

# Spanish Mountain GOLD



FOCUSED ON ADDING VALUE

De-risk + Optimize

March 2022



# 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.

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.

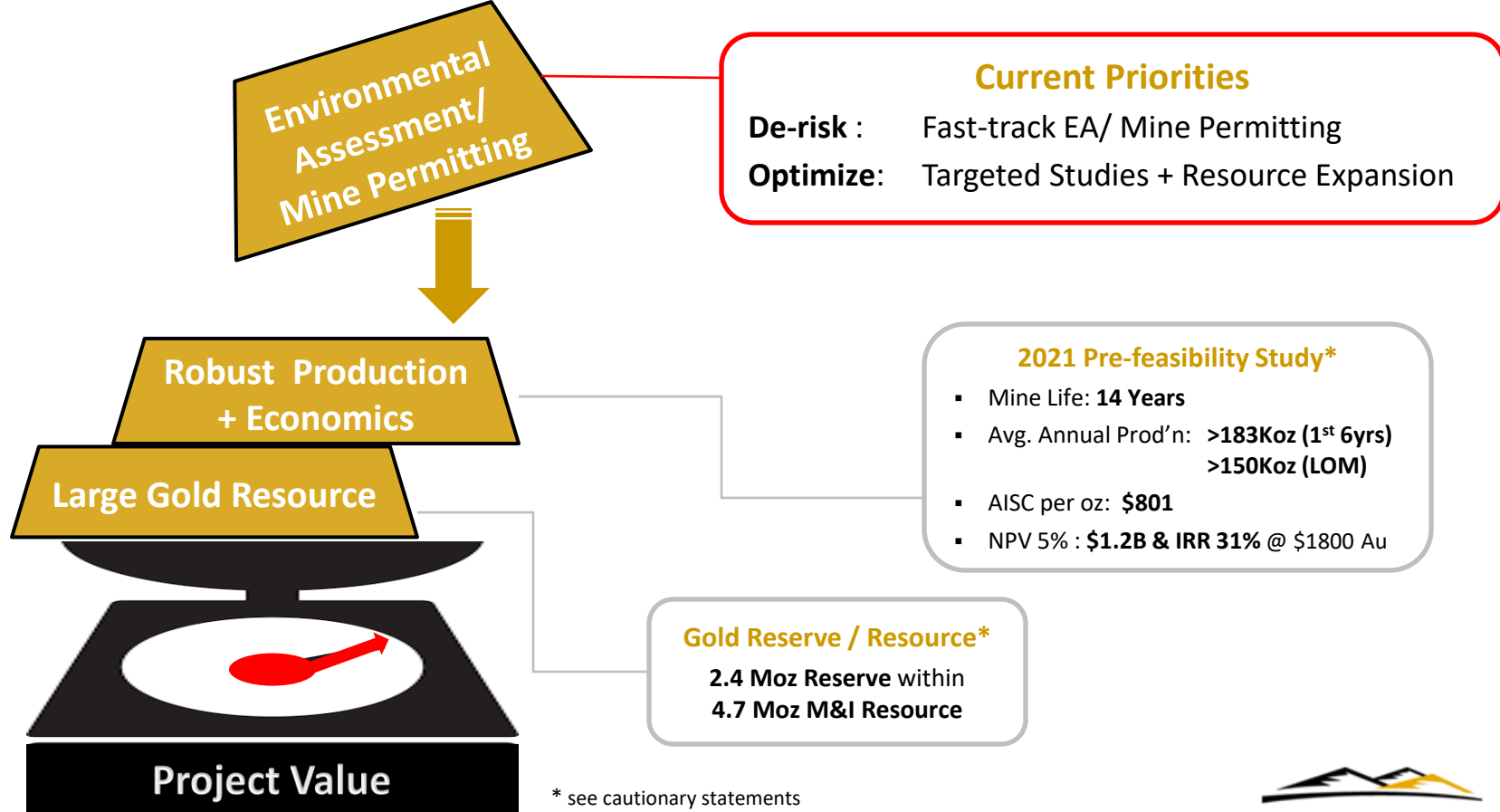
International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board, are recognized standards for financial reporting in Canada and most jurisdictions. The Company provided certain non-IFRS performance figures for the Project based on guidance issued by the World 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.



# Clear Strategy to Add Value



# Highlights

## Project

- Excellent access & infrastructure in a top-tier mining jurisdiction (British Columbia, Canada)
  - Advancing multi-million oz. gold Reserve through critical milestones towards permits and production
  - Robust economics shown in Pre-Feasibility Study (2021)
- 

## Reserve/ Resource

- Large & growing resource with ongoing drilling campaign



# Environmental, Social & Governance

## Project Attributes

### Renewable Power

- Connectivity to **hydroelectric power** / lower greenhouse gas emissions

### Efficiency

- Low power & reagent requirements & **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** / local socioeconomic development

## Management Approach

### Employment Practice

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

### Indigenous Nations & Communities

- **Decade-long engagement** with all three involved Nations / Life-of-mine agreements underway
- **Community open houses** commenced a decade ago

### Prioritize ESG

- Direct and hands-on involvement of senior management in **social engagement**
- Appointment of a senior executive to exclusively focus on **sustainability and indigenous affairs**



# Current Priorities

## 1. De-risk



## 2. Optimize

- Deliver project milestones within compressed timeline

- Fast-track Environmental Assessment/ Permitting activities
- Completed Pre-Feasibility Study in Q2 2021
- **Near-term Deliverables:** EA & permitting; feasibility study

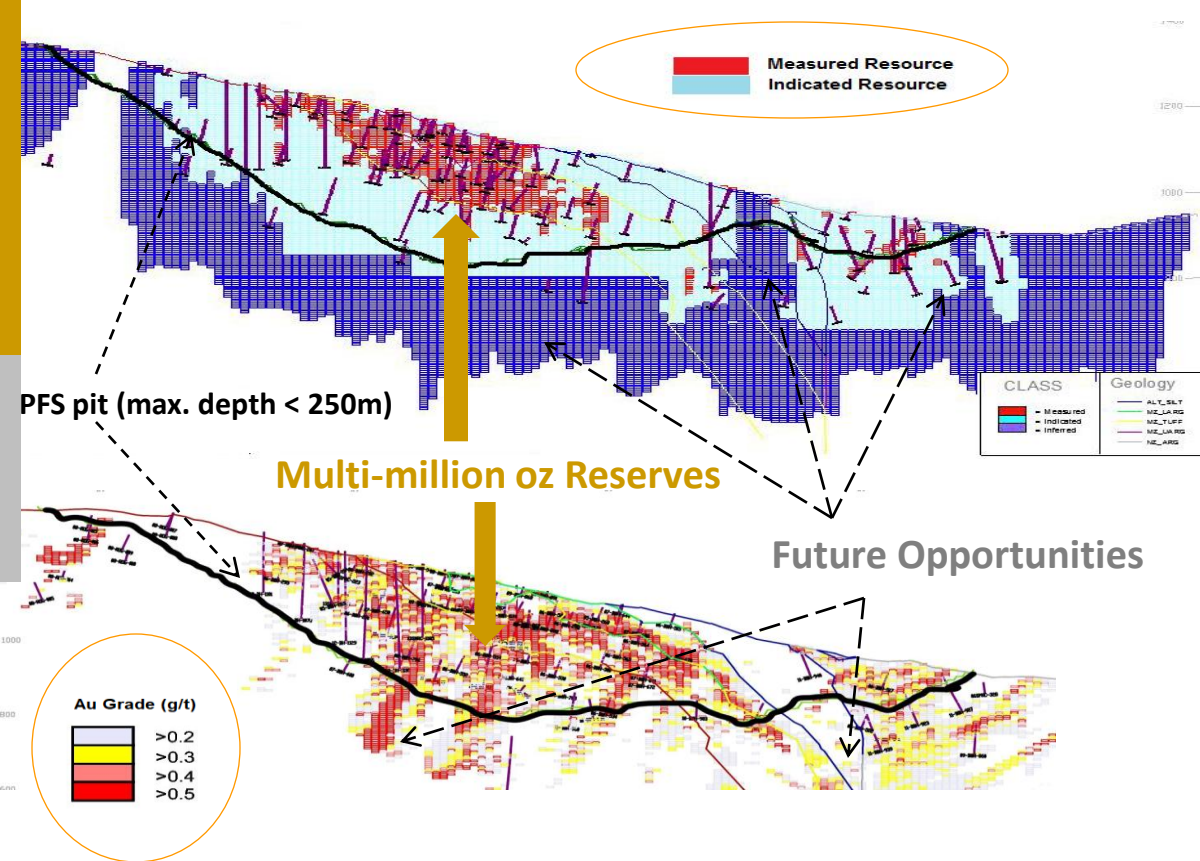
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- Enhance project economics & resource

- Ongoing targeted trade-off studies to add value
- Resource expansion: demonstrated potentials at depth and along strikes
- **Near-term Deliverables:** multiple studies ahead of F/S; additional drilling programs; resource estimate update



# Robust PFS Mine Plan with Built-in Upside



## Reserve

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

## Mill Feed Profile

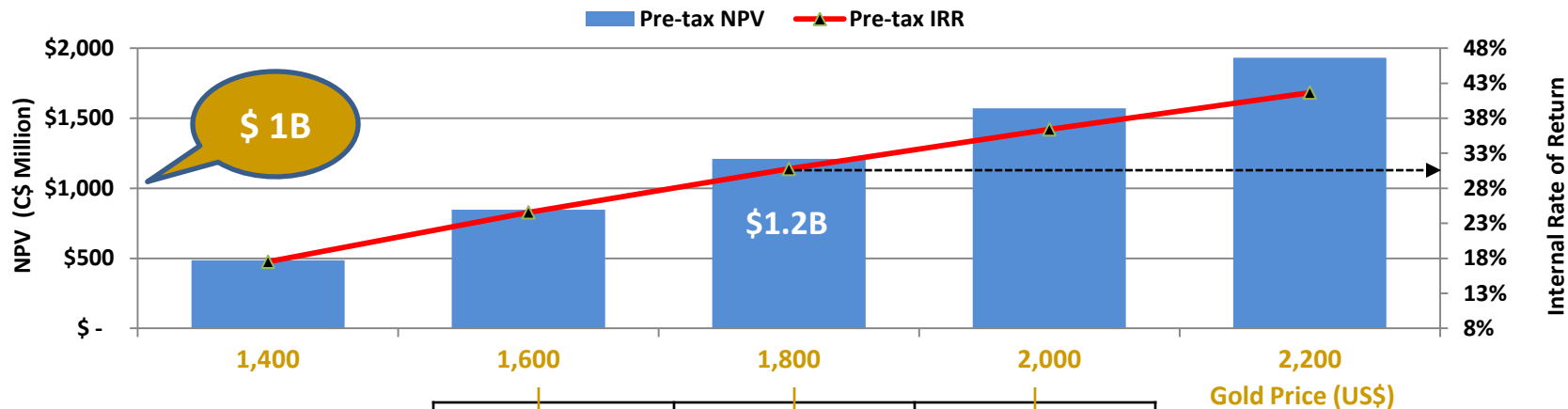
- Total feed: 96m tonnes
- Avg. Au grade: **0.76 g/t (0.88 g/t first 6-yrs)**
- Total contained gold: **2.34 Moz**

## Proposed Mine Profile

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



# PFS Economics



## Gold Price Scenario

Pre-tax

NPV@5%

C\$mm

IRR

%

Payback of Initial Capex

Years

Post-tax Free Cashflow from Operations (LOM)

C\$mm

“Base Case”

“Spot Case”

“Forward Case”

\$848

\$1,209

\$1,570

25

31

36

3.2

2.7

2.4

\$2,127

\$2,670

\$3,214





# Key Profitability Driver: low input costs



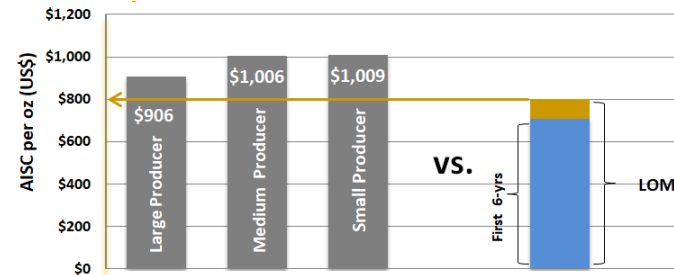
## Access & Infrastructure

- < 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

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

## Lower-than-average AISC per oz



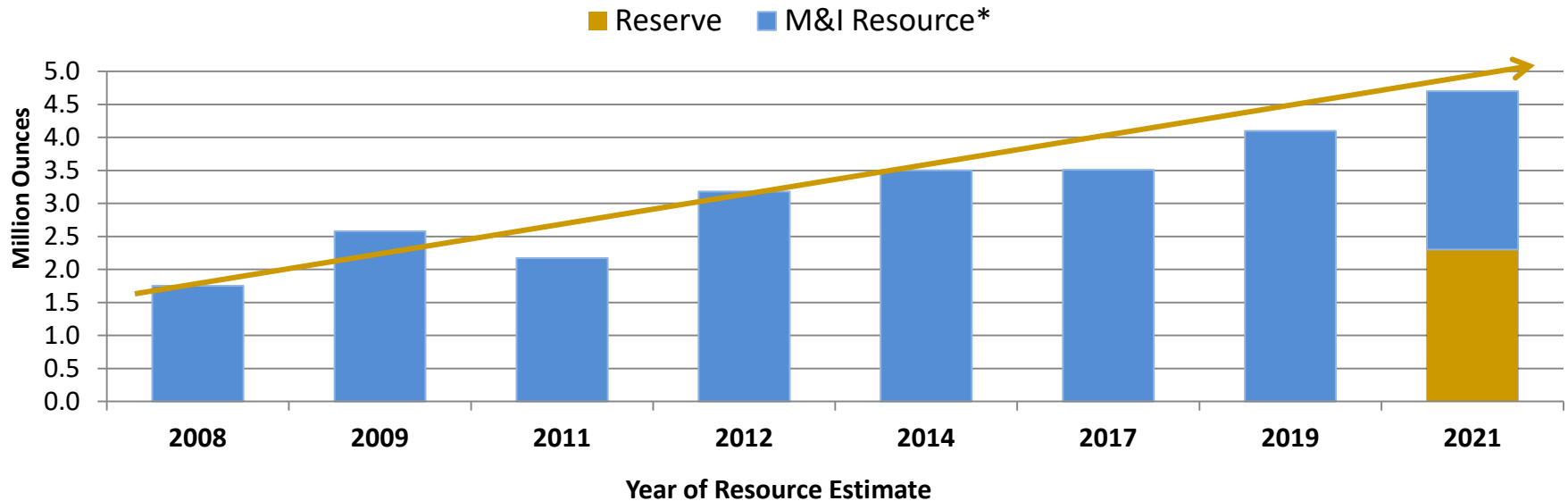
Source: CIBC World Markets/ 2020 actual AISC per Au ounce

Spanish Mountain



# Resource: Large & Growing

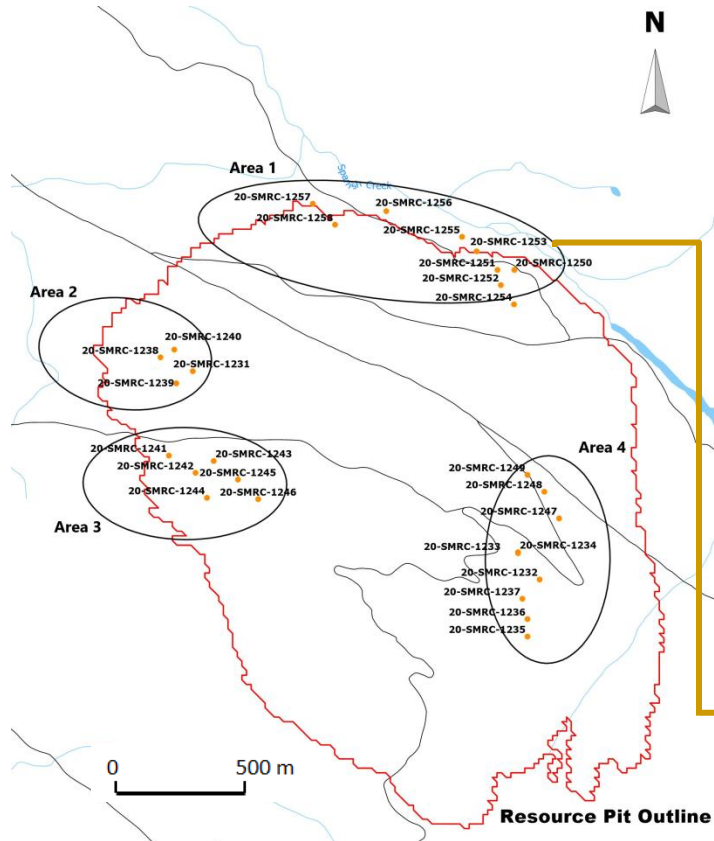
To continue track record of resource expansion



\* at economic cut-off grade



# Resource: Multiple Targets for Growth



## Strategy/ Approach

- Tested 4 broad areas in resource with limited historic drilling
- Potential to **expand resource along strike & at depth**

## Key Findings

- **Long intercepts (up to 69m) reported in all 4 tested areas at above economic cut-off grade**
- 13.72m grading 1.04 g/t, including 3.05m grading 2.10 g/t in hole 20SMRC-1256
- 21.34m grading 0.54 g/t, including 10.67m grading 0.82 g/t in hole 20SMRC-1253
- 50.29m grading 0.41 g/t, including 1.52m grading 3.68g/t in hole 20SMRC-1233

## Significant Potential: Area 1

- **8 of a total of 9 drill holes** return intercepts longer than 10m (up to 32m)
- **Entire northern resource pit boundary** (with strike length > 1 km) shows potential both along strike & at depth



# Track our Progress

## Ambitious Targets for Environmental Assessment

## Value-added Activities for Project Optimization

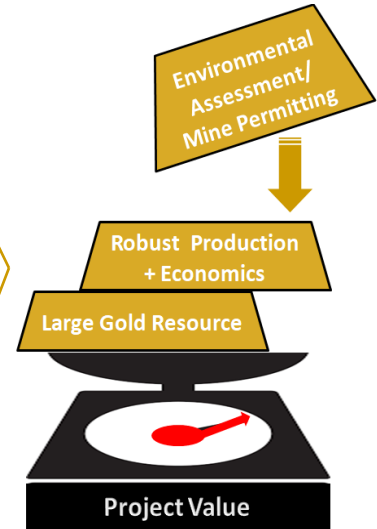
	2022			
	Q1	Q2	Q3	Q4
▪ Submission of Initial Project Description	<input checked="" type="checkbox"/>			
▪ Submission of Detailed Project Description			<input type="checkbox"/>	
▪ Signing of Life-of-Mine Relationship Agreement with all three First Nations			<input type="checkbox"/>	
▪ Launching Community Open Houses/ Consultations			<input type="checkbox"/>	
<hr/>				
▪ Site-wide Water Balance			<input type="checkbox"/>	
▪ Water Management & Treatment				<input type="checkbox"/>
▪ Alternate Route for Power Line		<input type="checkbox"/>		
▪ Metallurgical Testwork (Phase 2)			<input type="checkbox"/>	



# Project with a Strategy to Deliver

## Project—“*ticking all the boxes*”

- |   |  |
|---|--|
| <ul style="list-style-type: none"><li>☑ <b>Jurisdiction/ Location</b></li><li>☑ <b>Large Reserve/Resource</b></li><li>☑ <b>Accelerated Timeline</b></li><li>☑ <b>Modest Initial Capex*</b></li><li>☑ <b>Simple Metallurgy*</b></li><li>☑ <b>Low OpCost*</b></li><li>☑ <b>Long Mine Life*</b></li><li>☑ <b>Robust Production*</b></li><li>☑ <b>Strong Economics*</b></li></ul> | <ul style="list-style-type: none"><li>• Mining friendly/ excellent access &amp; infrastructure</li><li>• <b>2.3 Moz P&amp;P Reserves / 4.6 Moz M&amp;I Resource</b> &amp; growing + Inferred</li><li>• <b>Building on detailed work performed over a decade</b> (environmental baseline; metallurgical; archaeological clearance)</li><li>• Prioritize Main Zone reserve for development/ <b>optimal balance of cost &amp; benefits</b></li><li>• Conventional flowsheet &amp; low cost milling / <b>90% Au Recovery to Doré</b></li><li>• <b>AISC \$801</b> per oz : excellent Infrastructure &amp; access + hydro grid-power &amp; more</li><li>• <b>14 years</b> (Main Zone Reserve alone)</li><li>• &gt; Avg <b>150Koz</b> per year (&gt;180Koz first 6-yrs/ peak production 210Koz)</li><li>• <b>NPV \$848M &amp; IRR 25%</b> @ \$1600 Au/ <b><u>NPV \$1.2B &amp; IRR 31%</u></b> @ \$1800 Au</li></ul> |
|---|--|



\* 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-yr)  
>150 K oz (LOM)**

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



TSX-V: SPA | OTC: SPAZF

# Project Details...

Location

De-risking Activities

Reserve/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 Acquisitions (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**
- 60% of Snip Project by Hochschild for **C\$115 M**
- Pretium Resources by Newcrest Mining for **C\$3.5 B**

## 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

Reserve/ 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

Location

De-risking Activities

Reserve/ Resource



# 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

Reserve/ Resource



# De-risk & Optimize 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
- Continue to optimize project prior to Feasibility Study

### Shorten Development Timeline

- Focused on advancing Main Zone reserve under PFS mine plan/ upgrading of Inferred resource 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

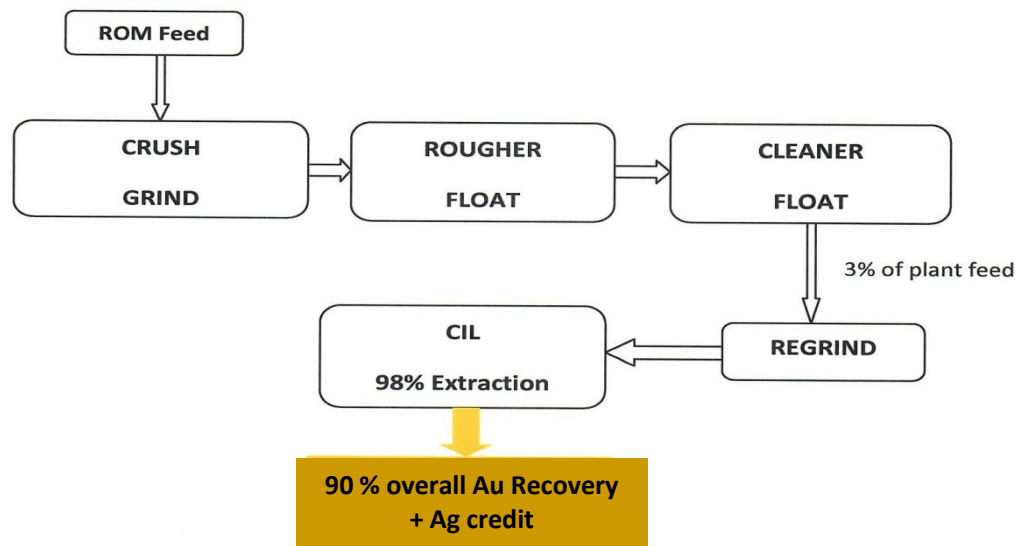
Location

De-risking Activities

Reserve/ 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%**



# Environmental & Permitting

## Community Engagement

- Ongoing engagements with all three Indigenous Nations began 2010
- Long-standing practice of sourcing employees from Indigenous Nations and local communities
- **Near-term Deliverables:** Life-of-Mine Relationship Agreement with all three Nations

## Environmental Data

- Archaeological clearance obtained for critical project areas
- Continuing work on environmental baseline studies (initiated in 2009)
- Ongoing aquatic and terrestrial surveys
- Site-wide water balance and water quality models being developed

## Environmental Assessment/ Permitting

- Environmental assessment process resumed in 2021
- **Near-term Deliverables:** submit Initial Project Description and Detailed Project Description in 2022

Location

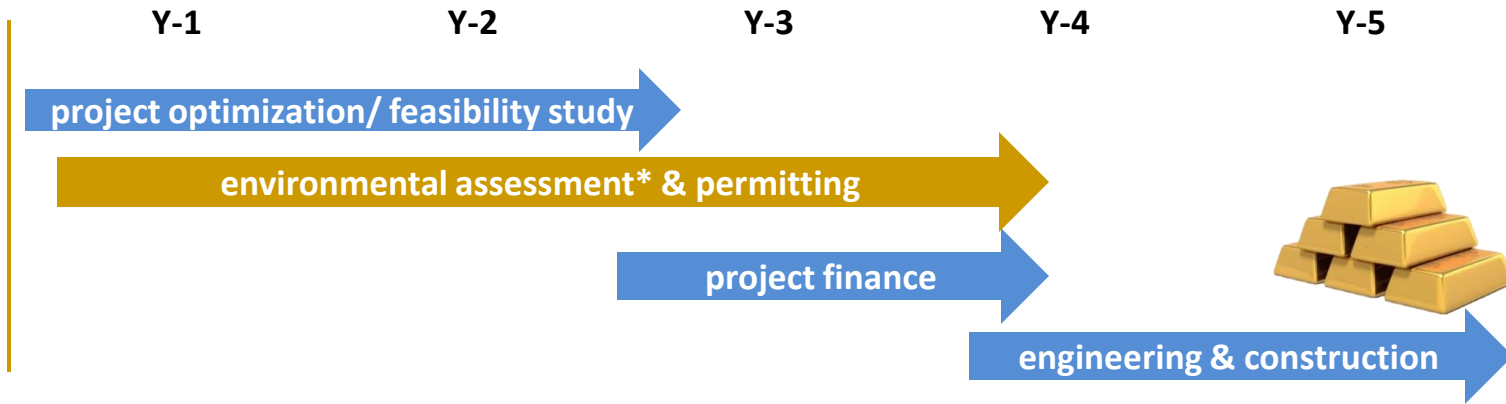
De-risking Activities

Reserve/ Resource



# Moving Forward...

## Major Project Milestones



\* Key driver of timeline

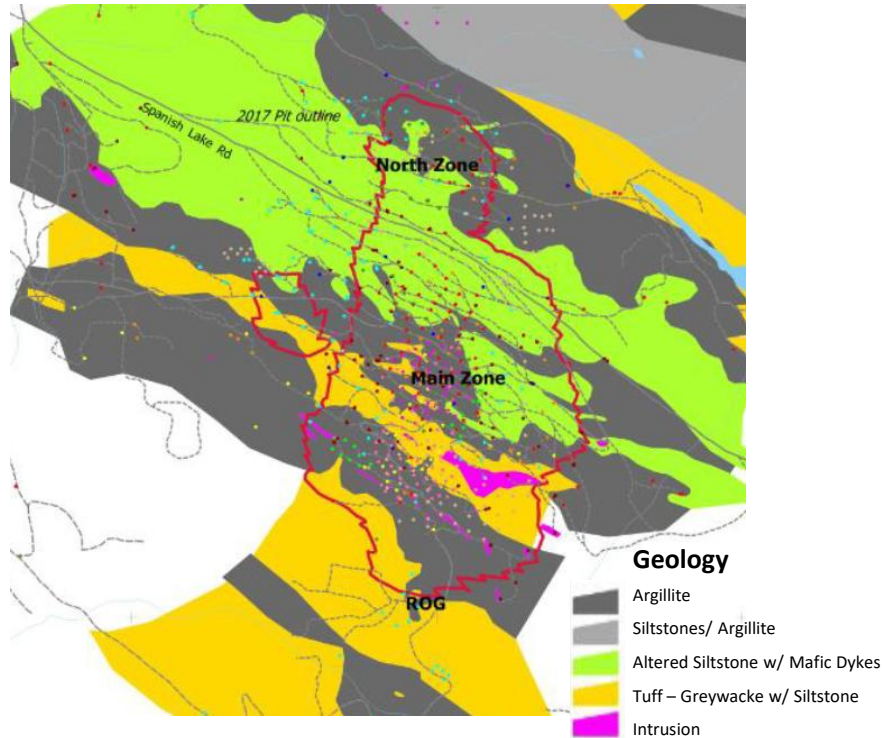
Location

De-risking Activities

Reserve/ 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** along trend

Location

De-risking Activities

Reserve/ Resource



# 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
<b>Total P&amp;P Reserve</b>	<b>95.9</b>	<b>0.76</b>	<b>2.34</b>	<b>0.71</b>	<b>2.18</b>

\* Delineated in 2021 PFS. See cautionary statements

Location

De-risking Activities

Reserve/ Resource





# Total 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

Reserve/ Resource



# 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
<b>M&amp;I Total</b>	<b>294</b>	<b>0.50</b>	<b>4.7</b>	<b>0.72</b>	<b>6.8</b>
Inferred	18	0.63	0.4	0.76	0.4

\* See cautionary statements

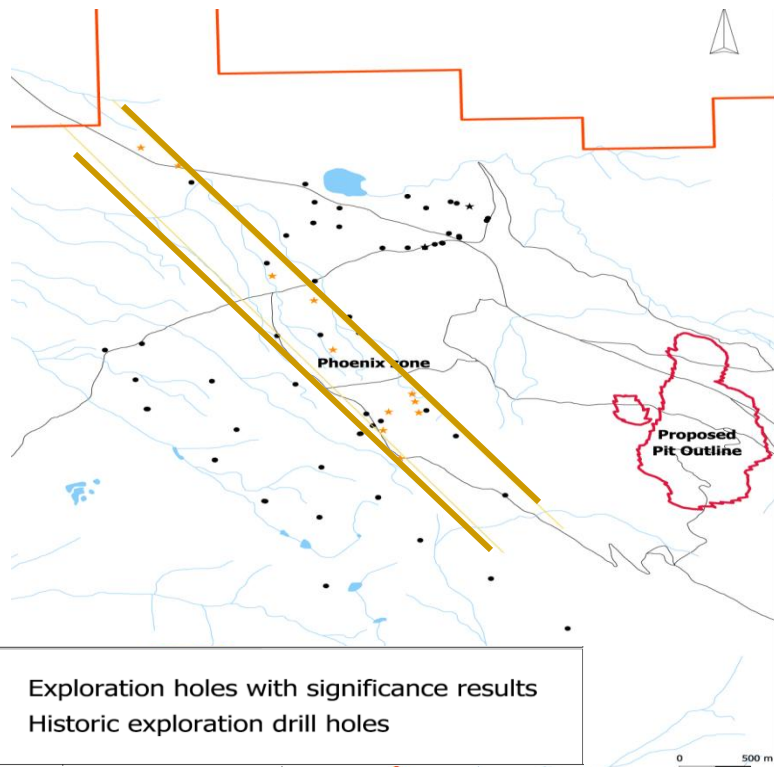
Location

De-risking Activities

Reserve/ 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

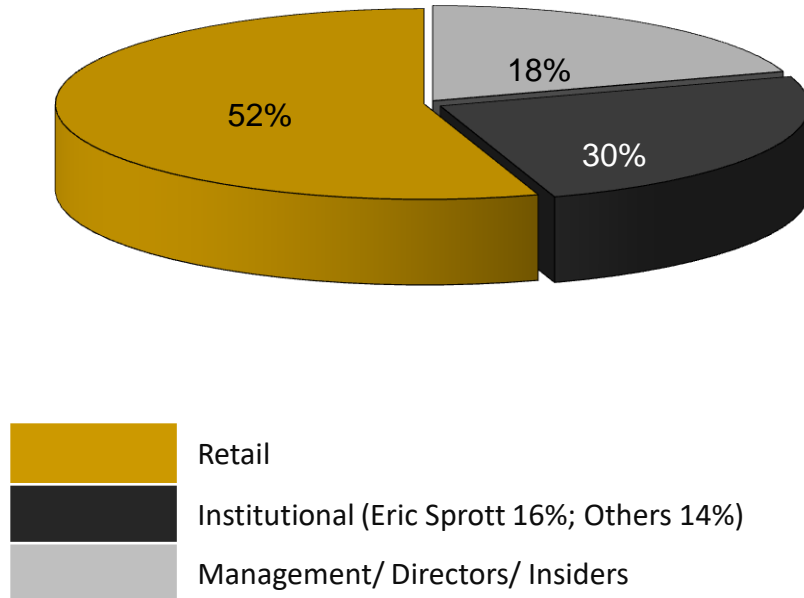
Location

De-risking Activities

Reserve/ Resource



# Capital Structure



## Cash & Capital Structure

Net cash	\$6m
Share issued & outstanding	328m
Warrants	68m
Options	9m
Market capitalization	\$80m



# Experienced Management & 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

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

## Board of Directors

Don Cox	investment strategist	>40 yrs
Christopher Lattanzi	mining consulting	>40 yrs
Larry Yau	M&A, finance	>30 yrs



# Stay in touch...

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



# Appendices



# PFS—Project Economics

<u>Pre-tax Economics</u>			Gold Price (USD)						
			\$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
<u>Post-tax Economics</u>									
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
<b>Total</b>	<b>\$/t milled</b>	<b>\$19.38</b>	<b>\$14.73</b>

## Select Operational and Cost Metrics

	Unit	Yrs 1-6 Avg.	LOM Avg.	
Gold Grade	g/t	0.88	0.76	
<b>Annual Gold Production</b>	<b>Koz</b>	<b>183</b>	<b>150</b>	(peak production 211Koz)
Annual Silver Production	Koz	68	63	
Cash Cost /oz	US\$	\$602	\$696	
<b>All-in-sustainable Cost/oz</b>	<b>US\$</b>	<b>\$707</b>	<b>\$801</b>	
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
<b>TOTAL DIRECT COSTS</b>	<b>\$416</b>	<b>\$316</b>
Project Indirects	\$102	\$77
Owner's Costs	\$14	\$10
Contingencies	\$75	\$57
<b>TOTAL</b>	<b>\$607</b>	<b>\$461</b>

