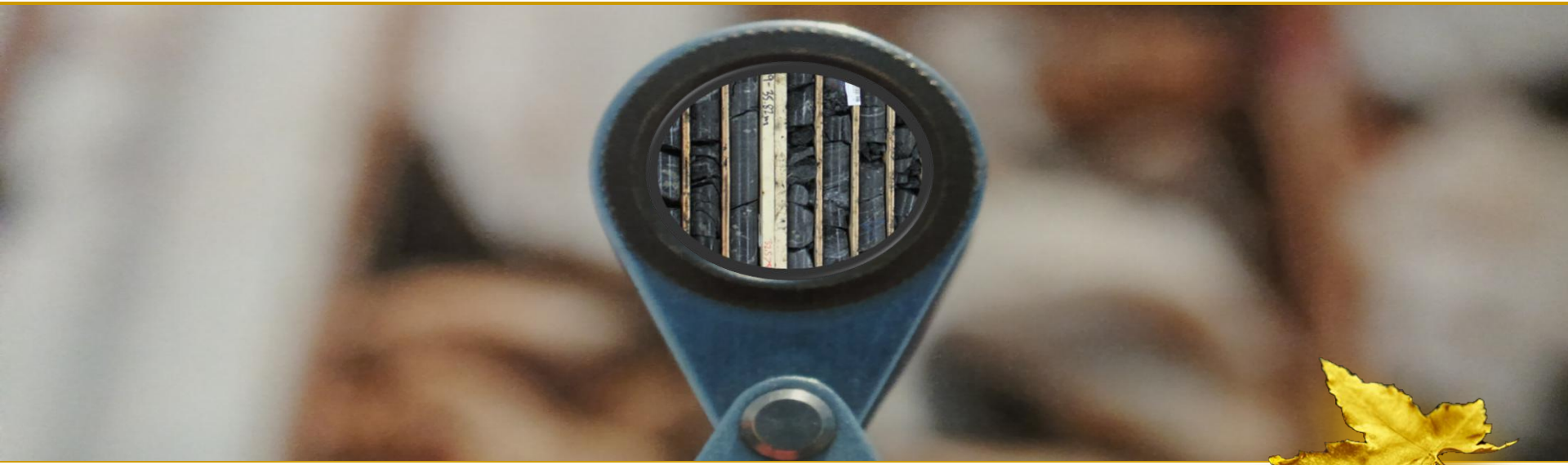
Spanish Mountain GOLD



FOCUSED ON VALUE

robust project + expanding resource

May 2021

TSX-V : SPA | OTC : SPAZF

Spanish Mountain Gold Ltd.

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 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.

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.

International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board, are recognized standards for financial reporting in Canada and most jurisdictions. The Company provided certain non-IFRS performance figures for the Project based on guidance issued by the World Gold Council. These non-IFRS measures are intended to provide additional information to evaluate the underlying performance of the Project and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. These measures do not have any standardized meaning prescribed under IFRS and therefore may not be comparable with other issuers.

The Company’s measured and indicated resources estimates were prepared in accordance with NI 43-101 by Marc Jutras, P. Eng.; MA Sc. with an effective date of February 3, 2021. Mr. Jutras is a Qualified Person under NI 43-101 and is a 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

Project

- **Excellent access & infrastructure in a top-tier mining jurisdiction (British Columbia, Canada)**
  - Modest initial capital cost & low operating cost
- **Advancing <u>multi-million oz. gold Reserve</u> through critical milestones towards production**
  - Main Zone Mineral Reserve : higher-grade/ near-surface portion of Mineral Resource
  - Underway: project optimization and environmental assessment
- **Robust economics shown in Pre-Feasibility Study (2021)**
- **Advanced stage project**
  - >$85m expenditures & >900 drill holes over 180,000 metres

Reserve/ Resource

- **<u>Large & growing</u> resource with ongoing drilling**
  - **2.3 Moz Mineral Reserve** within **4.7 Moz in M&I Mineral Resource**
  - Allows development flexibility & expansion potential

Environmental, Social & Governance

Project Attributes

Renewable Power

- Connectivity to **hydroelectric power** means significantly lowered greenhouse gas emissions

Efficiency

- Low power requirements for **energy efficient** milling process

Communities Empowerment

- **Long-term thinking and commitments** on ESG issues commensurate with a long mine life
- Abundance of **local labor and suppliers** / enhanced local socioeconomic development

Management Approach

Employment Practice

- Decades-long practice of hiring employees from **First Nations and local communities**

First Nations & Communities

- **Cooperation agreements signed** a decade ago with all three First Nations whose traditional territories encompass the project area
- **Community open houses** commenced a decade ago

Prioritize ESG

- Direct and hands-on involvement of senior management in **social engagement** including First Nations & community consultations
- Appointment of a senior executive to exclusively focus on **sustainability and indigenous affairs**

Advancing Dual Project Objectives

1. Fast-track Main Zone Reserve

- **Deliver <u>project milestones</u> within compressed timeline**
  - Completed Pre-Feasibility Study in Q2 2021
  - Resumed Environmental Assessment activities in Q1 2021
  - Upcoming: project optimization, feasibility study, EA & permitting

2. Aggressively Expand Resource

- **Target significant <u>resource expansion</u>**
  - Resumed resource drilling campaign in Q4 2020
  - Upcoming: assays pending, additional drilling programs

Objective 1 : Prioritize Main Zone Reserve

Mining Near-surface / Higher-grade Resources as Standalone Operations (Main Zone Reserve)

Optimal Mix of Capex, Production & Opex

- "Right-size" mill throughput to **lower initial capex** while maintaining **robust production**
- Enhance financing options and shorten payback of initial capex

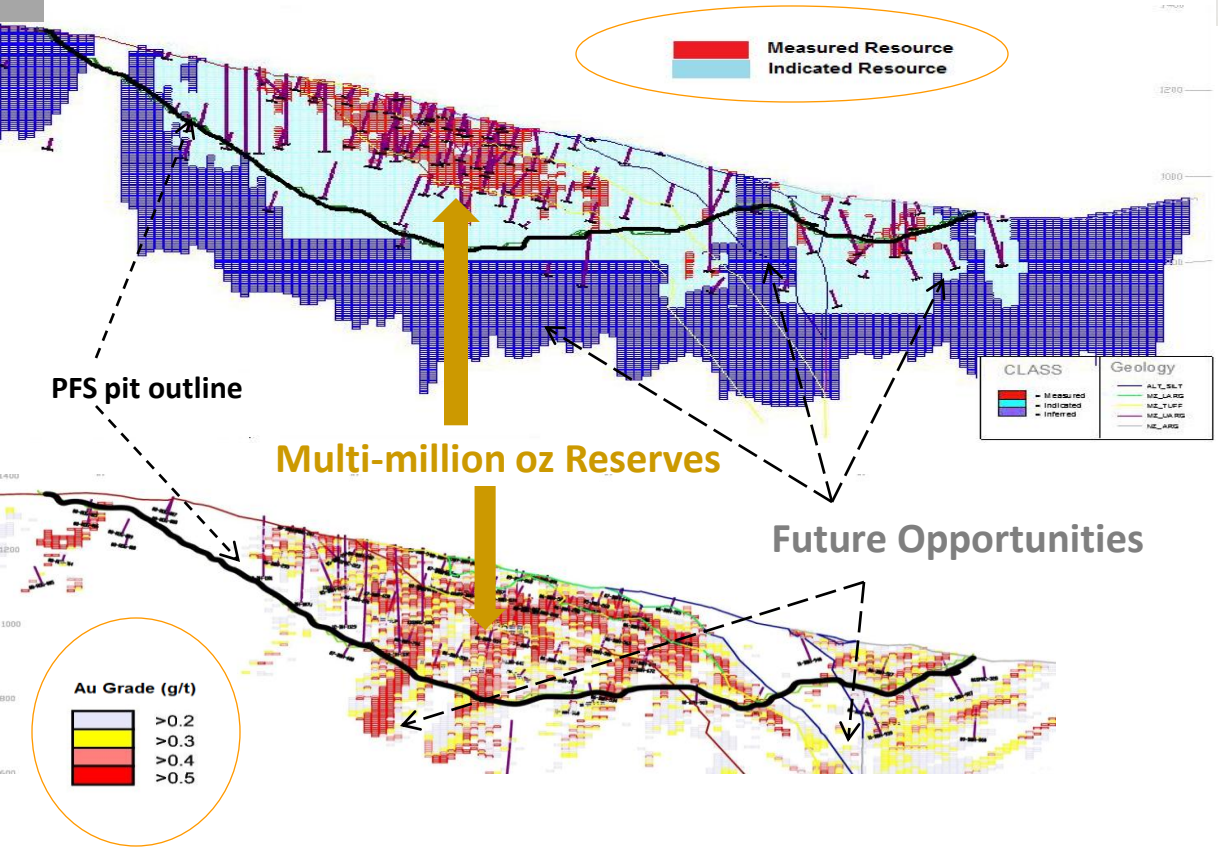
Shorten Development Timeline

- Focused on advancing Main Zone reserve under PFS mine plan/ upgrading of resources not required
- Compressed timelines for PFS, Environmental Assessment & Feasibility Study

Future Value/ Opportunities

- **Large resource** can potentially justify future mill expansion to increase annual production and extend mine life
- Gold ounces not currently captured by pit

Compelling Rationale for Current Strategy



Reserve

- **Higher grade/ near-surface** portion of the large and growing Resource

Mill Feed Profile

- Total feed: 96m tonnes
- Avg. Au grade: **0.76 g/t (0.88 g/t** first 6-yrs**)**
- Total contained gold: **2.34 Moz**

Proposed Mine Profile

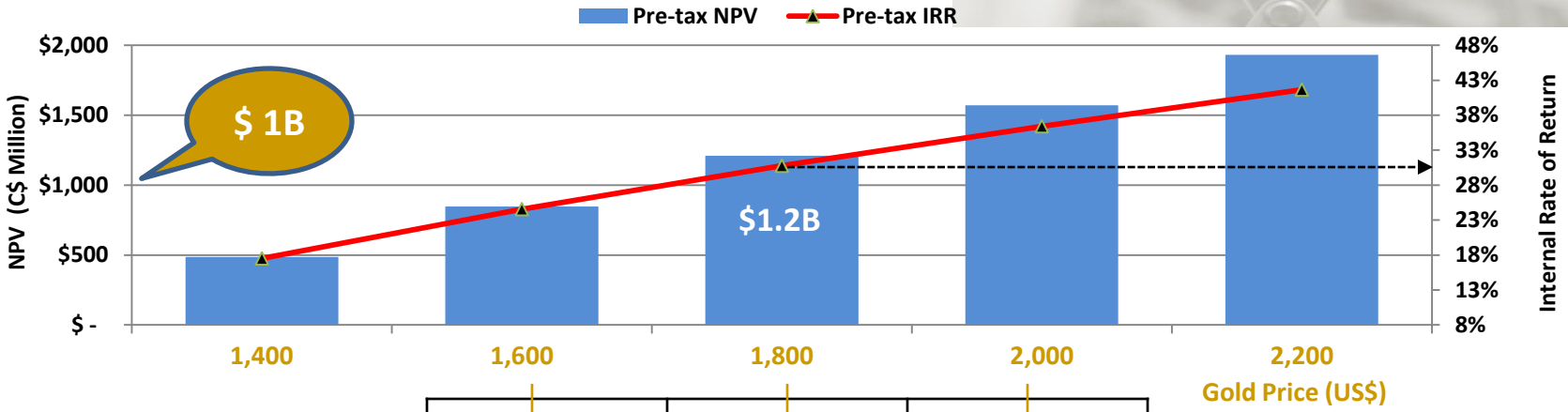
- Throughput: 20ktpd
- Initial Capex: **C$607m/ US$461m**
- Mine Life: **14 Years**
- Avg. Annual Prod'n: **>183Koz (1st 6yrs)**
  >150Koz (LOM)
- LOM Prod'n: **2.1 Moz**

Multi-million Ounce Gold Reserve*

	Tonnage (Mt)	Au Grade (g/t)	Gold (Moz)	Ag Grade (g/t)	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 P&P Reserve	**95.9**	**0.76**	**2.34**	**0.71**	**2.18**

* See cautionary statements

PFS Economics



Gold Price Scenario

		"Base Case"	"Spot Case"	"Forward Case"
Pre-tax				
NPV@5%	C$mm	$848	$1,209	$1,570
IRR	%	25	31	36
Payback of Initial Capex	Years	3.2	2.7	2.4
Post-tax Free Cashflow from Operations (LOM)	**C$mm**	**$2,127**	**$2,670**	**$3,214**

Low Input Costs

Access & Infrastructure

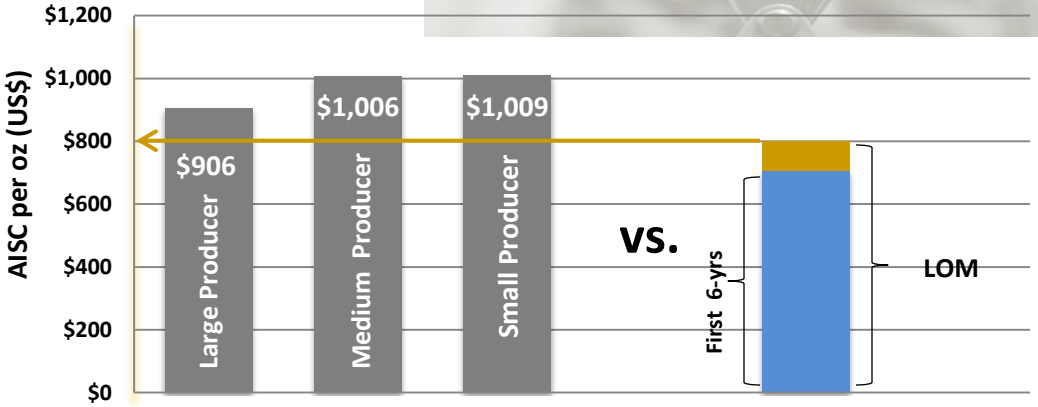
- < 100k highway access to Williams Lake (major mining supply centre & labour pool)
- Abundance of grid power and BC Hydro substation connectivity
- Supplies & labour available from many surrounding communities (low overhead costs)
- Year-round access/ accommodating climate/ abundance of water source

Low Milling Cost & Simple Flowsheet

- Coarse primary grind of **180 microns**
- Moderate power consumption—**13.8 kwh/t**
- Cheap hydro power—**6.5¢/kwh**
- Low reagent consumption including **0.1kg/t NaCN**

High Margin/ Low Cost Operations

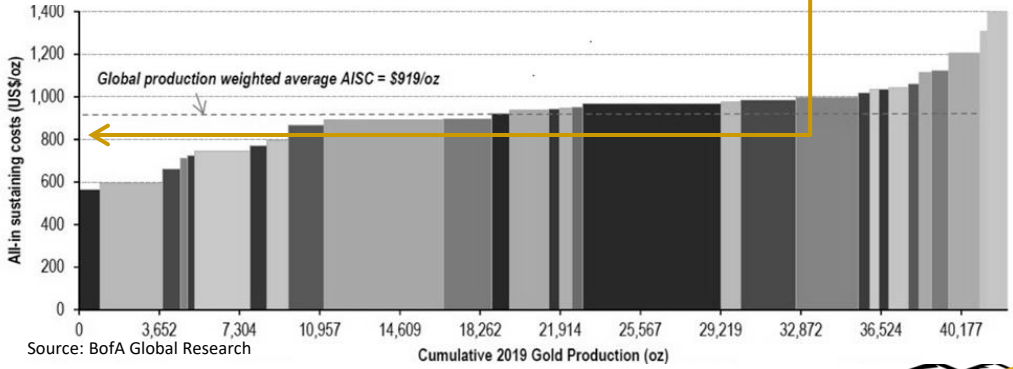
Lower-than-average unit cost



Source: CIBC World Markets/ 2020 actual AISC per Au ounce

Spanish Mountain

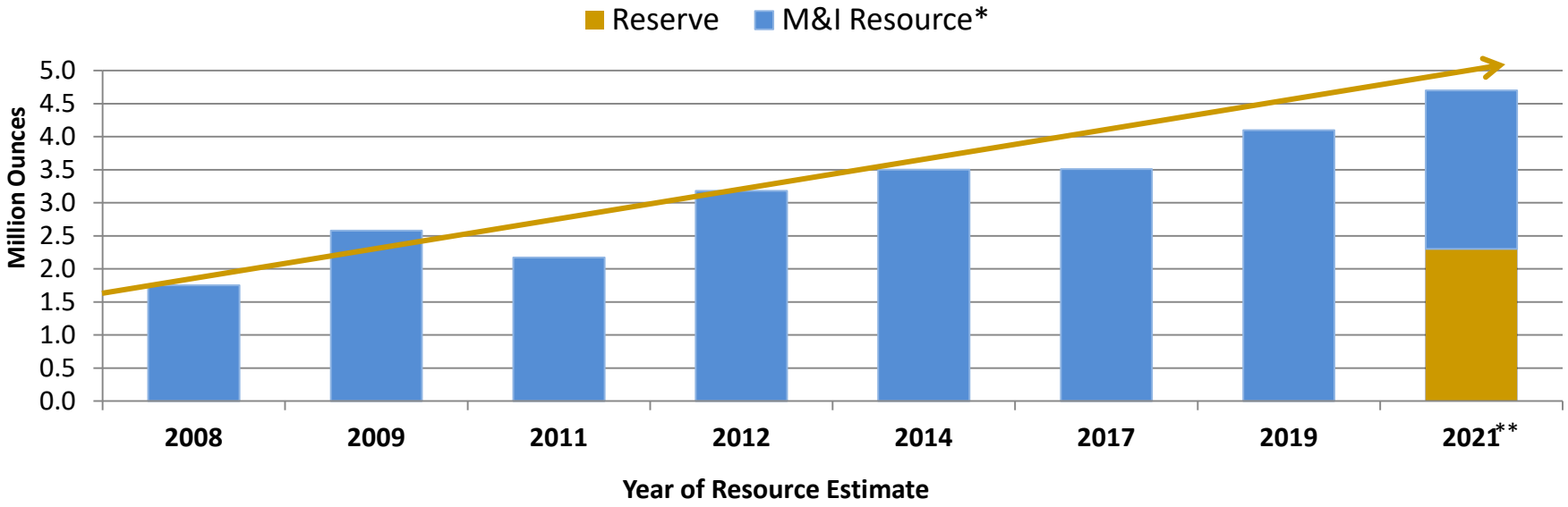
Low on global cost curve



Source: BofA Global Research

Objective 2 : Large & Growing Gold Resource

Drilling campaign in place to continue track record of resource expansion

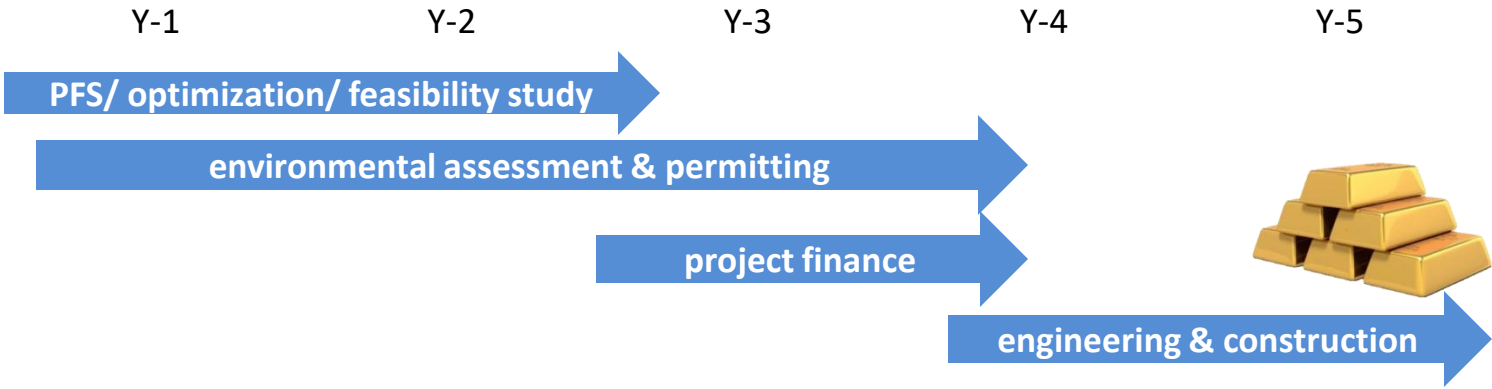


* at economic cut-off grade

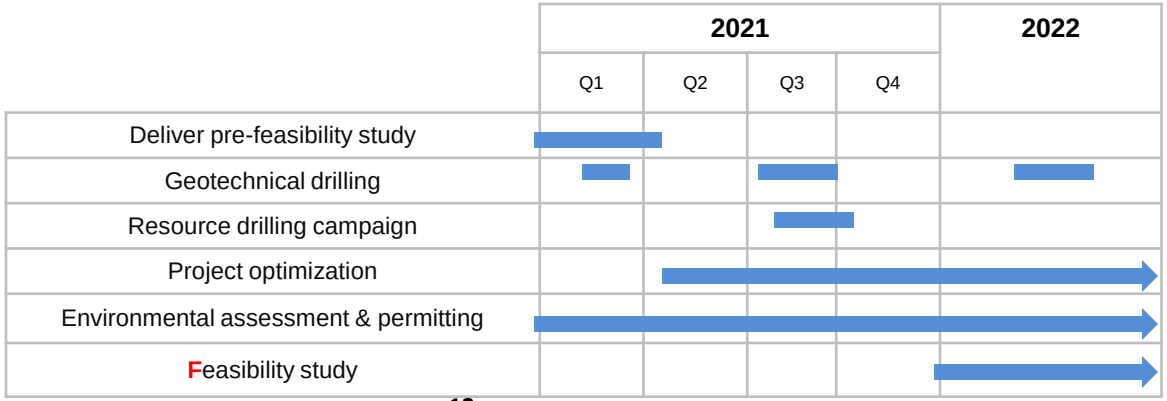
** pending assay results not yet included

Moving Forward…

Major Project Milestones



Near-term Deliverables



Summary—*"ticking all the boxes"*

✓ **Jurisdiction/ Location**	• Mining friendly/ excellent access & infrastructure
✓ **Large Reserve/Resource**	• **2.3 Moz P&P Reserves / 4.6 Moz M&I Resource** & growing + Inferred
✓ **Accelerated Timeline**	• **Building on detailed work performed over a decade** (environmental baseline; metallurgical; archaeological clearance)
✓ **Modest Initial Capex***	• Prioritize Main Zone reserve for development/ **optimal balance of cost & benefits**
✓ **Simple Metallurgy***	• Conventional flowsheet & low cost milling / **90% Au Recovery to Doré**
✓ **Low OpCost***	• **AISC $801** per oz : excellent Infrastructure & access + hydro grid-power & more
✓ **Long Mine Life***	• **14 years** (Main Zone Reserve alone)
✓ **Robust Production***	• > Avg **150Koz** per year (>180Koz first 6-yrs/ peak production 210Koz)
✓ **Strong Economics***	• **NPV $848M & IRR 25%** @ $1600 Au/ **NPV $1.2B & IRR 31%** @ $1800 Au

* as demonstrated in 2021 PFS

Invest in SPA = Value

Marketcap/Net Asset Value*(5% disc.)

<0.15

Production cost*: AISC per oz (LOM avg)

US$801

Marketcap per Reserve* oz

<US$35

Marketcap per Resource oz

<US$15

Post-tax Free cashflow from Operations*

>$120M/Yr or

>$1.7 B LOM

Production per year* (First 6-yr avg)

>180K oz (first 6-yrs)

>150 K oz (LOM)

* @ US$1600 gold price; only includes PFS valuation for Reserves

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 (since 2019)

- 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**
- GT Gold by Newmont **C$456 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

Top-tier 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 & Access

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

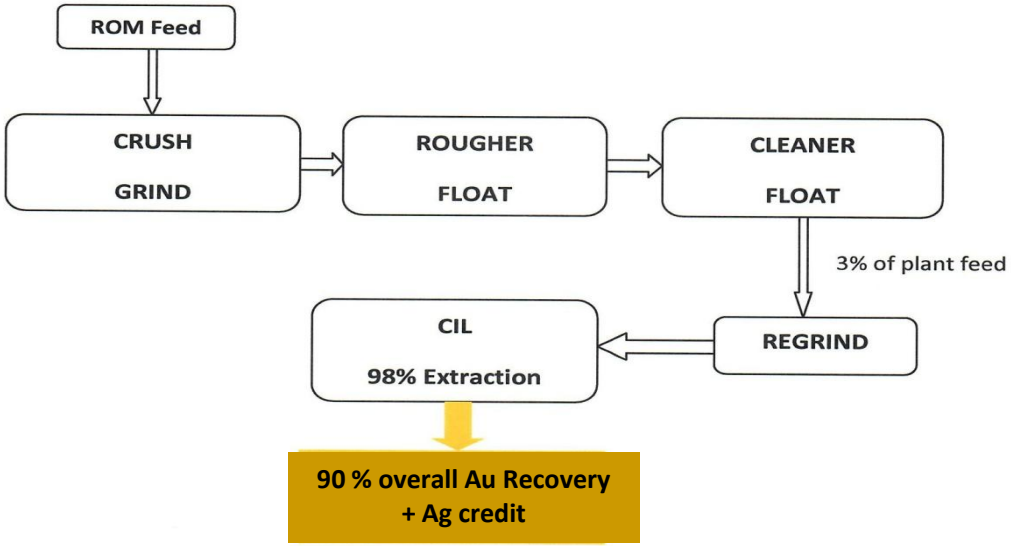
Advanced Stage Project

Extensive Project Work Completed in Multiple Areas

- Over $85m in total project expenditures
- 900+ drill holes over 180,000 metres
- PFS completed in Q2 2021 delineating a 2.3 Moz reserve
- Ongoing project optimization and resource expansion
- Significant work performed over a decade & ongoing EA activities & First Nations/ communities consultations
- Large and growing mineral resource defined in successive resource estimates

Location | **De-risking Activities** | Resource

Conventional Milling Process



Simple Flowsheet & High Au Recovery

- Confirmatory testwork completed at multiple laboratories
- Efficient conventional milling – coarse grind, moderate power cost of 13.8 kwh/t and low cyanide consumption of 0.1 kg/t
- Overall gold recovery at **90%**

Crush & Grind | **Flotation** | **Regrind** | **CIL**

Location | De-risking Activities | Resource

Environmental & Permitting

Community Engagement

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

Environmental

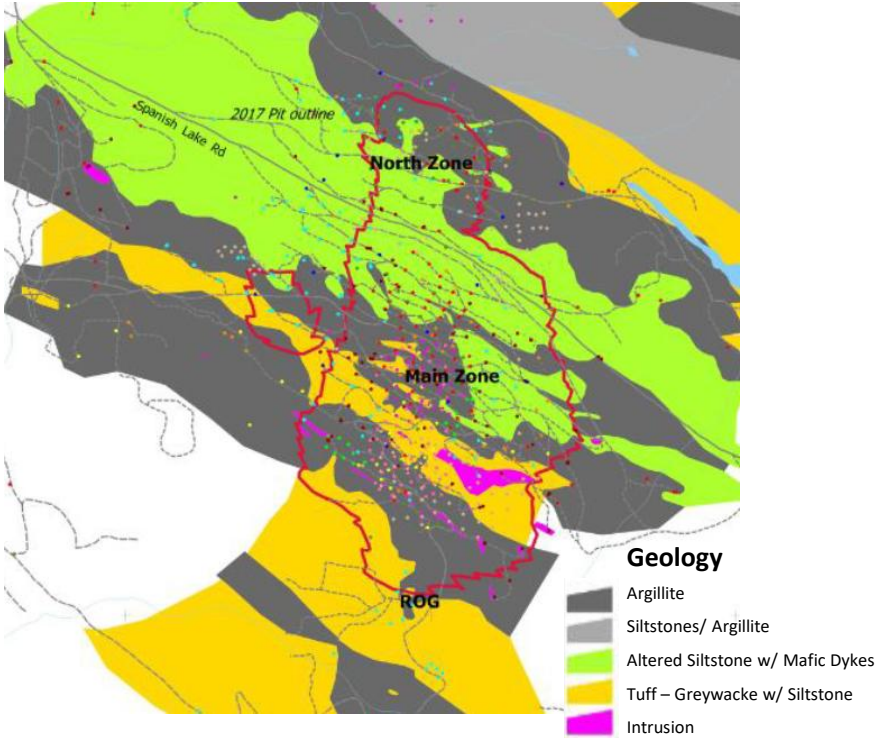
- Archaeological clearance obtained for critical project areas
- Continuing work on environmental baseline studies (initiated in 2009)

Permitting

- Environmental assessment process resumed in 2021
- Expected permitting timeline: < 2 years after completion of Feasibility Study

Location | De-risking Activities | Resource

Geology



Sediment-Hosted Gold Deposits

- One of the first recognized sediment-hosted bulk tonnage gold systems in British Columbia
- Gold is finely disseminated within black argillites and siltstones, as well as well local high-grade, gold-bearing quartz veins within siltstones, greywackes and tuff
- Sediment-hosted gold deposits are **among the largest gold dominant systems** in the world. These giants include Muruntau (>100 M oz), Sukhoi Log (>50M oz), Natalka (>48 M oz) and Paracatu (>10M oz).
- They tend to be low grade but because of their large size are **low cost producers**
- They form along major tectonic breaks and there are usually multiple deposits

Resource Estimate*

PFS delineates Proven & Probable Mineral Reserves totaling

96 million tonnes @ 0.76 g/t = 2,339,000 ounces Au (<50% of M&I resource)

Resource Category	Tonnes (Million)	Gold grade (g/t)	Gold (Million oz)	Silver grade (g/t)	Silver (Million oz)
Measured	69	0.59	1.3	0.67	1.5
Indicated	226	0.47	3.4	0.73	5.3
M&I Total	**294**	**0.50**	**4.7**	**0.72**	**6.8**
Inferred	**18**	**0.63**	**0.4**	**0.76**	**0.4**

* See cautionary statements

Mineral Resource

Large and Growing

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

Development Flexibility

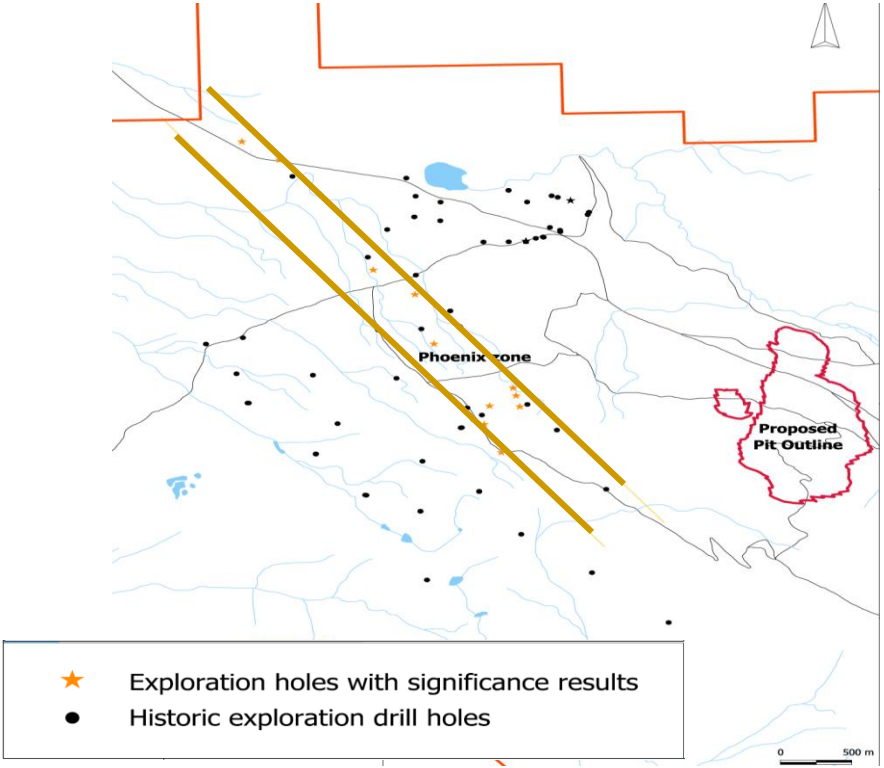
- Completed various scoping studies supporting potential viability at different throughput:
  - ✓ *40,000 tpd*
  - ✓ *20,000 tpd*
  - ✓ *10,000 tpd*

Additional Opportunities

- **< 50%** of M&I ounces are captured by the PFS mine plan
- Satellite deposit – Phoenix Zone

Location | De-risking Activities | Resource

Exploration Potential—Satellite Mineralization

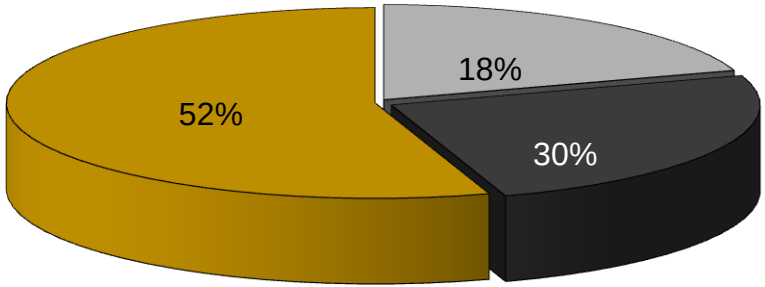


Phoenix Zone

- 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



Retail

Institutional (Eric Sprott 16%; Others 14%)

Management

Cash & Capital Structure

Net cash	$8m
Share issued & outstanding	327m
Warrants	73m
Options	7m
Market capitalization	$100m

Experienced Management & High Calibre Board

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

Board of Directors

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

Full biography at:
www.spanishmountaingold.com

Stay in touch…

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Appendices

PFS—Project Economics

		Gold Price (USD)						
Pre-tax Economics		**$1,200**	**$1,400**	**$1,600**	**$1,800**	**$2,000**	**$2,200**	**$2,400**
NPV(5%)	$M	$125	$487	$848	$1,209	$1,570	$1,932	$2,293
IRR	%	9%	18%	25%	31%	36%	42%	47%
Payback	Yrs	5.4	4.0	3.2	2.7	2.4	2.1	1.9
Cumulative Free Cashflow from Operations	**$M**	**$1,040**	**$1,583**	**$2,127**	**$2,670**	**$3,214**	**$3,758**	**$4,301**
Post-tax Economics								
NPV(5%)	$M	$129	$415	$655	$888	$1,119	$1,350	$1,580
IRR	%	9%	16%	22%	27%	31%	36%	39%
Payback	Yrs	5.5	4.0	3.3	2.8	2.5	2.2	2.0
Cumulative Free Cashflow from Operations	**$M**	**$1,041**	**$1,454**	**$1,797**	**$2,140**	**$2,484**	**$2,828**	**$3,173**

* PFS base case assumption

PFS—OpCost Profile

Unit Cost of Production

	Unit	CAD	USD
Mining	$/t mined	$2.22	$1.69
Mining	$/t milled	$10.80	$8.21
Processing	$/t milled	$6.58	$5.00
G&A	$/t milled	$1.36	$1.04
TSF	$/t milled	$0.17	$0.13
Water treatment	$/t milled	$0.47	$0.36
Total	**$/t milled**	**$19.38**	**$14.73**

Select Operational and Cost Metrics

	Unit	Yrs 1-6 Avg.	LOM Avg.	
Gold Grade	g/t	0.88	0.76	
Annual Gold Production	**Koz**	**183**	**150**	**(peak production 211Koz)**
Annual Silver Production	Koz	68	63	
Cash Cost /oz	US$	$602	$696	
All-in-sustainable Cost/oz	**US$**	**$707**	**$801**	
Total Cost/ oz	US$	$974	$1,068	

PFS—Initial Capex

	C$M	US$M
Overall Site	$26	$19
Open Pit Mining	$73	$56
Ore Handling	$34	$26
Process	$125	$95
Tailings and Water Management	$40	$30
Environmental Monitoring	$2	$2
On-site Infrastructures	$42	$32
Off-site Infrastructures	$64	$49
Water treatment Plant	$10	$7
TOTAL DIRECT COSTS	**$416**	**$316**
Project Indirects	$102	$77
Owner's Costs	$14	$10
Contingencies	$75	$57
TOTAL	**$607**	**$461**