



SPANISH MOUNTAIN GOLD LTD.

Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2025 and 2024

(Unaudited - Expressed in Canadian dollars)

Notice of Disclosure of Non-auditor Review of the Condensed Interim Consolidated Financial Statements for the Three Months Ended March 31, 2025 and 2024

Pursuant to National Instrument 51-102 *Continuous Disclosure Obligations*, part 4, subsection 4.3(3)(a) issued by the Canadian Securities Administrators, if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of Spanish Mountain Gold Ltd. for the interim periods ended March 31, 2025 and 2024, have been prepared in accordance with the International Accounting Standard 34 *Interim Financial Reporting*, as issued by the International Accounting Standards Board, and are the responsibility of management.

The independent auditors, Smythe LLP, have not performed a review of these unaudited condensed interim consolidated financial statements.

May 30, 2025

SPANISH MOUNTAIN GOLD LTD.
Condensed Interim Consolidated Statements of Financial Position
(Unaudited - Expressed in Canadian dollars)

	Note	March 31, 2025	December 31, 2024
		\$	\$
ASSETS			
Current assets			
Cash and cash equivalents	13(a)	4,567,353	6,873,687
GST recoverable		208,981	136,838
Current portion of prepaid expenses and deposits	5	249,398	193,371
		5,025,732	7,203,896
Mineral property	6,12	100,401,071	98,329,390
Property and equipment	7	926,907	952,882
Prepaid expenses and deposits	5	643,168	-
Deposits for reclamation	6	91,000	91,000
Rent deposit	10	10,444	10,444
Total assets		107,098,322	106,587,612
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	8,12	1,840,340	812,594
Current portion of lease liability	10	66,705	65,307
		1,907,045	877,901
Flow-through premium liability	9	256,234	558,646
Lease liability	10	148,663	165,653
Total liabilities		2,311,942	1,602,200
SHAREHOLDERS' EQUITY			
Share capital	11(b)	121,683,532	121,683,532
Reserves	11	2,337,079	2,277,422
Deficit		(19,234,231)	(18,975,542)
Total shareholders' equity		104,786,380	104,985,412
Total liabilities and shareholders' equity		107,098,322	106,587,612

Nature of operations and going concern (Note 1)
Subsequent events (Note 15)

Approved and authorized for issue on behalf of the Board of Directors:

/s/ "Richard Oraziotti"	/s/ "Lembit Janes"
Director	Director

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

SPANISH MOUNTAIN GOLD LTD.**Condensed Interim Consolidated Statements of Loss and Comprehensive Loss**

(Unaudited - Expressed in Canadian dollars, except number of shares)

		Three months ended	
	Note	2025	March 31, 2024
		\$	\$
Operating expenses			
Consulting		46,201	65,095
Depreciation	7	18,425	18,733
Investor relations, travel and filing fees		135,748	103,572
Legal and accounting	12	70,571	160,692
Office and administrative		80,265	49,686
Salaries and wages	12	216,087	133,881
Share-based compensation	11(d), 12	50,684	6,639
		617,981	538,298
Other income (expense)			
Amortization of flow-through premium liability	9	302,412	-
Interest expense	10	(2,824)	(3,579)
Interest and other income		52,981	34,191
Net loss and comprehensive loss for the period		(265,412)	(507,686)
Loss per share:			
Basic and diluted		(0.00)	(0.00)
Weighted average number of common shares:			
Basic and diluted		444,742,340	372,936,980

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

SPANISH MOUNTAIN GOLD LTD.
Condensed Interim Consolidated Statements of Cash Flows
(Unaudited - Expressed in Canadian dollars)

	Three months ended March 31,	
	2025	2024
	\$	\$
Operating activities		
Net loss for the period	(265,412)	(507,686)
Adjustments for:		
Depreciation	18,425	18,733
Share-based compensation	50,684	6,639
Amortization of flow-through premium liability	(302,412)	-
Interest expense	2,824	3,579
Changes in non-cash working capital:		
GST recoverable	(72,143)	(41,213)
Prepaid expenses and deposits	(699,195)	77,552
Accounts payable and accrued liabilities	534,336	(74,992)
Cash used in operating activities	(732,893)	(517,388)
Investing activities		
Expenditures on mineral property	(2,392,493)	(939,491)
Mining exploration tax credit received	837,468	-
Cash used in investing activities	(1,555,025)	(939,491)
Financing activities		
Lease payments	(18,416)	(17,841)
Cash used in financing activities	(18,416)	(17,841)
Changes in cash and cash equivalents	(2,306,334)	(1,474,720)
Cash and cash equivalents, beginning of period	6,873,687	3,307,002
Cash and cash equivalents, end of period	4,567,353	1,832,282
Supplemental cash flow information:		
Expenditures on mineral property included in accounts payable and accrued liabilities	493,410	19,663
Share-based compensation included in mineral property	15,696	-
Depreciation included in mineral property	7,550	8,332
Cash interest received	21,369	34,191
Cash interest refund received	31,612	-

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

SPANISH MOUNTAIN GOLD LTD.**Consolidated Statements of Changes in Shareholders' Equity**

(Unaudited - Expressed in Canadian dollars, except number of shares)

	Common shares	Share capital	Reserves	Deficit	Total shareholders' equity
	#	\$	\$	\$	\$
Balance, Dec 31, 2023	372,936,980	112,624,685	592,621	(16,658,829)	96,558,477
Fair value of expired stock options	-	-	(121,960)	121,960	-
Share-based compensation	-	-	6,639	-	6,639
Net loss for the period	-	-	-	(507,686)	(507,686)
Balance, March 31, 2024	372,936,980	112,624,685	477,300	(17,044,555)	96,057,430
Units issued in private placement	34,212,448	5,121,359	77,335	-	5,198,694
Flow-through units issued in private placement	25,976,333	4,036,847	657,443	-	4,694,290
Flow-through premium liability	-	(448,688)	-	-	(448,688)
Charity flow-through units issued in private placement	9,585,000	1,474,443	442,557	-	1,917,000
Charity flow-through premium liability	-	(324,243)	-	-	(324,243)
Share issuance costs	-	(1,123,749)	160,301	-	(963,448)
Shares issued for debt settlement	1,831,579	293,053	-	-	293,053
Share issued from exercise of stock options	200,000	29,825	(13,825)	-	16,000
Fair value of expired stock options	-	-	(26,573)	26,573	-
Share-based compensation	-	-	502,884	-	502,884
Net loss for the period	-	-	-	(1,957,560)	(1,957,560)
Balance, December 31, 2024	444,742,340	121,683,532	2,277,422	(18,975,542)	104,985,412
Fair value of expired stock options	-	-	(6,723)	6,723	-
Share-based compensation	-	-	66,380	-	66,380
Net loss for the period	-	-	-	(265,412)	(265,412)
Balance, March 31, 2025	444,742,340	121,683,532	2,337,079	(19,234,231)	104,786,380

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

SPANISH MOUNTAIN GOLD LTD.
Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2025 and 2024
(Unaudited - Expressed in Canadian dollars, except where noted)

1. NATURE OF OPERATIONS AND GOING CONCERN

Spanish Mountain Gold Ltd. (the "Company" or "Spanish Mountain") is an exploration stage resource company incorporated under the *Business Corporations Act* (Alberta) and continued into British Columbia under the *Business Corporations Act* (British Columbia). The head office and principal address of the Company is located at 910 - 1111 Melville Street, Vancouver, British Columbia V6E 3V6. The address of the Company's registered office is 1500 - 1055 West Georgia Street, Vancouver, British Columbia V6E 4N7. The Company is listed on the TSX Venture Exchange under the symbol "SPA", on the Frankfurt Stock Exchange under the symbol "S3Y" and on January 27, 2025, the Company listed on the OTCQB venture market under the symbol "SPAUF".

These unaudited condensed interim consolidated financial statements for the three months ended March 31, 2025 and 2024 (the "financial statements") have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. Accordingly, these financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

The Company is an exploration stage resource company that does not generate any revenue and has been relying on equity-based financing to fund its operations. While the Company expects to meet its financial obligations in the near term, it will require additional financing to meet its administrative costs and to continue to explore and develop its mineral property. There is no assurance that future funding will be available to sufficiently conduct further exploration and development of its mineral property. During the three months ended March 31, 2025, the Company incurred a net loss of \$265,412 (2024 - \$507,686), and as at March 31, 2025, had an accumulated deficit of \$19,234,231 (December 31, 2024 - \$18,975,542).

The application of the going concern concept is dependent upon the Company's ability to generate future profitable operations and maintain an adequate level of financial resources to discharge its on-going obligations. There is no assurance that sufficient future funding will be available on a timely basis or on terms acceptable to the Company. Management seeks to raise capital, when necessary, to meet its funding requirements and has undertaken available cost-cutting measures. There can be no assurance that management's plan will be successful as it is dependent on prevailing capital market conditions and the availability of other financing opportunities. These conditions indicate the existence of material uncertainties that may cast significant doubt as to the ability of the Company to meet its obligations as they come due, and accordingly, the appropriateness of the use of accounting principles applicable to a going concern.

2. BASIS OF PREPARATION

a) Statement of compliance

These financial statements were approved by the Board of Directors and authorized for issue on May 30, 2025.

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS Accounting Standards") as issued by the International Accounting Standards Board applicable to the preparation of interim financial statements including International Accounting Standard 34 *Interim Financial Reporting*. These financial statements do not include all disclosures required for annual audited financial statements. Accordingly, they should be read in conjunction with the notes to the Company's audited financial statements for the years ended December 31, 2024 and 2023 (the "Annual Financial Statements").

b) Basis of measurement

These financial statements have been prepared on a historical cost basis except for certain financial instruments which are measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for certain cash flow information.

c) Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the functional currency of the Company and its subsidiary.

2. BASIS OF PREPARATION (continued)

d) Basis of consolidation

These financial statements include the financial information of the Company and entities controlled by the Company. All intercompany transactions and balances are eliminated on consolidation. Control exists where the parent entity has power over the investee and is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Subsidiaries are included in the consolidated financial statements from the date control commences until the date control ceases. The accounting policies of subsidiaries are changed where necessary to align them with the policies adopted by the Company. These financial statements include the accounts of the Company and its wholly owned Canadian subsidiary, Wildrose Resources Ltd. ("Wildrose").

e) Reclassification and change in presentation of comparative figures

Certain amounts on the statements of cash flows of the prior year comparable period have been reclassified for consistency with the current period presentation. These reclassifications had no effect on the reported results of operations.

3. MATERIAL ACCOUNTING POLICIES

In the preparation of these financial statements, the Company used the same accounting policies as those applied and disclosed in the Annual Financial Statements.

4. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities and expenses. Management continually evaluates these judgments, estimates and assumptions based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates and judgments which may cause a material adjustment to the carrying amounts of assets and liabilities. The Company's interim results are not necessarily indicative of its results for a full year. The critical judgements and estimates applied in the preparation of these financial statements are consistent with those applied and disclosed in the notes to the Annual Financial Statements.

5. PREPAID EXPENSES AND DEPOSITS

A summary of the Company's prepaid expenses and deposits is as follows:

	March 31, 2025	December 31, 2024
	\$	\$
Prepaid insurance and subscriptions	180,398	154,396
Advances to suppliers	643,168	10,225
Deposits	69,000	28,750
	892,566	193,371
Current	249,398	193,371
Non-current	643,168	-

As at March 31, 2025, the non-current portion of prepaid expenses and deposits represents advances to suppliers that will be recorded directly to mineral property.

SPANISH MOUNTAIN GOLD LTD.
Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2025 and 2024
(Unaudited - Expressed in Canadian dollars, except where noted)

6. MINERAL PROPERTY

Spanish Mountain Property, British Columbia

The Spanish Mountain property comprises approximately 55 contiguous mineral claims and 15 placer claims and covers an area of approximately 13,873 hectares that is 100% owned by the Company. The property's various claims are subject to various Net Smelter Returns ("NSR") at 2.5%. The Company may, at its option, reduce the NSR to 1.0% or 1.5% dependent on the underlying mineral claims with a maximum aggregate payment of \$1,000,000 to the vendors. The NSR may be purchased by the Company for \$500,000 per 1% NSR.

A summary of exploration expenditures incurred on the Company's mineral property is as follows:

	\$
Balance, December 31, 2023	92,508,138
Additions during the year:	
Assaying	721,202
Camp materials and supplies	208,764
Contract wages	474,606
Depreciation	33,849
Drilling	909,510
Environmental assessment	338,371
Equipment rental and services	295,795
First Nations and community engagement	3,828
Fuel	72,352
Geological and technical consulting	1,395,777
Land tenure	5,249
Maps and reports	617,539
PEA	693,046
Share-based compensation	21,313
Travel and accommodation	30,051
Balance, December 31, 2024	98,329,390
Additions during the period:	
Assaying	32,696
Camp materials and supplies	107,887
Contract wages	185,700
Depreciation	7,550
Drilling	1,333,816
Environmental assessment	23,622
Equipment rental & services	388,410
Field supplies & support services	793
Fuel	167,085
Geological and technical consulting	256,478
Land tenure	3,500
Maps and reports	239,825
PEA	140,360
METC recovery	(837,468)
Share-based compensation (Note 12)	15,696
Travel and accommodation	5,731
Balance, March 31, 2025	100,401,071

During the three months ended March 31, 2025, the Company received a tax refund of \$869,080 in cash, of which \$837,468 is the British Columbia Mining Exploration Tax Credit ("METC") amount and \$31,612 is the interest recovered.

6. MINERAL PROPERTY (continued)

Deposits for reclamation

In accordance with regulatory requirements, as at March 31, 2025, the Company holds a number of term deposits totaling \$91,000 (December 31, 2024 - \$91,000) in safekeeping for the Government of British Columbia which are presented as deposits for reclamation in the condensed interim consolidated statements of financial position. The security will be released once the Company fulfils its obligations pursuant to its mineral exploration permit.

SPANISH MOUNTAIN GOLD LTD.
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(Unaudited - Expressed in Canadian dollars, except where noted)

7. PROPERTY AND EQUIPMENT

A summary of the Company's property and equipment is as follows:

	Land	Building	Right-of-use office	Computer equipment	Furniture and equipment	Vehicles and leasehold improvements	Total
	\$	\$	\$	\$	\$	\$	\$
Cost							
Balance, December 31, 2023	127,441	1,112,739	346,292	177,989	243,484	123,089	2,131,034
Additions	-	-	-	2,423	-	-	2,423
Balance, March 31, 2025 and December 31, 2024	127,441	1,112,739	346,292	180,412	243,484	123,089	2,133,457
Accumulated depreciation							
Balance, December 31, 2023	-	545,091	93,993	158,655	193,469	80,315	1,071,523
Depreciation	-	23,667	59,364	5,929	9,921	10,171	109,052
Balance, December 31, 2024	-	568,758	153,357	164,584	203,390	90,486	1,180,575
Depreciation	-	5,571	14,841	1,155	1,936	2,472	25,975
Balance, March 31, 2025	-	574,329	168,198	165,739	205,326	92,958	1,206,550
Carrying amount							
Balance, December 31, 2024	127,441	543,981	192,935	15,828	40,094	32,603	952,882
Balance, March 31, 2025	127,441	538,410	178,094	14,673	38,158	30,131	926,907

During the three months ended March 31, 2025, depreciation of \$7,550 (2024 - \$8,382) was capitalized to mineral property (Note 6).

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Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2025 and 2024
(Unaudited - Expressed in Canadian dollars, except where noted)

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

A summary of the Company's accounts payable and accrued liabilities is as follows:

	March 31, 2025	December 31, 2024
	\$	\$
Trade payables	1,645,807	633,768
Accrued liabilities	110,289	98,671
Wages payable	75,060	55,864
Government agencies payable	9,184	24,291
	1,840,340	812,594

9. FLOW-THROUGH PREMIUM LIABILITY

On May 30, 2024, the Company issued 7,808,333 flow-through units at \$0.24 per unit for gross proceeds of \$1,874,000. As a result, a flow-through premium liability of \$166,664 was recorded. The Company is obligated to spend \$1,874,000 on eligible exploration expenditures by May 30, 2026. As at March 31, 2025, the Company fulfilled this expenditure obligation.

On June 17, 2024, the Company issued 50,000 flow-through units at \$0.24 per unit for gross proceeds of \$12,000. As a result, a flow-through premium liability of \$1,753 was recorded. The Company is obligated to spend \$12,000 on eligible exploration expenditures by June 17, 2026. As at March 31, 2025, the Company fulfilled this expenditure obligation.

On November 15, 2024, the Company issued 18,118,000 flow-through units at \$0.155 per unit for gross proceeds of \$2,808,290. As a result, a flow-through premium liability of \$280,271 was recorded. The Company is obligated to spend \$2,808,290 on eligible exploration expenditures by November 15, 2026.

On November 15, 2024, the Company issued 9,585,000 charity flow-through units at \$0.20 per unit for gross proceeds of \$1,917,000. As a result, a flow-through premium liability of \$324,243 was recorded. The Company is obligated to spend \$1,917,000 on eligible exploration expenditures by November 15, 2026.

During the three months ended March 31, 2025, the Company incurred \$2,363,853 (2024 - \$nil) of qualifying exploration expenditures. As a result, an amortization of flow-through premium liability of \$302,412 (2024 - \$nil) was recorded.

A summary of the Company's flow-through premium liability and remaining eligible expenditure obligation is as follows:

	Flow-through funding and eligible expenditures	Flow-through premium liability
	\$	\$
Balance, December 31, 2023	-	-
Flow-through funds raised on May 30, 2024	1,874,000	166,664
Flow-through funds raised on June 17, 2024	12,000	1,753
Flow-through funds raised on November 15, 2024	4,725,290	604,514
Eligible expenditures incurred, renounced and amortization of flow-through premium liability	(2,244,533)	(214,285)
Balance, December 31, 2024	4,366,757	558,646
Eligible expenditures incurred, renounced and amortization of flow-through premium liability	(2,363,853)	(302,412)
Balance, March 31, 2025	2,002,904	256,234

SPANISH MOUNTAIN GOLD LTD.
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(Unaudited - Expressed in Canadian dollars, except where noted)

10. LEASE LIABILITY

In connection with the Company's lease of its head office, the Company paid a rent deposit of \$10,444, which will be returned to the Company at the end of the lease term on March 31, 2028.

A summary of the Company's lease payment commitments pertaining to the lease liability are as follows:

	March 31, 2025
	\$
2025	56,975
2026	77,693
2027	78,268
2028	19,567
Total future minimum lease payments	232,503
Effect of discounting using an incremental borrowing rate of 5% per annum	(17,135)
Total present value of minimum lease payments	215,368

A summary of the Company's lease liability is as follows:

	\$
Balance, December 31, 2023	290,845
Interest expense	13,204
Payments	(73,089)
Balance, December 31, 2024	230,960
Interest expense	2,824
Payments	(18,416)
Balance, March 31, 2025	215,368
Current portion	66,705
Non-current portion	148,663

11. SHARE CAPITAL

a) Authorized share capital

- Unlimited number of common voting shares without par value
- Unlimited number of first preferred shares
- Unlimited number of second preferred shares

The first and second preferred shares may be issued in one or more series and the directors are authorized to fix the number in each series and to determine the designation, rights, privileges, restrictions and conditions attached to the shares of each series.

As at March 31, 2025 and December 31, 2024, there are no first or second preferred shares outstanding.

b) Issued and outstanding

During the three months ended March 31, 2025, the Company had no share capital transactions.

11. SHARE CAPITAL (continued)

During the year ended December 31, 2024, the Company had the following share capital transactions:

Units issued in private placements

- On May 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. Each unit consists of one common share and one-half share purchase warrant. Each whole warrant entitles the holder to purchase one common share of the Company at a price of \$0.25 per share until May 30, 2026. Proceeds were allocated using the residual method. As a result, \$1,382,857 was allocated to share capital and \$69,143 was allocated to reserves.
- On June 27, 2024, the Company completed a private placement of 819,237 units at \$0.21 per unit for gross proceeds of \$172,039. Each unit consists of one common share and one-half warrant. Each warrant entitles the holder to purchase one common share of the Company at a price of \$0.25 per share until June 27, 2026. Proceeds were allocated using the residual method. As a result, \$163,847 was allocated to share capital and \$8,192 was allocated to reserves.
- On November 15, 2024, the Company issued 26,478,926 units at \$0.135 per unit for gross proceeds of \$3,574,655. Each unit is comprised of one common share and one share purchase warrant. Each warrant entitles the holder to purchase one common share of the Company at a price of \$0.18 per share for a period of 24 months from November 15, 2024. Proceeds were allocated using the residual method. On initial recognition, the warrants had a fair value of \$nil. As a result, \$3,574,655 was allocated to share capital.

Flow-through units issued in private placements

- On May 30, 2024, the Company issued 7,808,333 flow-through units at \$0.24 per unit for gross proceeds of \$1,874,000. Each unit consists of one common share and one-half warrant. Each whole warrant entitles the holder to purchase one common share of the Company at a price of \$0.25 per share until May 30, 2026, subject to earlier expiry if the ten-day volume weighted average price exceeds \$0.30 per share. The Company allocates the proceeds received in the following order: first, to common shares, based on their market trading price at closing; subsequently, to warrants, using valuations derived from the Black-Scholes option pricing model ("BSM"); and finally, any residual amount is allocated to the flow-through premium liability. As a result, \$1,405,500 was allocated to share capital, \$301,837 was allocated to reserves and \$166,663 was allocated to flow-through premium liability.
- On June 27, 2024, the Company issued 50,000 flow-through units at \$0.24 per unit for gross proceeds of \$12,000. Each unit consists of one common share and one-half of one share purchase warrant. Each whole warrant entitles the holder to purchase one common share of the Company at a price of \$0.25 per share until June 27, 2026, subject to earlier expiry if the ten-day volume weighted average price exceeds \$0.30 per share. The Company allocates the proceeds received in the following order: first, to common shares, based on their market trading price at closing; subsequently, to warrants, using valuations derived from the BSM; and finally, any residual amount is allocated to the flow-through premium liability. As a result, \$8,500 was allocated to share capital, \$1,747 was allocated to reserves and \$1,753 was allocated to flow-through premium liability.
- On November 15, 2024, the Company issued 18,118,000 flow-through units of the Company at a price of \$0.155 per unit for gross proceeds of \$2,808,290. Each flow-through unit is comprised of one common share and one-half share purchase warrant. Each whole warrant entitles the holder to purchase one common share of the Company at a price of \$0.23 per share for a period of 24 months from November 15, 2024. The Company allocates the proceeds received in the following order: first, to common shares, based on their market trading price at closing; subsequently, to warrants, using valuations derived from the BSM; and finally, any residual amount is allocated to the flow-through premium liability. As a result, \$2,174,160 was allocated to share capital, \$353,859 was allocated to reserves and \$280,271 was allocated to flow-through premium liability.

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For the three months ended March 31, 2025 and 2024
(Unaudited - Expressed in Canadian dollars, except where noted)

11. SHARE CAPITAL (continued)

Charity flow-through units issued in private placements

- On November 15, 2024, the Company issued 9,585,000 charity flow-through units of the Company at a price of \$0.20 per unit for gross proceeds of \$1,917,000. Each charity flow-through unit is comprised of one common share and one share purchase warrant. Each warrant entitles the holder to purchase one common share of the Company at a price of \$0.18 per share for a period of 24 months from November 15, 2024. The Company allocates the proceeds received in the following order: first, to common shares, based on their market trading price at closing; subsequently, to warrants, using valuations derived from the BSM; and finally, any residual amount is allocated to the flow-through premium liability. As a result, \$1,150,200 was allocated to share capital, \$442,557 was allocated to reserves and \$324,243 was allocated to flow-through premium liability.

Other share issuances

- In connection with the private placement and issuance of flow-through units on May 30, 2024, the Company paid combined share issuance costs of \$110,040 and issued 50,000 finders' warrants. The finder's warrants are valued using the BSM and had a fair value of \$3,866. Each finders' warrant entitles the holder to purchase one common share of the Company at a price of \$0.25 per share until May 30, 2026.
- On June 27, 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 gross proceeds of \$16,000. In connection with the exercise, the Company transferred \$13,825 from reserves to share capital.
- On August 29, 2024, the Company issued 1,831,579 common shares as settlement for services valued at \$348,000. The fair value of shares issued was measured using the closing price on the date that the shares were issued of \$0.16 per share for a total fair value of \$293,053. As a result, the Company recorded a gain on debt settlement of \$54,948.
- In connection with the private placement and issuance of units on November 15, 2024, the Company paid total finders' fees and share issuance costs of \$853,408 and issued 2,856,143 finders' warrants. The finder's warrants are valued using the BSM and had a fair value of \$156,435. Each finders' warrant entitles the holder to purchase one common share of the Company at a price of \$0.135 per share for a period of 24 months from November 15, 2024.

c) Share purchase warrants

A summary of the Company's share purchase warrant activity is as follows:

	Number of warrants	Weighted average exercise price
	#	\$
Balance, December 31, 2023	14,285,715	0.25
Issued	55,824,993	0.20
Balance, March 31, 2025 and December 31, 2024	70,110,708	0.21

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11. SHARE CAPITAL (continued)

A summary of the Company's share purchase warrants outstanding as at March 31, 2025 is as follows:

Date of expiry	Exercise price	Number of warrants	Weighted average remaining life
	\$	#	Years
May 12, 2025 ⁽¹⁾	0.25	14,285,715	0.12
May 30, 2026	0.25	7,411,308	1.16
June 27, 2026	0.25	434,618	1.24
November 15, 2026	0.18	36,063,926	1.63
November 15, 2026	0.23	9,058,998	1.63
November 15, 2026	0.14	2,856,143	1.63
	0.21	70,110,708	1.27

(1) Subsequent to March 31, 2025, 14,285,715 warrants expired unexercised (Note 15).

A summary of the Company's weighted average inputs used in the BSM for the share purchase warrants for the year ended December 31, 2024, is as follows:

	2024
Share price	\$0.13
Exercise price	\$0.20
Expected life	2 years
Risk-free interest rate ⁽¹⁾	3.32%
Forfeiture rate	3.00%
Expected volatility ⁽²⁾	92.68%
Expected annual dividend yield	0.00%

(1) The risk-free interest rate of periods within the expected life of the stock options is based on the Canadian government bond rate.

(2) The computation of expected volatility was based on the Company's historical price volatility, over a period which approximates the expected life of the warrant.

d) Stock options

The Company's incentive stock option plan ("Option Plan") authorizes the issuance of options up to a maximum of 10% of the Company's issued common shares. The maximum number of stock options issuable has been fixed at 37,293,698 by a special resolution of shareholders since 2023. The exercise price of any stock option granted will not be less than the fair market value of a common share at the time of the grant. The expiry date for each stock option, set by the Board of Directors at the time of issue, shall not be more than ten years after the grant date. Unless stipulated by the Board of Directors, stock options granted generally vest 25% on the date of grant and a further 25% vest every three months following the date of grant.

During the three months ended March 31, 2025, the Company had the following stock option transactions:

- On February 20, 2025, the Company granted 450,000 stock options exercisable at \$0.14 per share to certain executives and directors of the Company. The options are exercisable for a 10-year term expiring on February 20, 2035. The options vest periodically over 18 months. The fair value of the options was determined to be \$53,982 using the BSM.
- 262,500 stock options were forfeited following the departures of certain executives and consultants of the Company and 43,750 stock options expired unexercised. As a result, \$6,723 was transferred from reserves to deficit.

During the year ended December 31, 2024, the Company had the following stock option transactions:

- On May 27, 2024, the Company granted 1,425,000 stock options exercisable at \$0.24 per share to certain officers and directors. The options are exercisable for a 10-year term expiring on May 27, 2034. The options vest periodically over 18 months. The fair value of the options was determined to be \$242,207 using the BSM.
- On June 21, 2024, the Company granted 2,625,000 stock options exercisable at \$0.19 per share to certain officers and directors. The options are exercisable for a 10-year term expiring on June 20, 2034. The options vest periodically over 18 months. The fair value of the options was determined to be \$403,371 using the BSM.

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11. SHARE CAPITAL (continued)

- On August 27, 2024, the Company granted 400,000 stock options exercisable at \$0.17 per share to an officer of the Company. The options are exercisable for a 10-year term expiring on August 27, 2034. The options vest periodically over 18 months. The fair value of the options was determined to be \$54,321 using the BSM.
- On October 4, 2024, the Company granted 150,000 stock options exercisable at \$0.16 per share to an executive of the Company. The options are exercisable for a 10-year term expiring on October 4, 2034. The options vest periodically over 18 months. The fair value of the options was determined to be \$20,393 using the BSM.

A summary of the Company's weighted average inputs used in the BSM for the stock options granted during the three months ended March 31, 2025 and the year ended December 31, 2024 is as follows:

	2025	2024
Share price	\$0.14	\$0.18
Exercise price	\$0.14	\$0.20
Expected life	10 years	10 years
Risk-free interest rate ⁽¹⁾	3.22%	3.40%
Forfeiture rate	3.00%	3.00%
Expected volatility ⁽²⁾	93.33%	94.00%
Expected annual dividend yield	0.00%	0.00%

(1) The risk-free interest rate of periods within the expected life of the stock options is based on the Canadian government bond rate.

(2) The computation of expected volatility was based on the Company's historical price volatility, over a period which approximates the expected life of the option.

A summary of the Company's stock option activity is as follows:

	Number of stock options	Weighted average exercise price
	#	\$
Balance, December 31, 2023	3,950,000	0.20
Granted	4,600,000	0.20
Exercised	(200,000)	0.08
Forfeited	(356,250)	0.24
Expired	(875,000)	0.22
Balance, December 31, 2024	7,118,750	0.20
Granted	450,000	0.14
Forfeited	(262,500)	0.15
Expired	(43,750)	0.17
Balance, March 31, 2025	7,262,500	0.20

A summary of the Company's stock options outstanding and exercisable as at March 31, 2025 is as follows:

Date of expiry	Exercise price	Number of options	Number of options exercisable	Weighted average remaining life
	\$	#	#	Years
December 16, 2025	0.36	550,000	550,000	0.71
January 24, 2027	0.21	900,000	900,000	1.82
September 13, 2027	0.15	300,000	300,000	2.45
October 12, 2027	0.14	600,000	600,000	2.53
October 19, 2027	0.13	600,000	600,000	2.55
May 27, 2034	0.24	1,125,000	562,500	9.16
June 20, 2034	0.19	2,412,500	1,225,000	9.23
August 27, 2034	0.17	400,000	200,000	9.41
October 4, 2034	0.16	37,500	37,500	9.52
February 20, 2035	0.14	337,500	112,500	9.90
	0.20	7,262,500	5,087,500	6.31

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11. SHARE CAPITAL (continued)

During the three months ended March 31, 2025, the Company recognized share-based compensation of \$66,380 (2024 - \$6,639) relating to the vesting and forfeiture of stock options, of which \$15,696 (2024 - \$nil), was capitalized to mineral property.

12. 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:

	Three months ended March 31,	
	2025	2024
	\$	\$
Legal and accounting	16,500	16,500
Salaries and wages	185,000	123,920
Share-based compensation ⁽¹⁾	80,439	6,639
	281,939	147,059

(1) During the three months ended March 31, 2025, \$14,495 of share-based compensation for related parties was capitalized to mineral property (2024 - \$nil) (Note 6).

As at March 31, 2025, accounts payable and accrued liabilities included \$75,060 (December 31, 2024 - \$55,755) comprising unused vacation. Interest is not charged on outstanding balances and there are no specified terms of repayment.

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

As at March 31, 2025, and December 31, 2024, the Company's financial instruments consist of cash and cash equivalents, rent deposit, deposits for reclamation, accounts payable and accrued liabilities, and lease liabilities, which are classified as and measured at amortized cost.

The carrying values of cash and cash equivalents, 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.

a) 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 and deposits for reclamation. The Company manages credit risk in respect of cash and cash equivalents and deposits for reclamation by holding these at a major Canadian financial institution with strong investment-grade ratings by a recognized agency.

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:

	March 31, 2025	December 31, 2024
	\$	\$
Cash held in bank accounts	610,948	6,438,651
Term deposits	3,956,405	435,036
	4,567,353	6,873,687

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13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

For the three months ended March 31, 2025, the weighted average interest rate earned on the Company's cash and cash equivalents was 4.08% (2024 - 4.10%). During the three months ended March 31, 2025, the Company earned interest income of \$21,369 (2024 - \$34,191) on various term deposits.

b) 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. As at March 31, 2025 the Company has cash and cash equivalents of \$4,567,353 (December 31, 2024 - \$6,873,687) in order to meet its current liabilities. As at March 31, 2025, the Company had accounts payable and accrued liabilities of \$1,840,340 (December 31, 2024 - \$812,594), which have contractual maturities of 90 days or less and a current portion of lease liability of \$66,705 (December 31, 2024 - \$65,307). The amount of the Company's remaining undiscounted contractual lease payments for the lease liability is \$232,503 (December 31, 2024 - \$250,919). As at March 31, 2025, management has assessed the liquidity risk as low.

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 and foreign currency risk 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 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 March 31, 2025.

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 March 31, 2025.

14. CAPITAL MANAGEMENT

The Company's primary source of funds has been obtained through the issuance of share capital. The Company does not use any sources of financing that require fixed payments of interest and principal and is not subject to any externally imposed capital requirements.

The Company defines its capital as all components of shareholders' equity. Capital requirements are determined by the Company's exploration activities on its mineral property interests and administrative overhead. To effectively manage the Company's capital requirements, the Company has a planning and budgeting process in place to ensure that adequate funds are available to meet strategic goals.

In accordance with its investment policy, the Company periodically invests its capital in liquid investments to obtain returns that are considered reasonable under prevailing market conditions. The investment decision is based on cash management to ensure working capital is available to meet the Company's short-term obligations while maximizing liquidity and returns of unused capital.

Although the Company has been successful at raising funds in the past through the issuance of capital stock, there can be no assurances that it will continue to do so in the future. There were no changes in the Company's approach to capital management during the three months ended March 31, 2025.

15. SUBSEQUENT EVENTS

Subsequent to March 31, 2025, 14,285,715 share purchase warrants of the Company expired unexercised.

On April 20, 2025, the Company received a tax refund of \$526,330 in cash, of which \$490,272 is the METC amount and \$36,058 is the interest recovered.