SPANISH MOUNTAIN GOLD LTD.

Management Discussion and Analysis

For the three and six months ended June 30, 2024 and 2023

(Expressed in Canadian dollars)

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") and its subsidiary. This MD&A should be read in conjunction with the unaudited consolidated interim financial statements, including the notes thereto, for the three and six months ended June 30, 2024 and 2023 ("Financial Statements").

The Financial Statements have been prepared by management in accordance with International Financial Reporting Standards ("IFRS Accounting Standards") as issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee, including International Accounting Standards ("IAS") 34 *Interim Financial Reporting*. In addition, the MD&A should be read in conjunction with the audited consolidated financial statements for the years ended December 31, 2023 and 2022 (the "Annual Financial Statements"), as some disclosures from the Annual Financial Statements have been condensed or omitted. Unless otherwise stated, all amounts are presented in Canadian dollars which is also the functional currency of the Company and its subsidiary. References to US$ are to United States dollars. Other information contained in this document has been prepared by management and is consistent with the data contained in the Financial Statements.

The Company's certifying officers are responsible for ensuring that the Financial Statements and MD&A do not contain any untrue statements of a material fact or omissions of material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made. The Company's certifying officers certify that the financial statements together with the other financial information included in the filings fairly present in all material respects the financial condition, financial performance and cash flows of the Company as at the date of and for the periods presented in the filings.

In this MD&A, the words "we", "us", or "our", collectively refer to the Company and its subsidiary. The first, second, third and fourth quarters of the Company's fiscal years are referred to as "Q1", "Q2", "Q3" and "Q4", respectively. The first six months of a year are referred to as "H1" and the last six months of a year as "H2". The six months ended June 30, 2024 and 2023 are referred to as "YTD 2024" and "YTD 2023", respectively.

The Board of Directors approved the disclosure contained in this MD&A on August 28, 2024 ("MD&A Date").

The Company's Board of Directors provides an oversight role with respect to all public financial disclosures by the Company.

Management is responsible for the preparation and integrity of the Company's Financial Statements, including the maintenance of appropriate information systems, procedures and internal controls. Management is responsible for ensuring that information disclosed externally, including the information contained within the Company's Financial Statements and MD&A, is complete and reliable.

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.sedarplus.ca.

OVERVIEW

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 ("BC") and 66 km northeast of Williams Lake, BC. 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 focus is to advance the development of the Project and may conduct exploration programs on the property.

The Company completed the Project's Pre-Feasibility Study ("PFS") along with a Mineral Reserve estimate and an updated Mineral Resource estimate in May 2021. 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. The NI 43-101 Technical Report for the PFS titled Spanish Mountain Gold Project, Prefeasibility Study NI 43-101 Technical Report was filed on SEDAR+ on June 3, 2021.

In 2022, the Company advanced the environmental assessment ("EA") and permitting processes. The Initial Project Description ("IPD") and Early Engagement Plan ("EEP") for the Project were submitted in March 2022 to the BC Environmental Assessment Office ("BCEAO") and the Impact Assessment Agency of Canada ("IAAC"). Both the provincial and federal agencies accepted the documents within the same month without requesting amendments. The issuance of the Summary of Engagement by BCEAO and the Joint Summary of Issues and Engagement by IAAC on June 23, 2022 completed the early engagement period.

The draft Detailed Project Description ("DPD") was submitted to the provincial and federal agencies in December 2022 to initiate the Readiness Decision stage of the EA process. During this phase, the draft DPD is reviewed by the Technical Advisory Committee, Participating Indigenous Nations, and federal authorities, leading to preparation of the final DPD on which the readiness decision will be based. A readiness decision was previously expected to be received around the end of April 2023, but the Company has chosen to delay completion of this process phase, and finalization of the DPD, subject to the outcome of the Geology and PFS review that is presently underway. This review may result in changes to the project plan that will need to be incorporated into the draft DPD prior to completion of the review and finalization by the agencies.

The Company continued active engagement with First Nations and other communities critical for the success of the EA process and is pleased to support the full involvement of the First Nations. Prior to the submission of the IPD, management conducted pre-submission review with all three First Nations (Lhtako Dené, Williams Lake and Xatśūll) whose traditional territories include the Project area. The Company signed an Engagement Protocol Agreement with Xatśūll First Nation in October 2021 and Lhtako Dené Nation in December 2021 and proceeded with the process of completing a Life-of-Mine Relationship Agreement with Williams Lake First Nation and the aforementioned Nations.

The Company's review of the Project was substantially completed by the end of Q2 2024. Conclusions, progress and next steps have been reported herein. During Q2 the Company also conducted field programs and desk top work to support the ongoing environmental assessment/permitting process and to further enhance the Project's economics and viability in several areas including power, geology, mineral processing, water management and treatment, various pit scenarios and electrification of mining alternatives:

- **Environmental assessment and permitting:** The EA and engagement process remained on hold while the Company completed a review of the geology and PFS for the Project.

- **Geology and PFS review:** The review of the historical geologic, exploration, geochemical, permitting, and other prefeasibility assumptions was completed in Q2. It included the following findings, conclusions and ongoing work on the next steps:
  - Whittle Consulting completed the development of the updated baseline enterprise optimization model closely matching the PFS results and then performed several optimizations on opportunities identified with updated price and cost information. The results of the core relog program identified tighter controls on the mineralization, which will be incorporated into a new optimization model to be assessed in Q3 2024.
  - Equity Exploration Consultants Ltd. and the Company's geology team have completed the historical diamond drill core relog program of holes located within and near the Project area. A total of 174,228 m of historical diamond drill core was relogged. In addition, thirty-five historical sonic drill holes in the proposed Project infrastructure footprint were relogged. During the relog process, a review of the historical geotechnical sonic holes was completed. It was determined that not all the holes had been sampled and assayed for precious metals or minor elements. The company sampled the remaining sonic holes for precious metals and minor elements; the results are expected in Q3 2024. Some of the sonic hole information gaps are in the vicinity of the Phoenix zone and other deposits on the property which could indicate a potential for mineralization and follow up drilling or support historical condemnation assumptions. The relog program objectives were to improve the geological interpretation, outline the geochemical and geo-metallurgical controls of the mineralization domains, identify drill targets for future exploration and to update the model used in the Whittle Enterprise Optimization. Following Q2, an interim geological interpretation and model was completed by Equity Exploration. A third-party peer review of the Equity Exploration interpretation and model was completed by Apex Geoscience Ltd. with draft results received by the Company on August 23, 2024.
  - SRK Consulting Limited conducted a review of existing structural data for the Project. The work included a site visit to review outcrops, select core logging and development of a new three-dimensional (3D) model that was submitted to the Company for review in August 2024. The Company expects to utilize the new 3D structural model to improve the geological, geotechnical and hydrogeological interpretations of the Project.
  - Fathom Geophysics' recommendations for a Phase 2 follow up geophysics program were reviewed and deferred by the Company to a future date.
  - Investigation into alternatives for a starter mine with staged expansion will resume in Q3 with the Whittle Enterprise Optimization utilizing the new geological model.
  - Particle and bulk ore sorting amenability testing led by ABH Engineering Inc. are in progress. Results are expected by the end of Q3 2024.
  - A review of the historical geochemical data and reports was completed. The Company engaged pHase Geochemistry to conduct follow up test work and advise on a plan to consider a redesign of certain elements of the Project relating to tailings, waste and water. The new geological model in progress with Equity Exploration, includes a new model of the geochemical characteristics that are required to more accurately identify the potential presence and amounts of deleterious elements associated with ore, waste and water. The new geochemical model and information will be utilized to derisk and optimize the solutions for management or ore, waste and water that are executable and permittable. The

new geochemical model and information will also be utilized by the Whittle Enterprise Optimization to determine the most viable Project scale and scope to advance towards a build decision.

- **Power line:** The System Impact Study Stage 1 Technical Assessment with BC Hydro was completed by the end of Q2 2024. The study was for a new 230 kilovolt (“kV”), 60-megawatt transmission line. The Company expects to enter an agreement with BC Hydro committing to embark on Stage 2 Conceptual Design by August 31, 2024.

- **Metallurgy and Mineral Processing:** The Phase 2 coarse ore flotation variability testing progressed and has identified new opportunities to improve efficiency. The Company is encouraged by progress thus far and expects grind-recovery results by September 2024. The results will be used in the Whittle Enterprise Optimization and Andritz simulation (refer to press releases dated December 22, 2023 and May 24, 2024 respectively) which are expected to target a new improved flowsheet. The potential for removal of coarse gangue material at the rougher floatation stage aims to lower downstream mass flow and processing costs at equivalent to improved overall gold recovery while providing a coarser tailing particle size distribution. This additional targeted benefit of a coarser tailing particle size could have a positive impact on the options for innovative, sustainable tailings and water management facilities.

- **Geotechnical and hydrogeological:** Geotechnical and hydrogeological work remained on hold.

- **Electrification, lowering carbon intensity and green-house gas emissions:** The Project’s location is supported by excellent infrastructure including connectivity to the provincial power grid supplied with low-cost, renewable hydro power. Through collaboration with BC Hydro (the provincial utility company), several opportunities that may potentially reduce capital and operating costs, carbon intensity and green-house gas emissions have been identified for the proposed mine and other mine development alternatives. These opportunities could include electrification and automation of mining and material handling solutions such as: trolley assist haul trucks, material handling by conveyors, battery powered support equipment and other energy efficient equipment. The Company will evaluate improved sustainable solutions in the Whittle Enterprise Optimization, which is expected to conclude in Q4 2024.

Corporate

On January 4, 2024, the Company engaged the services of Generation IACP to provide market-making services in accordance with TSX Venture Exchange (TSXV) policies. Generation IACP will trade shares of the Company on the TSXV and all other trading venues with the objective of maintaining a reasonable market and improving the liquidity of the Company's common shares.

On May 3, 2024, the Company completed its listing and trading of its common shares on the Frankfurt Stock Exchange (“FSE”) under the symbol “S3Y”. The listing is expected to improve visibility, access and liquidity for European investors.

On June 24, 2024, subject to TSX V approval, the Company engaged First Focus and ProActive Investors to assist with distribution of company information, marketing and investor relations.

MINERAL PROPERTY

Spanish Mountain Gold Project

The Spanish Mountain property is located in the Cariboo region of central BC, 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 53 contiguous mineral claims and 15 placer claims and covers an area of approximately 10,414 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 situated at or close to surface and amenable to open pit mining methods as defined in the PFS. 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 m and is open in all directions. The mineralization extends northward covering another area of about 400m north-south with a similar width named in the North Zone. Disseminated gold mineralization with a grain size typically less than 30 microns occurs predominately within the graphitic black argillite and is often, but not always, associated with pyrite. Coarser, sometimes visible free gold also occurs within quartz veins that cross-cut multiple lithologies. Recent geologic review and geophysical data re-interpretation has determined that the relationship between northwest trending stratigraphic layering and two different fault sets suggests the mineralization plunges gently to the north-northwest. These geological controls, especially how they relate to high-grade mineralization, will assist with future drill program targeting of mineralization within the pit shell and for possible extensions of the deposit.

(Expressed in Canadian dollars)

The Company is focused on optimizing the scale and business case to advance the Project towards a construction decision. On March 19, 2024, the Company entered an agreement with BC Hydro and received the funding approval to conduct an assessment of power efficient alternatives for the comminution and coarse ore flotation mineral processing unit operations for the Project. The study will examine energy efficient solutions for mill throughputs between ten (10) to sixty (60) thousand tonnes per day ("ktpd") and will involve partnering with Andritz to complete an IDEAS Bronze simulation steady state model to simulate proposed solutions at various production scales. The work will focus on opportunities to optimize gold production, comminution power, flotation performance and costs for the Project.

During Q2 2024, the Company submitted an application to BC Hydro under the "Load Attraction" funding program to potentially reduce costs to the Company in anticipation of advancing the System Impact study through the Conceptual Design and Facilities Study stages for the new 74 km long proposed power line that would service the proposed Project. The Company received approval for the funding application and on July 31, 2024 executed a 'BC Hydro Interconnection Study Fund Agreement for Load Attraction Transmission.'

New Mineral Resource Estimate (MRE) and Preliminary Economic Analysis Commences

After extensive review of the 2021 Mineral Resource, Reserve and PFS the Company has determined that certain elements of the Project may benefit from being redesigned. Additionally, during this review, management identified further data requirements that would assist in evaluating various redesign options. The collection and modelling of this information is underway particularly concerning the geochemical and geologic characteristics impacting the Project. During this process, several opportunities were also identified such as the potential for extensions of the mineralization endowment beneath or near the Project area, scale optimization, improved flowsheet options considering coarse ore floatation, reduction of carbon intensity such as the electrification of the mine and a staged construction/expansion approach that could derisk the time and cost to first production.

During August 2024, a Request for Proposal (RFP) was issued to complete a combined NI 43-101 technical report for a new mineral resource estimate (MRE) and new Preliminary Economic Assessment (PEA) which the Company expects to award by the end of August 2024 and complete by Q1, 2025.

The new internal model and geological interpretation was completed during Q2 2024 for the Whittle Enterprise Optimization, and it identified several exploration targets and several potential areas that require further drilling.

Also in early August, BGC Engineering was engaged to conduct an assessment on the options and recommendations of a new approach for sustainable, permittable and executable solutions regarding waste, tailing and water management facilities for the Project.

a) Reserves 2021 PFS

The Project's Mineral Reserves, which are a subset of the Measured & Indicated Mineral Resources, are based on the mine plan developed for the PFS. Mineral Reserves are estimated in accordance with the Canadian Institute of Mining, Metallurgy and Petroleum ("CIM") 2019 Best Practices Guidelines and are classified using the 2014 CIM Definition Standards.

A summary of the Project's Mineral Reserves are as follows:

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**

- The Mineral Reserve estimates were prepared by Marc Schulte, P.Eng. (who is the independent Qualified Person for these Mineral Reserve estimates), reported using the 2014 CIM Definition Standards, and have an effective date of March 31, 2021.
- Mineral Reserves are based on the PFS Life of Mine Plan.

(Expressed in Canadian dollars)

- 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.
- Mineral Reserves are reported at a cut-off grade of 0.3 g/t Au.
- 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; US$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.
- 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.
- 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).
- Factors that may affect the Mineral Reserve estimates include metal prices, changes in interpretations of mineralization geometry and continuity of mineralization 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.
- 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 are detailed below in the section entitled “Risks and Uncertainties”.

b) Mineral Resource

As part of the PFS, an update of the Mineral Resources was prepared based on the pit shell developed using assumed cost parameters and assumptions. 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.

A summary of the Project’s Mineral Resources is provided below. The Mineral Resources include the Mineral Reserves:

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

- The Mineral Resource Estimates were prepared by Marc Jutras, P.Eng.; M.A.Sc. (who is 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.
- The Mineral Resource Estimates are reported at a cutoff grade of 0.15 g/t Au.
- Cut-off grade assumes US$1,600/oz. Au at a currency exchange rate of $0.75 per US$; 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.
- 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.
- 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 “Risks and Uncertainties”.
- Estimates have been rounded and may result in summation differences.

Exploration Programs

A five thousand metre exploration diamond drill program was tendered and subsequently awarded to Hardrock Diamond Drilling on July 18, 2024. Drilling commenced on August 8th targeting potential extension of mineralized zones to the northwest. As of August 25th, 43 % of the drill metres have been completed and the first shipment of samples for assays was sent to the ALS laboratory, Kamloops on August 23, 2024. Drill hole assay results are expected by Q4 2024 and are anticipated to be utilized in the new geology model and technical report.

The multi-purpose drill program will record the following information: geological, geotechnical, down-the-hole surveys, oriented core and XRF testing. Depending on results, the samples from these holes may be used in future metallurgical testing programs.

AGREEMENTS WITH FIRST NATIONS

The Company recognizes and respects the First Nations asserted aboriginal rights and title in the Project area. For over a decade, it has regularly engaged all three First Nations concerning the Company's plans and Project activities.

As a part of the current environmental assessment and permitting process, the Company signed Engagement Protocol Agreements with Xatśūll First Nation in October 2021 and Lhtako Dené Nation in December 2021. The Williams Lake First Nation opted to proceed directly to negotiate a LOM Agreement.

The signed Engagement Protocol Agreements acknowledge that the First Nations have existing rights protected under s.35(1) of the *Constitution Act* (1982) and interests within their Traditional Territories, which include the area occupied by the Project. The Company and the First Nations will work together in a spirit of cooperation, mutually respect each other's values to establish a long term, mutually beneficial relationship based on honesty, trust, respect and understanding. General procedures will be established to guide the relationship whereby information regarding the Project activities may be exchanged, and issues of concern can be raised and addressed. The Engagement Protocol Agreement commences the process to negotiate a Life-of-Mine Relationship Agreement between the parties.

Once completed, the Life-of-Mine Relationship Agreements will guide the relationship between the First Nations and the Company and the participation of the Nations in the Project as the Company advances the Project through the environmental assessment/permitting process and later through the construction, operation, and decommissioning of the proposed mine.

ENVIRONMENTAL ASSESSMENT AND PERMITTING PROCESS

The Project is subject to the requirements of both the British Columbia Environmental Assessment Act (2018) and the federal Impact Assessment Act (2019). The Company formally entered both processes in March 2022 with the submission of the IPD and EEP to the BC EAO and IAAC. Agency, First Nations, and public review questions and comments were solicited then used to develop the draft Detailed Project Description ("DPD") that was submitted to the agencies in December 2022. Environmental baseline studies resumed in 2020 and have continued to date to build on significant studies conducted from 2007 to 2012. The reviews of the IPD and EEP included extensive engagement with First Nations, regulatory agencies and the general public. The Company expects to continue environmental field work and planning studies for the foreseeable future to support the next stages of the provincial and federal environmental assessment processes.

OUTLOOK

The Company's current strategy remains focused on optimizing, derisking and advancing its Spanish Mountain Gold Project towards a build decision. The Company anticipates completing a new MRE and PEA by the end of Q1 2025. Based on the conclusions and recommendations of the PEA, the Company anticipates embarking on a PFS in 2025. The Company intends to use the results of the Whittle Enterprise Optimization to propose a sustainable, permittable and executable business case for the Project. In addition to optimizing and derisking the Project, the rework and re-interpretation of the historical geological information has led to the identification of new exploration drill targets that could increase the mineral endowment, affect the Project footprint, and reduce existing pit constrained resource risks. An exploration drill program (5,000 metres) commenced on August 8 2024 to test new targets identified as part of the recently completed core relogging and exploration program. Follow-up drill programs may be required to delineate any mineralization identified in the current program and other identified targets currently under review. Ongoing metallurgical testing to support coarse ore flotation is expected to support a new flowsheet to be incorporated in the new PEA and cut-off grade assumptions. The results of the testing are expected to enable new solutions for tailing and water management systems that could positively affect the Project's production scale, costs, sustainability and permitting requirements. A trade-off study on integrated tailings, water and waste management is planned for Q3 to Q4 2024. Particle and bulk ore sorting sampling and amenability test programs are in progress and, if successful, they could outline new improvements that could increase production scale, reduce initial capital investment and reduce all in sustaining costs for the Project.

(Expressed in Canadian dollars)

RESULTS OF OPERATIONS

The following discussion explains the variations in the key components of the Company's operating results. As with most junior mineral exploration companies, the results of operations are not the main factor in establishing the financial health of the Company. Of greater significance is the mineral property in which the Company has, or may earn, an interest, its working capital, and how many shares it has outstanding. For details on the results of work on and other activities in connection with the Company's exploration of mineral property, see "Mineral Property".

	Q2 2024	Q2 2023	**YTD 2024**	YTD 2023
	$	$	**$**	$
Operating expenses				
Consulting	**45,338**	33,770	**110,433**	37,520
Depreciation	**18,749**	17,826	**37,482**	39,571
Investor relations, travel and filing fees	**90,767**	52,740	**194,339**	72,935
Legal and accounting	**78,681**	37,202	**239,373**	181,871
Office and administrative	**109,056**	22,791	**158,741**	42,905
Salaries and wages	**170,141**	110,331	**304,022**	470,551
Share-based compensation	**227,184**	31,401	**233,824**	82,317
	739,916	306,061	**1,278,214**	927,670
Other income (expense)				
Amortization of flow-through premium liability	**22,919**	-	**22,919**	-
Interest expense	**(3,398)**	(4,104)	**(6,977)**	(8,301)
Interest income	**23,644**	32,716	**57,835**	51,138
Other income	**39,017**	-	**39,017**	-
Net loss before income tax recovery	**(657,734)**	(277,449)	**(1,165,420)**	(884,833)
Deferred income tax recovery	**-**	2,914	**-**	204,887
Net loss and comprehensive loss	**(657,734)**	(274,535)	**(1,165,420)**	(679,946)

Q2 2024 compared to Q2 2023

The Company reported a higher net loss of $657,734 compared to $274,535 in the prior year comparable period due to the following primary drivers:

- Consulting increased to $45,338 from $33,770 in the prior year comparable period due to increased spending during the current period for additional advisory services on data security, training and software.
- Investor relations, travel and filing fees increased to $90,767 from $52,740 in the prior year comparable period as a result of increased marketing activities in the current period to raise public awareness of the Company as well as to engaging a market maker to support future equity financings.
- Legal and accounting increased to $78,681 from $37,202 in the prior year comparable period as a result of additional legal and accounting services related to the ongoing transition and onboarding of the CEO, management team and Board of Directors.
- Office and administrative increased to $109,055 from $22,791 in the prior year comparable period. Spending during the current period included fees paid for modernization of IT systems that include upgrading the IT infrastructure, software, data security and training.
- Salaries and wages increased to $170,141 from $110,331 in the prior year comparable period as a result of salaries paid to new senior management team - the VP of Finance and project leaders - in the current period which was not in the prior year comparable period.
- Share-based compensation increased to $227,185 from $31,401 in the prior year comparable period due to the periodic vesting of newly granted 4,050,000 stock options in the current period.
- Interest income decreased to $23,644 from $32,716 in the prior year comparable period, resulting from higher interest rates and larger balances from new term deposits generated from the capital raise in the second quarter of 2023.

Partially offsetting the increase in the net loss were increases to certain items of other income as follows:

- Amortization of flow-through premium liability was $22,919 compared to $nil in the prior year comparable period due to the issuance of flow-through units in the current period.
- Other income was $39,017 compared to $nil in the prior year comparable period due to income earned from the use of the Company's facilities by another enterprise.

YTD 2024 compared to YTD 2023

The Company reported a higher net loss of $1,165,420 compared to $679,946 in the prior year comparable period due to the following primary drivers:

- Consulting increased to $110,433 from $37,520 in the prior year comparable period. due to the increase in spending during the current period for additional advisory services on data security, training and software.
- Investor relations, travel and filing fees increased to $194,339 from $72,935 in the prior year comparable period as a result of increased marketing activities and attending additional conferences in the current period to raise public awareness of the Company as well as to engage a market maker to support future equity financings.
- Legal and accounting increased to $239,373 from $181,871 in the prior year comparable period as a result of additional legal and accounting services related to the ongoing transition and onboarding of the CEO, management team and Board of Directors.
- Office and administrative increased to $158,741 from $42,905 in the prior year comparable period. Spending during the current period included fees paid for modernization of IT systems that include upgrading the IT infrastructure, software, data security and training.
- Share-based compensation increased to $233,824 from $82,317 in the prior year comparable period due to the periodic vesting of newly granted 4,050,000 stock options in the current period.

Partially offsetting the increase in the net loss were decreases to expenses and increases to certain items of other income as follows:

- Salaries and wages decreased to $304,022 from $470,551 in the prior year comparable period as a result of a change in senior management and the associated contractual termination benefits totaling $240,000 in the prior year comparable period.
- Amortization of flow-through premium liability was $22,919 compared to $nil in the prior year comparable period due to the issuance of flow-through units in the current period.
- Interest income increased to $57,835 from $51,138 in the prior year comparable period, which is as a result of higher interest rates on new term deposits.
- Other income increased to $39,017 from $nil in the prior year comparable period due to income earned from the use of the Company's facilities by another enterprise.

The Company recognized a deferred income tax recovery of $204,887 during the six months ended June 30, 2023. The deferred income tax recovery for the current period is $nil as there was no deferred tax liability as at December 31, 2023, or June 30, 2024. A valuation allowance is applied against any deferred tax assets created.

(Expressed in Canadian dollars)

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.

	Q2 2024	Q1 2024	Q4 2023	Q3 2023
	$	$	$	$
Loss from operations	**(739,916)**	(538,298)	(986,881)	(576,550)
Net loss and comprehensive loss	**(657,734)**	(507,686)	(934,300)	(526,290)
Loss per share - basic and diluted	**(0.00)**	(0.00)	(0.00)	(0.00)

	Q2 2023	Q1 2023	Q4 2022	Q3 2022
	$	$	$	$
Loss from operations	(306,061)	(621,609)	(316,822)	(235,493)
Net loss and comprehensive loss	(274,535)	(405,411)	(233,624)	(148,715)
Loss per share - basic and diluted	(0.00)	(0.00)	(0.00)	(0.00)

Seasonal weather conditions affect the Company's operations at its exploration camp. Additionally, certain tax items such as the British Columbia Mining Exploration Tax Credit tend to be processed and recognized during the third or fourth 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.

The increase in net loss in Q1 2023 was due to additional one-time in nature legal fees associated with an employment matter and salaries and wages as a result of a change in senior management and the associated contractual termination benefits totaling $240,000. The increase in net loss in Q3 2023 was due to the additional hires in senior management in preparation for exploration projects. The increase in net loss in Q4 2023 was due to additional one-time expenses paid for advisory, accounting services and legal fees associated with changes in key management personnel. Net loss in Q1 2024 was attributable to increased consulting services to upgrade IT infrastructure and investor relations activities to raise public awareness. Net loss in Q2 2024 is attributable to increased share-based compensation expense due to the vesting of newly granted 4,050,000 stock options.

LIQUIDITY AND CAPITAL RESOURCES

As at June 30, 2024, the Company had working capital of $3,660,202 (December 31, 2023 - $3,120,344) and cash and cash equivalents of $4,171,401 (December 31, 2023 - $3,307,002).

During the period ended June 30, 2024, 600,000 stock options were forfeited following the termination of certain officers and consultants of the Company.

The Company believes that it currently has sufficient cash on hand to fund certain phases of its project. The Company's ability to continue its operations as intended are dependent on its ability to obtain necessary financing and raise capital sufficient to cover certain phases of its project. The Company will explore financing opportunities including those involving stock or flow-through shares. The Company may explore non-equity financing arrangements as potential sources of funding, if applicable.

The Company's expenditures on its mineral property, 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 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.

(Expressed in Canadian dollars)

SOURCES AND USES OF CASH

	2Q2024	2Q 2023	**YTD 2024**	YTD 2023
			$	$
Cash used in operating activities	**(525,380)**	(1,198,957)	**(1,042,768)**	(1,786,081)
Cash used in investing activities	**(533,085)**	130,005	**(1,472,576)**	(763,116)
Cash provided by financing activities	**3,397,584**	6,125,929	**3,379,743**	6,117,296
Change in cash and cash equivalents during the period	**2,339,119**	5,056,977	**864,399**	3,568,099
Cash and cash equivalents, beginning of the period	**1,832,282**	1,327,107	**3,307,002**	2,815,985
Cash and cash equivalents, end of the period	**4,171,401**	6,384,084	**4,171,401**	6,384,084

Cash used in operating activities decreased to $1,042,768 from $1,786,081 in the prior year comparable period due to a large cash outflow in H1 2023 for the payment of a build up in accounts payable in 2022. .

Cash used in investing activities increased to $1,472,576 from $763,116 in the prior year comparable period as a result of increased spending on mineral property exploration activities.

Cash provided by financing activities was $3,379,743 compared to cash provided of $6,117,296 in the prior year comparable period as a result of lower proceeds from current year fund raising activities. Details of current year financing are below.

During the period ended June 30, 2024, the Company completed a private placement of 6,914,285 units at $0.21 per unit for gross proceeds of $1,452,000. The Company intends to use the proceeds from the private placement for exploration and development of the Project and for general working capital purposes.

During the period ended June 30, 2024, the Company issued 7,808,332 flow-through units at $0.24 per unit for gross proceeds of $1,874,000. The flow-through units were issued at a premium of $0.03 per unit. As a result, a flow-through premium liability of $234,250 was recorded. In connection with the private placement and issuance of flow-through units, the Company paid combined share issuance costs of $110,040. The Company intends to use the proceeds from the flow-through units for the exploration and development of the Project and for general working capital purposes.

During the period ended June 30, 2024, the Company completed a private placement of 819,237 units at $0.21 per unit for gross proceeds of $172,040. The Company intends to use the proceeds from the private placement for general working capital purposes.

During the period ended June 30, 2024, the Company completed a second tranche of a flow-through unit private placement of 50,000 units at $0.24 per unit for gross proceeds of $12,000. The flow-through units were issued at a premium of $0.03 per unit. As a result, a flow-through premium liability of $1,500 was recorded. The Company intends to use the proceeds from the flow-through units for general working capital purposes.

During the period ended June 30, 2024, the Company issued 200,000 common shares pursuant to the exercise of stock options with a weighted average exercise price of $0.08 generating pross proceeds of $16,000.

During the year ended December 31, 2023, the Company completed a non-brokered private placement and issued 28,571,429 common share units at a price of $0.21 per unit for gross proceeds of $6,000,000. In connection with the private placement, the Company paid unit issuance costs of $90,231 in cash. The Company intends to use the proceeds from the private placement for exploration and development at the Project, and for general working capital purposes.

During the year ended December 31, 2023, 2,550,000 stock options were exercised for proceeds of $239,000 pursuant to which the Company issued a total of 2,550,000 common shares.

During the year ended December 31, 2023, the Company cancelled 3,250,000 stock options following the termination of certain officers and consultants.

(Expressed in Canadian dollars)

RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION

Key management personnel include those persons having the authority and responsibility of planning, directing, and executing the activities of the Company. The Company has determined that its key management personnel consist of directors and executive officers of the Company.

A summary of the Company's compensation for key management personnel is as follows:

	Q2 2024	Q2 2023	**YTD 2024**	YTD 2023
	$	$	**$**	$
Legal and accounting	**16,577**	19,124	**33,077**	58,500
Salary and wages (1)	**125,000**	90,388	**248,920**	431,615
Share-based compensation	**199,599**	31,733	**425,120**	83,146
	341,176	141,245	**707,117**	573,261

(1) During the six months ended June 30, 2024, the Company paid contractual termination benefits totaling $nil (2023 - $240,000), to key management personnel.

As at June 30, 2024, the accounts payable and accrued liabilities included a total of $24,492 (December 31, 2023 - $4,598) owed to certain officers. Interest is not charged on outstanding balances and there are no specified terms of repayment.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

As at June 30, 2024, the Company's financial instruments consist of cash and cash equivalents, accounts receivable (excluding sales tax recoverable), rent deposit, deposits for reclamation and accounts payables and accrued liabilities, and are classified as and measured at amortized cost.

The carrying values of cash and cash equivalents, short-term investments, accounts receivable (excluding sales tax recoverable), rent deposit, deposits for reclamation and accounts payable and accrued liabilities, approximate their fair values due to their short term to maturity.

The Company's risk exposure and the impact on the Company's financial instruments are summarized below.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to fulfill its contractual obligations and arises principally from the Company's holdings of cash and cash equivalents, short-term investments and accounts receivable. The Company manages credit risk in respect of cash and cash equivalents, short-term investments, and deposits for reclamation by holding these at a major Canadian financial institution with strong investment-grade ratings by a recognized agency. The Company considers the credit risk related to accounts receivable to be minimal.

Concentration of credit risk exists with respect to the Company's cash and cash equivalents, as all amounts are held at one major Canadian financial institution.

A summary of the Company's cash and cash equivalents is as follows:

	June 30, 2024	December 31, 2023
	$	$
Cash held in bank accounts	**847,048**	108,020
Term deposits	**3,325,353**	3,198,982
	4,171,401	3,307,002

For the six months ended June 30, 2024, the weighted average interest rate earned on the Company's cash, cash equivalents was 4.08% (2023 - 4.41%).

(Expressed in Canadian dollars)

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying its financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. The Company has cash and cash equivalents at June 30, 2024 of $4,171,401 (December 31, 2023 - $3,307,002) in order to meet its current liabilities. As at June 30, 2024, the Company had accounts payable and accrued liabilities of $671,466 (December 31, 2023 - $404,755), which have contractual maturities of 90 days or less and a current portion of lease liability of $62,562 (December 31, 2023 - $59,885). The amount of the Company's remaining undiscounted contractual maturities for the lease liability is approximately $287,751 (December 31, 2023 - $324,008). The Company is exposed to liquidity risk through accounts payable and accrued liabilities and lease liability.

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 market risks are as follows:

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices.

The Company's cash and 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 at June 30, 2024.

Foreign currency risk

Foreign currency risk is the risk that the future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is not exposed to foreign currency risk as at June 30, 2024.

OUTSTANDING SHARE DATA

A summary of the Company's outstanding share data is as follows:

	June 30, 2024	MD&A Date
	#	#
Common shares	388,728,835	388,728,835
Stock options	7,200,000	6,775,000
Warrants	25,588,784	25,588,784
Fully diluted shares outstanding	421,517,619	421,092,619

OFF-BALANCE SHEET ARRANGEMENTS

As at June 30, 2024 and the MD&A Date, the Company has no off-balance sheet arrangements.

PROPOSED TRANSACTIONS

As at June 30, 2024 and the MD&A date, the Company does not have any proposed material transactions.

COMMITMENTS

Office premises lease

The Company entered into a lease extension for the Company's office premises which began April 1, 2023 and expires March 31, 2028. The total aggregate lease payments pursuant to the agreement are $404,001. Additionally, operating costs are estimated at $253,124 over the same period.

Spanish Mountain Property, British Columbia

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 favor 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 consideration of $500,000 in cash and 2,000,000 common shares of the Company. The property is subject to an underlying 4% NSR royalty. The Company has the option to reduce the net NSR royalty to 2% by paying a one-time cash payment of $2,000,000 to the royalty holders.

In accordance with regulatory requirements, as at June 30, 2024, the Company holds a number of guaranteed investment certificates ("GICs") aggregating in the sum of $91,000 (December 31, 2023 - $91,000) and is presented as deposits for reclamation on the statement of financial position, in safekeeping for the Government of British Columbia. The security will be released once the Company performs its obligations pursuant to its Mineral Exploration Permit.

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. Since the Company's main asset is the Spanish Mountain Gold Project, which is currently advancing towards the feasibility stage of project development, the Company has no revenues and source of operating cash flow. As discussed earlier in Liquidity and Capital Resources, 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 property interests owned by the Company, or in which it has an option to earn an interest are in the exploration stages only 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 additional discoveries of commercial bodies of mineralization.

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.

FORWARD-LOOKING STATEMENTS

The Company's 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 other than as required by securities law. 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.

SIGNIFICANT ACCOUNTING JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

The preparation of Financial Statements under IFRS Accounting Standards requires management to make judgments, estimates, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

The accounting estimates, judgements and assumptions are disclosed in the notes to the Annual Financial Statements.

QUALIFIED PERSON

Peter Mah, the **Chief Executive Officer** for Spanish Mountain Gold Ltd., is the Qualified Person as defined under National Instrument 43-101 who reviewed and approved the scientific and technical information in this MD&A.