

SPANISH MOUNTAIN GOLD LTD.

Management Discussion & Analysis

For the Period Ended September 30, 2021

Dated: November 26, 2021

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 September 30, 2021 and 2020 ("Financial Statements") as well as the audited consolidated financial statements of the Company for the years ended December 31, 2020 and 2019.

The accompanying Financial Statements and related notes are presented in accordance with International Financial Reporting Standards ("IFRS") and in accordance with International Accounting Standard 34, Interim Financial Reporting as issued by the International Accounting Standards Board ("IASB"). These Financial Statements, together with the following MD&A dated November 26, 2021 ("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.

These MD&A were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on November 26, 2021. The information contained within this MD&A is current to the same date.

OVERVIEW

The Company's September 30, 2021 Financial Statements reflect the financial position and results for the period ended including those for its wholly-owned subsidiary, Wildrose Resources Ltd. ("Wildrose"). All material inter-company transactions have been eliminated.

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. 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 immediate focus is to advance the development of the Main Zone Reserve, which is comprised of the higher grade/ near-surface portion of the Mineral Resource. The Company also expects to conduct strategic resource drilling in order to further expand its multi-million ounce Mineral Resource.

On May 11, 2021, the Company announced the results of a Pre-Feasibility Study (PFS) along with a Mineral Reserve estimate and an updated Mineral Resource estimate. 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. Additional details of the PFS are presented in the sections below. The NI 43-101 Technical Report for the PFS was filed on SEDAR on June 3, 2021 and is summarized in the sections below:

- Proven & Probable Mineral Reserves of 2.3 million ounces (Moz) of gold and 2.2 Moz of silver. Details of the tonnages and grades are presented under "Mineral Reserves" below.
- Measured & Indicated (M&I) Mineral Resources of 4.7 Moz of gold and 6.8 Moz of silver, an increase of 0.6 Moz of gold from previous estimates due to optimization and an increased gold price assumption. Details for the tonnages and grades for Mineral Resources are presented under "Mineral Resources" below.
- Life of mine (LOM) production of 2.1 Moz of gold and 0.9 Moz of silver over 14 years
- Average annual gold production: 183,000 oz (first 6 years) and 150,000 oz (LOM) with peak production of 210,000 oz in year 6
- Average all-in-sustaining cost (AISC) of production: US\$707 per oz (first 6 years) and US\$801 per oz (LOM)

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- Pre-tax project economics: NPV(5%) of \$848M, IRR of 25% and payback of construction capital in 3.2 years @ US\$1,600 gold (“Base Case”); NPV(5%) of \$1,209M, IRR of 31% and payback in 2.7 years @ US\$1,800 gold
- Post-tax project economics: NPV(5%) of \$655M, IRR of 22% and payback of construction capital in 3.3 years @ US\$1,600 gold; NPV(5%) of \$888M, IRR of 27% and payback in 2.8 years @ US\$1,800 gold
- Post-tax average annual free cashflow from operations: \$189M (first 6-yr) and \$128M (LOM) @ US\$1,600 gold; \$220M (first 6-yr) and \$153M (LOM) @ US\$1,800 gold
- Post-tax LOM cumulative tax free cashflow from operations : \$1,797M @US\$1,600 gold; \$2,140M @US\$1,800 gold
- An initial capital cost of \$607 million (US\$461 million), including a contingency of \$75 million

On July 6, 2021, the Company announced the assay results from the latest resource drilling program, which is comprised of 28 holes over 4,485 metres. The program tested four broad areas of the deposit in which there had been relatively limited drilling in the past. A majority of the drill holes were selected in the proximity of the previous resource pit boundary where management believes additional drilling may lead to increases in the strike lengths of the Mineral Resource. Notably, the assay results report long intercepts (up to 68.58 m in length) in all four tested areas with grades higher than the economic cut-off established in the latest resource estimate (published along with the PFS). Particularly encouraging are the results near the northern boundary of the resource pit where eight out of a total of nine drill holes return intercepts longer than 10 m with the farthest west drill hole reporting intercepts up to 32 m in length. It appears that this entire northern area of the deposit with a strike length over 1,000 m shows potential both along strike and at depth.

Given the lengthy and intricate processes for environmental assessment and permitting, the Company has prioritized certain activities for completion well ahead of the formal application in order to minimize potential delays or disruptions. The Company values the supports from its First Nations and surrounding communities and has a comprehensive engagement plan to reach out to the communities. An Engagement Protocol Agreement was signed in October 2021 with Xat’sùll First Nation following a management presentation about the proposed project to the Chief and Council and other members.

The Company has active field programs to support the ongoing environmental assessment/ permitting process and to further optimize the Project in a number of areas including metallurgical process, water management and treatment, environmental strategies and pit optimization in order to capture all potential benefits in a feasibility study in due course.

In accordance with the health and safety protocols mandated by the health authorities, company personnel have put in place various safety features and procedures that are strictly enforced by management on-site throughout the duration of the field program. The camp and the enhanced operating procedures have been inspected and approved by the provincial health agency. Management believes that the necessary precautions have been taken to safeguard the health of our employees, consultants and community members and to avoid potential interruptions to the field work. To date, there have been no cases of COVID-19 diagnosis and transmission throughout the Company’s field programs.

Morris Beattie retired as a director and Chairman from the Company’s Board of Directors effective June 30, 2021. Concurrently, W. Terry MacLean has been appointed as the Chairman. Darryl Steane and Larry Yau joined the Board of Directors effective October 1, 2021.

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 50 contiguous mineral claims and 6 placer claims and covers an area of approximately 10,000 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 of finely disseminated gold. 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. 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. Although the highest grades have come from coarse gold within quartz veins, disseminated gold within the argillite units is the most economically important type of mineralization. The area of gold enrichment has been traced for over 2 km, occurring in multiple stratigraphic horizons.

The Spanish Mountain gold deposit is classified as sediment-hosted vein (“SHV”) deposit, as it has many of the features common to these deposits, including some of the structural characteristics, regional extent of alteration, alteration mineralogy, mineralization style and gold grade.

The Company is focused on advancing the Project’s Mineral Reserve through environmental assessment/permitting, optimization and a feasibility study towards a construction decision. Concurrently, strategic drilling programs will be planned and executed in order to further expand the Project’s multi-million ounce Mineral Resource.

The following highlights the key recent developments in respect of the Spanish Mountain gold project:

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.

(a) Mineral Reserves

The Project’s Mineral Reserves, which are a subset of the M&I Mineral Resources, are based on the mine plan developed for the PFS. Mineral Reserves are estimated in accordance with the 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 September 30, 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 mineralisation geometry and continuity of mineralisation 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) Operations

The proposed mine is expected to be owner-operated using a conventional open-pit mining method 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 SAG mill and ball mill to produce a relatively coarse grind of 180 microns which is concentrated by gravity concentration and flotation to produce concentrates 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.

- Selected 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	

- Unit costs 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

(c) Project Economics & Sensitivities

For the purpose of presenting the Project's economics and investment returns, a constant LOM gold price of US\$1,600 per ounce and silver price of US\$24 per ounce are used as the base case with an exchange rate of C\$1=US\$0.76. The gold price assumption has the most significant impact on the Project's financial results.

The Project's financial metrics and their sensitivity to gold price are shown below. These metrics are widely used by the mining industry to evaluate mineral projects.

		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

		Gold Price (USD)						
Post-tax Economics		\$1,200	\$1,400	\$1,600	\$1,800	\$2,000	\$2,200	\$2,400
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

(d) Capital Expenditures

Project construction is expected to be completed over a period of approximately two years at a total cost of \$607M (US\$461M), including an allowance of \$75M for contingencies. The PFS assumes leasing of the mining fleet in order to reduce the upfront capital required. Although the PFS assumes an owner-operated mining fleet, the Company believes that the Project's proximity to contractors/suppliers makes contract mining a potentially compelling option providing another opportunity to further reduce the initial capital. The breakdown of initial capital expenditures by major category is as follows:

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Initial Capital	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	\$78
Owner's Costs	\$14	\$10
Contingencies	\$75	\$57
TOTAL	C\$607	US\$461

Sustaining capital expenditures required to support the ongoing production of gold and silver are estimated to be \$290M, to be incurred over the mine life of 14 years.

Following the standards required by NI 43-101, the PFS has been prepared on the basis of mining and processing of the Mineral Reserves as a standalone operation over the mine life of 14 years in accordance with environmental laws and industry's best practice. As such, closure costs totalling \$130M (net of salvage value of \$30M) have been included in the cashflow model reflecting a scenario under which the operations would cease after 14 years with the mine site then being reclaimed and restored based on current environmental regulations.

(e) 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. The Project's Mineral Resources, inclusive of the Mineral Reserves reported above, 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.

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.

(f) Technical Team

A NI 43-101 compliant Technical Report for the PFS has been filed on SEDAR under the profile of the Company. The PFS was coordinated and prepared by Moose Mountain Technical Services (MMTS) and the following team of Qualified Persons and independent consultants. Each consultant was responsible for the initial, sustaining and closure capital and operating cost estimate for their area of responsibility (with the exception of pHase Geochemistry who did not contribute any cost estimates to the study):

Company	Areas of Responsibility	Qualified Person
MMTS	Overall co-ordination of the report	Frank Grills., P.Eng.
MMTS	Mineral Reserves, Mining Methods, Economic Analysis	Marc Schulte, P,Eng.
Ausenco	Mineral Processing Recovery Methods and Site Infrastructure	Paul Staples, P.Eng.
Ginto Consulting Inc.	Mineral Resource Estimate	Marc Justras, P.Eng.
Discovery Consultants	Geology, Exploration, and Drilling	Bill Gilmour, P.Geo.
Linkan Engineering	Water Treatment	Sam Billin. P.Eng.
Knight Piésold Ltd.	Tailings, Water Management, Environmental, and Permitting	Les Galbraith, P.Eng.
MCA Engineering	Power Supply	Malcolm Cameron, P.Eng
pHase Geochemistry	Geochemical Characterization	Andrea Samuels, P. Geo.
BGC Engineering	Geotechnical and Hydrogeological	
PricewaterhouseCoopers	Tax Model Review	

Current and Recent Activities

In addition to preparing the PFS, the Company completed a summer field program in 2020 and winter program in early 2021. These programs comprised a series of geotechnical drill holes and test pits that had developed additional data to support the design of the proposed project infrastructure.

As a part of the 2020 field program, the Company began a drilling campaign designed to further expand the Project's multimillion ounce gold resource. A total of 28 exploration drill holes covering approximately 4,500 metres were completed and the assay results were announced in July 2021.

The Company has active field programs to support the ongoing environmental assessment/ permitting process and to further optimize the Project in a number of areas including metallurgical process, water management and treatment, environmental strategies and pit optimization in order to capture all potential benefits in a feasibility study in due course.

Future Opportunities: Remaining Resource Ounces and Phoenix Zone

The Company's current project strategy is intended to fast-track the Project towards a construction decision within a compressed timeline. The proposed operations as presented under the PFS represent the mining and processing of the Mineral Reserve, which comprises approximately 50% of the measured and indicated ounces of the Project's Mineral Resource. The Company believes that certain gold ounces within the total resource, while not included in the PFS, may potentially deliver additional value over time as they could be conceptually processed using the infrastructure, equipment and labour put in place as a result of the development of proposed operations. However, there is no assurance that all or any part of these ounces will be incorporated in a future mine plan.

The Phoenix Zone was discovered in 2011 by the Company and is located less than two kilometres from the proposed open pit delineated within the Main Zone of the Project. Exploration drilling to date has indicated a northwest trend to the mineralization along a 3,500m long corridor, more than three times the strike length of the Main Zone. This broad trend of gold mineralization is not primarily associated with argillite as at the Main Zone. The trend remains open and untested to the northwest and southeast. Preliminary metallurgical test work has shown that core samples from this area are amenable to the same gold recovery process as has been developed for the Main Zone.

AGREEMENTS WITH FIRST NATIONS

The Company has executed Protocol Agreements with Williams Lake First Nation in March 2011 and Xat'sül First Nation in March 2012; and a Cooperation Agreement with Lhtako Dene Nation in September 2012. These agreements address issues in relation to the potential development of the Spanish Mountain gold project.

Under the agreements, the Company recognizes and respects the First Nations groups' asserted aboriginal rights and title in the area of the Spanish Mountain gold project and the First Nation groups recognize and respect the Company's rights and interests in the exploration and development of the Company's properties. They also reflect commitments by the parties for continued engagement in a respectful and collaborative manner.

As part of the ongoing engagement process, management presented to the Chief and Council of Xat'sül First Nation on October 14, 2021 the Company's plans for the proposed development of the Project's resource and the comprehensive strategy to manage and mitigate the potential environmental impacts. Management also addressed various concerns raised by the leadership team of XFN regarding the proposed construction, operations and closure of a gold mine in their traditional territory. The meeting was immediately followed by the execution of the Agreement for Engagement Protocol with Xat'sül First Nation. The signing of the agreement by XFN and the Company marks the completion of the first phase of a two-phase process to negotiate a comprehensive Relationship Agreement between the parties. The second phase negotiations will proceed immediately and are set to be completed within 90 days based on the timeline established by the agreement. Once completed, the comprehensive Relationship Agreement will guide the relationship between XFN and the Company and the participation of XFN in the Project as the Company advances the Project through the environmental assessment/permitting process and later through the construction, operation, and closure of the mining project.

ENVIRONMENTAL ASSESSMENT AND PERMITTING PROCESS

The Company resumed the environmental assessment process in early 2021 and will build on significant activities initiated since 2011, which includes extensive data gathering, baseline environmental studies as well as consultations with First Nations and surrounding communities. Updated environmental data are being gathered and compiled on an ongoing basis. The Company expects to continue extensive field work for the foreseeable future and to make formal submissions with the environmental assessment agencies as required.

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For further details on the Environmental Assessment and Permitting processes, please refer to the websites listed below:

	Website
British Columbia Environmental Assessment Office	www.eao.gov.bc.ca
Canadian Environmental Assessment Agency	www.canada.ca/en/environmental-assessment-agency
Government of Canada Major Projects Management Office	www.mpmo-bggp.gc.ca

A comprehensive archeological impact assessment (completed in 2017 and 2018) concluded that no further archaeological work is recommended prior to any project activities within certain project areas where future mining infrastructure has been proposed.

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 \$
September 30, 2021	Nil	(173,787)	(113,347)	(0.00)
June 30, 2021	Nil	(363,032)	(320,522)	(0.00)
March 31, 2021	Nil	(370,271)	(326,636)	(0.00)
December 31, 2020	Nil	(485,996)	(471,531)	(0.00)
September 30, 2020	Nil	(159,057)	(49,355)	(0.00)
June 30, 2020	Nil	(82,451)	(73,050)	(0.00)
March 31, 2020	Nil	(195,540)	(152,929)	(0.00)
December 31, 2019	Nil	(222,081)	(321,825)	(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. Additionally, certain tax items such as the British Columbia Mining Exploration Tax Credit (“BC METC”) tend to be processed and recognized during the third 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 September 30, 2021 compared to three months ended September 30, 2020

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 September 30, 2021, G&A expenses increased by \$14,730 when compared with the same period in the previous year (2021 - \$173,787 vs. 2020 - \$159,057). The prior period’s results reflect measures taken by management to conserve cash in response to business uncertainty caused by the pandemic. Salary and wages increased by \$24,046 (2021 - \$85,820 vs. 2020 - \$61,774) as staff wages were voluntarily suspended during the prior period. Office and administrative expenditures increased by \$34,509 over the prior year (2021 - \$38,781 vs. 2020 - \$4,272) as the sublease arrangement for the Company’s office premises expired in November 2020 resulting a net monthly increase of

approximately \$10,000 in the associated cost thereafter. In addition, a Director charged directors' fees totalling \$6,625 (2020- Nil). Share-based payment compensation ("SBC") decreased by \$19,946 (2021 – (\$5,901) vs. 2020 - \$14,045) reflecting the forfeiture of stock options during the current quarter resulting in a reversal of previous SBC expenses. SBC are a non-cash, estimated expense related to stock options granted by the Company.

For the three months ended September 30, 2021, the Company's recorded a deferred income tax recovery of \$47,076 (2020 - \$96,808). The current period's net loss reflects an increase of non-deductible expenses totaling \$140,000, which does not impact the provision for tax recovery. 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 September 30, 2021 the Company incurred gross expenditures of \$1,038,012 on its mineral properties, before recoverable tax credits and impairment loss. The increased spending reflects accelerated project activities which began during the summer of 2020. The most significant expenditures this quarter was \$587,377 for environmental assessment, \$252,370 for staff wages, geological and engineering consulting fees, and \$126,528 for geochemical assaying. Exploration and project activity expenditures are capitalized in accordance with the Company's accounting policies.

Nine months ended September 30, 2021 compared to nine months ended September 30, 2020

G&A expenses for the nine months ended September 30, 2021 increased by \$520,941 compared to the same period in the previous year (2021 - \$957,990 vs. 2020 – \$437,049). The increase is primarily due to an increase in SBC by \$250,656 (2021 – \$322,118 vs. 2020 - \$71,462) reflecting the amortization of costs associated with previous stock option grants. As mentioned, the prior period's results reflect measures taken by management to conserve cash in response to the business certainty caused by the pandemic. Specifically, salaries and wages were voluntarily suspended during the prior period. As a result, these costs comparatively show an increase of \$122,766 (2021 - \$277,518 vs. 2020 - \$154,752) in the current year. Office and administrative expense increased during the current period by \$104,324 (2021 - \$111,434 vs. 2020 - \$7,110) due to directors' fees of \$8,125 and a net monthly increase of approximately \$10,000 in rental expenses following the termination of a sublease arrangement of the office premises in November 2020.

For the nine months ended September 30, 2021, the Company recorded a deferred income tax recovery of \$133,221 compared to \$150,103 (a decrease of \$16,882) for the same period in the prior year reflecting the impact of the timing difference resulting from higher share issue costs in spite of lower operating losses during the prior period. Tax recoveries are primarily generated for taxable losses incurred during the period reflecting the potential benefits of offsetting future taxable income.

During the nine months ended September 30, 2021 the Company expended \$4,092,781 on its mineral properties. Significant expenditures this period were related to the 2021 winter geotechnical drilling program which began during the first quarter of 2021 and baseline studies related to the environmental assessment process. Expenditures comprise of the following \$1,611,301 activities related to the environmental assessment process, \$940,968 for staff wages, geological and engineering consulting fees, and \$474,456 for geochemical assaying. Other significant expenditures includes \$114,310 related to utilities and the ongoing maintenance of the Company's exploration camp located near Likely, BC.

LIQUIDITY AND CAPITAL RESOURCES

At September 30, 2021 the Company has a working capital of \$6,405,007 (December 31, 2020 - \$10,231,130) and \$7,271,990 (December 31, 2020 - \$11,545,862) in cash, cash equivalents and short-term investments.

During the period ended September 30, 2021 the company issued 2,150,000 common shares from the exercise of stock purchase options ranging in prices from \$0.08 to \$0.16 for gross proceeds of \$312,000 and issued 3,860,000 common shares for the exercise of share purchase warrants ranging in price from \$0.12 to \$0.15 for gross proceeds of \$465,000.

Spanish Mountain Gold Ltd.
MD&A for the period ended September 30, 2021

During the year ended December 31, 2020 the Company completed three non-brokered private placements, further details below, and issued 68,571,427 common share units for aggregate gross cash proceeds of \$14,000,000.

On July 13, 2020 the Company completed a non-brokered private placement and issued 40,000,000 common share units for gross proceeds of \$4,000,000. Each unit consisted of one common share of the Company and one common share purchase warrant. Each warrant entitles its holder to purchase one common share at a price of \$0.15 per share expiring July 13, 2022. Cash share issue costs of \$120,002 were incurred.

On July 27, 2020 the Company completed a non-brokered private placement and issued 16,666,666 common share units for gross proceeds of \$5,000,000. Each unit consisted of one common share of the Company and one common share purchase warrant. Each warrant entitles its holder to purchase one common share at a price of \$0.45 per share expiring July 24, 2022. Cash share issue costs of \$42,211 were incurred.

On August 6, 2020 the Company completed a non-brokered private placement and issued 11,904,761 common share units for gross proceeds of \$5,000,000. Each unit consisted of one common share of the Company and one common share purchase warrant. Each warrant entitles its holder to purchase one common share at a price of \$0.60 per share expiring August 5, 2022. Cash share issue costs of \$36,478 were incurred.

During the year ended December 31, 2020 the Company received a refund of \$241,615 for BC METC related to previously filed claims attributable to qualified project expenditures.

The Company believes that its current cash balance is sufficient to fund its operations for the 2021 fiscal year. On a case by case basis, the Company may explore financing opportunities including those involving stock or flow-through shares. The Company is also exploring non-equity financing arrangements as potential sources of funding.

Currently, the Company's budgeted non-project expenditures are approximately \$60,000 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.

TRANSACTIONS WITH RELATED PARTIES

Compensation of key management personnel for the period ended September 30, 2021 increased by \$489,902 compared with the prior year (2021 - \$799,906 vs. 2020 - \$310,004). This is primarily due to an increase in SBC of \$324,000 (2021 - \$395,002 vs. 2020 - \$71,002) as the Company granted stock options in the fourth quarter of 2020. 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. Consulting fees, related to increased project activity over the prior year, increased by \$45,574 (2021 - \$139,417 vs. 2020 - \$93,843) while salary and wages were restored to their normal levels resulting in an increase of \$112,113 over the prior year (2021 - \$257,272 vs. 2020 - \$145,159).

At September 30, 2021 accounts payable and accrued liabilities owed to related parties totaled \$300,571 (December 31, 2020 - \$317,112).

The Company does not have current employment or consulting contracts with any of the executive officers stipulating termination benefits in the event of a change of control in the Company's ownership. No termination benefits were paid to any key management personnel during the period ended September 30, 2021 and 2020. The Company has no material post-employment benefits and other long-term employee benefits that are contractually stipulated but will be subject to the applications of employment legislations or potential litigations.

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 and loan payable 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, cash equivalents and short term investments. The Company manages credit risk, in respect of cash, 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, cash equivalents and short term investments as a majority of amounts are held at a single major Canadian financial institution.

The Company maintains an outstanding balance on its trade accounts receivable and is an additional source of credit risk as the balance of the account is for its sub-tenant who leased a portion of the Company's office premise. At September 30, 2021 the Company maintains a provision of \$239,741 for doubtful accounts related to past due rent payments.

(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 September 30, 2021, the Company had cash and cash equivalents in the amount of \$7,271,990. Current liabilities of \$955,745 comprise of accounts payable, accrued liabilities and current portion of lease liability and have contractual maturities within 12 months.

(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, 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 September 30, 2021.

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 September 30, 2021 and the Report Date:

	At September 30, 2021	Exercise	At Report Date
Common shares	333,624,051	350,000	333,974,051
Stock options	7,325,000	Nil	7,325,000
Warrants	68,311,427	(350,000)	67,961,427
Fully Diluted shares outstanding	409,260,478	Nil	409,260,478

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 September 30, 2021.

COMMITMENTS

In February 2017 the Company signed an Extension Agreement to renew the lease of its office premises. The agreement commenced June 1, 2017 and will expire May 31, 2022. The total lease payment pursuant to the agreement is \$730,678 (including estimated operating expenses of \$342,622). Concurrently, the Company renewed an agreement to sublease a portion of its office premises to a third party sub-tenant. The agreement commenced June 1, 2017 and expired May 31, 2020 and had an option to extend until May 31, 2022. The rental recovery is expected to be \$272,902 (including estimated operating expenses of \$139,531). The sub-tenant elected to terminate the sublease arrangement effective November 1, 2020.

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 September 30, 2021, 350,000 share purchase warrants with an exercise price of \$0.15 and were exercised resulting in an issuance of 350,000 common shares.

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.

The Company has no significant source of operating cash flow and no revenues from operations. None of the Company's mineral properties currently have reserves. The Company has limited financial resources. Substantial expenditures are required to be made by the Company to establish ore reserves.

The property interests owned by the Company, or in which it has an option to earn an interest are in the exploration stages only, are without known bodies of commercial mineralization 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 any discoveries of commercial bodies of mineralization. If the Company's efforts do not result in any discovery of commercial mineralization, the Company will be forced to look for other exploration projects or cease operations.

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 September 30, 2021, and 2020 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.

As of the report date 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 minimal impact on the Company's exploration and business operating activities. Although it is not possible to reliably estimate the length or severity of these developments and their financial impact to the date of approval of these Financial Statements, there may be further significantly adverse impact 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.