



## **SPANISH MOUNTAIN GOLD LTD.**

### **Management Discussion and Analysis**

For the three months ended March 31, 2025 and 2024

(Expressed in Canadian dollars)

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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 condensed interim consolidated financial statements, including the notes thereto, for the three months ended March 31, 2025 and 2024 ("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, 2024 and 2023 (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 Board of Directors approved the disclosure contained in this MD&A on May 30, 2025 ("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](http://www.spanishmountaingold.com) as well as under the Company's profile on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

## **OVERVIEW**

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### **Spanish Mountain gold project**

The Company is an exploration and development 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 conduct further exploration programs on the property.

The Company completed its Pre-Feasibility Study ("PFS") of the Project along with a mineral reserve ("Mineral Reserve") 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, which is titled Spanish Mountain Gold Project, Prefeasibility Study NI 43-101 Technical Report was filed on SEDAR+ on June 3, 2021.

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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 was reviewed by the Technical Advisory Committee, participating First 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. In February 2023, the Company chose to suspend submission of the final DPD and undertake additional geological work and a detailed review of the PFS to further optimize the Project. During 2023 and 2024 this additional review work continued and the Company in Q3 2024 decided to produce a new Preliminary Economic Assessment ("PEA") that is expected to be completed in Q2 2025. This review and the new PEA may result in changes to the project plan that will need to be incorporated into a new 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 Xat'sül) whose traditional territories include the Project area. The Company signed an Engagement Protocol Agreement with Xat'sül 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 and in Q3 2024, the Company awarded to and began work on a new PEA, Mineral Resource Estimate ("MRE") and joint MRE-PEA NI-43-101 Technical report with several consultants, led by Ausenco, as the overarching QP lead. The PEA will incorporate the results of additional exploration drilling conducted during 2024, and improvements to further enhance the Project's economics and viability in several areas including power, geology, mineral processing, water management and treatment, tailings, various pit scenarios and electrification of mining alternatives. The Company anticipates the Technical report will be completed before the end of Q2 2025.

- **Environmental assessment and permitting:** The EA, engagement and permitting process remains on hold.
- **Geology and Whittle Optimization:** New geological, geochemical and metallurgical information and current market assumptions are being incorporated into the working geological model to continue progressing the Whittle Optimization. The following work was completed in Q4 2024 and Q1 2025:
  - Whittle Consulting completed the optimization on a new working geological model incorporating coarse ore flotation and updated geochemical information. The Whittle optimization efforts focused on developing new pits and phases with updated input parameters. The mine optimization based on the revised working MRE incorporated the 2024 diamond drilling results was completed and submitted to Moose Mountain Technical Services Ltd. for detailed pit design to be incorporated in the new PEA.
  - Moose Mountain Technical Services Ltd. completed various conceptual life-of-mine plans, pit designs and production details considering different sized mining operations up to 50,000 tonnes per day of ore. Ausenco began the financial modelling trade off studies to determine an optimal scale for the proposed mine in the PEA.
  - Equity Exploration Consultants Ltd. incorporated the 2024 drilling information to update the working geological model.
  - APEX Geoscience (APEX) conducted an independent review of the working geological model and provided recommendations to refine the interpretation.
  - SRK Consulting Limited completed a review of the proposed 2025 drill program targets and provided recommendations.
  - ABH Engineering Inc. completed a scoping level ore sorting study and report that concluded the Spanish Mountain Gold project resource is amenable to ore sorting. The company proceeded to assess possible scenarios for inclusion of ore sorting in the proposed mine production and optimal scale scenarios.

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- **Power:** The System Impact Study (SIS) Stage 2 Conceptual Design with BC Hydro (the provincial electric utility provider) was started in Q1 2025. The study is for the engineering and construction of a new BC Hydro 230 kilovolt ("kV") substation (SMM) to be located at the interconnection point near the BC Hydro McLeese Lake capacitor substation that will be connected to the 74 kilometer long 230 kV, transmission line constructed by the company.
  - **Metallurgy and Mineral Processing:** Additional Phase 2 coarse ore flotation variability testing on low grade ore was completed to confirm anticipated grind recovery curves to be used in the mining scenarios and cashflow trade off analysis towards an optimal proposed mine production scale. The results were incorporated in a new improved flowsheet for the PEA. 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:** In Q4 2024 BGC was engaged to evaluate, improve upon and de-risk the new tailings, water and waste management facilities and the results will be incorporated into the new PEA. Work in these areas advanced during Q1 2025.
  - **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, several opportunities 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 evaluated improved sustainable solutions using the Whittle Enterprise Optimization, some of which are being considered for the PEA at this time.

### Corporate

On January 24, 2025, the Company engaged Red Cloud Financial Services to provide media and marketing services for the Company.

On January 27, 2025, the Company listed on the OTCQB venture market under the symbol, "SPAUF".

On March 19, 2025, the Company engaged German Mining Networks GMBH to provide marketing and investors relations services in Europe.

## MINERAL PROPERTY

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### 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 55 contiguous mineral claims and 15 placer claims and covers an area of approximately 13,716 hectares and 2,240 hectares respectively, 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 m north-south and a width of 800 m and is open in all directions. The mineralization extends northward covering another area of about 400 m 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 geological 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.

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 to support coarse ore flotation mineral processing unit operations for the Project. A draft of the report entitled, "Spanish Mountain Gold Energy Efficiency Scoping Study – Andritz Power Simulation Study," was received from Andritz, reviewed and accepted by BC Hydro, the cost of which is expected to be covered by an

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approved funding application made on January 29, 2025. This report's findings are under review and options are being considered for the PEA expected to be released in the second quarter of 2025.

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 interconnection of a 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. In January 2025, the Company agreed to proceed to Stage 2, Conceptual Design, for the interconnection for the new power line and work has commenced.

### New Mineral Resource Estimate and Preliminary Economic Analysis Commences

After extensive review of the 2021 Mineral Resource, Reserve and PFS, the Company determined that certain elements of the Project could 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 was largely undertaken during 2024, particularly concerning the geochemical, metallurgical 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 de-risk the time and cost to first production.

During August 2024, a Request for Proposal (RFP) was issued to complete a NI 43-101 technical report incorporating an updated MRE and new PEA. The Company awarded the study to Ausenco as lead consultant and expects the results to be completed in the second quarter of 2025.

In August 2024, BGC Engineering began work towards the PEA with a new approach for sustainable, permittable and executable solutions regarding waste, tailing and water management facilities for the Project. The results of the Whittle Optimization on the new working geological model were provided to BGC Engineering to advance conceptual designs ahead of the updated resource model, that incorporated the 2024 diamond drill results. BGC was provided with the updated geological model and the proposed life-of-mine pit plans in Q1 2025 and is incorporating this data into a tailings, waste and water management plan to incorporate in the new PEA.

In September 2024, the diamond drill hole program (5,590 m in 11 holes) was completed with assays completed in Q4 2024. These assay results will be incorporated into the updated MRE and into the PEA. Refer to the September 11, October 16, December 5 and December 18, 2024 press releases, where the drilling program and results were discussed and mineralization extensions were confirmed.

### Mineral Reserves and Mineral Resources

#### a) Reserves 2021 PFS

The Project's Mineral Reserves, which are a subset of the measured and 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	Mill Feed Gold	Contained	Mill Feed	Contained
	(Mt)	Grade (g/t)	Gold (Moz)	Silver Grade (g/t)	Silver (Moz)
Proven	40.8	0.79	1.03	0.67	0.88
Probable	55.1	0.74	1.31	0.74	1.30
<b>Total</b>	<b>95.9</b>	<b>0.76</b>	<b>2.34</b>	<b>0.71</b>	<b>2.18</b>

- 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.
- 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.

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- 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 Reserves, described above, are a subset of Mineral Resources:

<b>Classification</b>	<b>Run of Mine (Mt)</b>	<b>Gold Grade (g/t)</b>	<b>Silver Grade (g/t)</b>	<b>Contained Gold (Moz)</b>	<b>Contained Silver (Moz)</b>
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 MREs were prepared by Marc Jutras, P.Eng.; M.A.Sc. (who is the independent Qualified Person for these MREs, 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 MREs 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.

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**Exploration Programs**

The 2024 diamond drill program (5,590 m in 11 holes) was completed by Hardrock Diamond Drilling in September 2024. Drilling commenced in August 2024 targeting potential extensions of mineralized zones to the northwest. Samples were sent to the ALS laboratory, Kamloops and Vancouver for assay. Drill hole assay results were received in Q4 2024 and utilized in the new geological model.

The Company commenced its 2025 Winter Drill Program (10,000 m) in February 2025, targeting further extensions of the mineralized zones, near surface to the northwest, west, at depth near the main zone and the Phoenix area previously identified in 2011 (See February 10, 2025 Press Release).

The 2025 Winter Drill Program samples were sent to the MSA Labs Prince George laboratory for photon gold assaying. The results of the 2025 Winter Drill Program received to date have been disclosed in press releases dated April 21, 2025 and April 24, 2025, with further drill results pending.

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	15,696
Travel and accommodation	5,731
<b>Balance, March 31, 2025</b>	<b>100,401,071</b>

**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.

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As a part of the current environmental assessment and permitting process, the Company signed Engagement Protocol Agreements with Xat'sül First Nation in October 2021 and Lhtako Dené Nation in December 2021 and proceeded with the process of completing a Life-of-Mine agreement with Williams Lake First Nation and the aforementioned Nations.

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**

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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 BCEAO and IAAC. Agency, First Nations, and public review questions and comments were solicited then used to develop the draft 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**

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The Company's current strategy remains focused on optimizing, de-risking and advancing its Spanish Mountain Gold Project towards a build decision. The Company anticipates completing a new MRE and PEA before the end of the second quarter of 2025. Assuming positive conclusions and recommendations of the PEA, the Company anticipates beginning a new PFS in 2025, or potentially advancing directly to a Feasibility Study ("FS"). In addition to optimizing and de-risking the Project, the rework and reinterpretation of historical geological information has led to the identification of new exploration drill targets that could expand the mineral endowment, affect the Project footprint, and reduce existing pit constrained resource risks. An exploration drill program (5,590 m) was completed in September 2024, and the follow up drilling (10,000 m) program commenced in February of 2025. A private placement financing to support the 2025 exploration and drill program closed on November 15, 2024 and the Company is sufficiently funded to advance its Project plans.

Phase 2 metallurgical testing was completed in Q3 2024, which supports coarse ore flotation, and therefore a new flowsheet will be incorporated in the upcoming PEA study and resource. The results of the tests are also 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. The ore sorting amenability scoping study was completed in Q1 2025 and concluded positive potential for ore sorting to pre-concentrate ore to enhance mill feed grades and improve overall gold production. However further test work is required and expected to proceed in the future.

A high-level review of plans integrating tailings, water and waste management was completed by BGC and new designs were progressed expected to be incorporated into the PEA.

Results of the optimization studies were incorporated in the Whittle Optimization on the new geological model, inclusive of the 2024 diamond drill results. The Company has used the results of the Whittle Enterprise Optimization to guide the PEA pits and phases, life of mine plan and schedule as the basis to propose a sustainable, permissible and executable business case for the Project. At the conclusion of the new PEA and MRE, assuming a positive outcome, the Company expects to make its decision on the next steps of Project development in early H2 2025 to fast-track towards a project build decision by 2027.



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**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".

	<b>Q1 2025</b>	<b>Q1 2024</b>
	<b>\$</b>	<b>\$</b>
<b>Operating expenses</b>		
Consulting	<b>46,201</b>	65,095
Depreciation	<b>18,425</b>	18,733
Investor relations, travel and filing fees	<b>135,748</b>	103,572
Legal and accounting	<b>70,571</b>	160,692
Office and administrative	<b>80,265</b>	49,686
Salaries and wages	<b>216,087</b>	133,881
Share-based compensation	<b>50,684</b>	6,639
	<b>617,981</b>	538,298
<b>Other income (expense)</b>		
Amortization of flow-through premium liability	<b>302,412</b>	-
Interest expense	<b>(2,824)</b>	(3,579)
Interest and other income	<b>52,981</b>	34,191
<b>Net loss for the period</b>	<b>(265,412)</b>	(507,686)

**Q1 2025 compared to Q1 2024**

Net loss was \$265,412 compared to \$507,686 in the prior year comparable period due to the following primary drivers:

- Consulting decreased to \$46,201 compared to \$65,095 in the prior year comparable period due to reduced spending on advisory services related to IT infrastructure, software, data security and training.
- Legal and accounting decreased to \$70,571 compared to \$160,692 in the prior year comparable period due to reduced spending on legal costs associated with a civil dispute with the former Chief Executive Officer in 2024.
- Amortization of flow-through premium liability increased to \$302,412 compared to \$nil in the prior year comparable period due to the fact that no flow-through shares had been issued for several years prior to May 30, 2024. During the last fiscal year, the Company issued additional flow-through units and have renounced accordingly as the Company continues to make eligible expenditures.
- Interest and other income increased to \$52,981 compared to \$34,191 in the prior year comparable period. The Company received refund interest related to the 2023 taxation year British Columbia Mining Exploration Tax Credit ("METC") of \$31,612 during the current period.

Partially offsetting the decrease in the net loss were increases to expenses and other income as follows:

- Investor relations, travel and filing fees increased to \$135,748 compared to \$103,572 in the prior year comparable period due to increased marketing activities and attending additional conferences in the current period to raise public awareness of the Company.
- Office and administrative increased to \$80,265 compared to \$49,686 in the prior year comparable period due to additional spending on IT infrastructure and support.
- Salaries and wages increased to \$216,087 compared to \$133,881 in the prior year comparable period due to the hiring of a new Chief Financial Officer and VP Investor Relations and Corporate Development.
- Share-based compensation increased to \$50,684 compared to \$6,639 in the prior year comparable period due to vesting of newly granted stock options in the current period. 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

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(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.

	Q1 2025	Q4 2024	Q3 2024	Q2 2024
	\$	\$	\$	\$
Loss from operations	(617,981)	(703,726)	(874,948)	(739,916)
Net loss and comprehensive loss	(265,412)	(721,323)	(578,503)	(657,734)
Loss per share - basic and diluted	(0.00)	(0.00)	(0.00)	(0.00)

  

	Q1 2024	Q4 2023	Q3 2023	Q2 2023
	\$	\$	\$	\$
Loss from operations	(538,298)	(986,881)	(576,550)	(306,061)
Net loss and comprehensive loss	(507,686)	(934,300)	(526,290)	(274,535)
Loss per share - basic and diluted	(0.00)	(0.00)	(0.00)	(0.00)

Certain tax items such as the METC tend to be processed and recognized during the third or fourth quarter of the year, when the Company is notified of the results of the Canada Revenue Agency review of tax returns filed, 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 increased 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 increased in Q2 2024 due to increased share-based compensation expense resulting from stock options granted in the period. Net losses in Q3 and Q4 2024, as well as Q1 2025, were primarily driven by increased salaries and wages related to the hiring of a new Chief Financial Officer and VP of Investor Relations and Corporate Development, more significant marketing activities, and share-based compensation expense related to stock options granted to the Company's new executives in these periods, partially offset by the amortization of the flow-through share premiums.

**LIQUIDITY AND CAPITAL RESOURCES**

As at March 31, 2025, the Company had working capital of \$3,118,687 (December 31, 2024 - \$6,325,995), which includes cash and cash equivalents of \$4,567,353 (December 31, 2024 - \$6,873,687).

The Company believes it has sufficient cash on hand to fund the phases of its project that are planned for the nine months following March 31, 2025. 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. See details of completed private placements in 'sources and uses of cash section. The Company has 70,110,708 warrants outstanding as at March 31, 2025. 14,285,715 of these warrants expired on May 12, 2025. If the remaining outstanding warrants were all exercised, they would raise \$10,922,138.

The Company's expenditures on its mineral property, which are capitalized in accordance with its accounting policy, represent the most significant use of its capital resources.

The Company is in the exploration 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. Management carefully monitors its cash resources and explores available options to address any potential shortfall.

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**SOURCES AND USES OF CASH**

	Q1 2025	Q1 2024
	\$	\$
Cash used in operating activities	(732,893)	(517,388)
Cash used in investing activities	(1,555,025)	(939,491)
Cash used in financing activities	(18,416)	(17,841)
Change in cash and cash equivalents during the period	(2,306,334)	(1,474,720)
Cash and cash equivalents, beginning of the period	6,873,687	3,307,002
Cash and cash equivalents, end of the period	4,567,353	1,832,282

Cash used in operating activities increased to \$732,893 from \$517,388 in the prior year comparable period due to increased expenditures on marketing activities and other overheads.

Cash used in investing activities increased to \$1,555,025 from \$939,491 in the prior year comparable period due to increased spending on mineral property exploration activities and progressing a new PEA. During Q1 2025, the Company received a \$869,079 refund, made up of the 2023 METC and the related interest refund, which partially offset the increase in investing activities.

Cash used in financing activities increased to \$18,416 from \$17,841 in the prior year comparable period due to a slight increase in lease payment costs.

**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:

	Q1 2025	Q1 2024
	\$	\$
Legal and accounting	16,500	16,500
Salary and wages	185,000	123,920
Share-based compensation	80,439	6,639
	281,939	147,059

During the three months ended March 31, 2025, a Company controlled by the Company's Vice President of Finance ("VP, Finance") provided finance and accounting services of \$16,500 (2024 - \$16,500) to the Company.

A summary of the salary and wages paid to the Company's officers is as follows:

	Q1 2025	Q1 2024
	\$	\$
CEO	71,250	70,170
CFO	66,250	-
Director of Exploration	47,500	-
Former Vice President of Exploration	-	53,750
Total	185,000	123,920

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

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**FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

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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, deposits, 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.

**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:

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

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.

**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 March 31, 2025 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, the management has assessed the liquidity risk as minimal.

**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 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.

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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.

**OUTSTANDING SHARE DATA**

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

	<b>March 31, 2025</b>	<b>MD&amp;A Date</b>
	<b>#</b>	<b>#</b>
Common shares	444,742,340	444,742,340
Stock options	7,262,500	7,262,500
Warrants	70,110,708	55,824,993
Fully diluted shares outstanding	522,115,548	507,829,833

**CAPITAL MANAGEMENT**

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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.

**OFF-BALANCE SHEET ARRANGEMENTS**

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As at March 31, 2025 and the MD&A Date, the Company has no off-balance sheet arrangements.

**PROPOSED TRANSACTIONS**

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As at March 31, 2025 and the MD&A Date, the Company has no proposed transactions.

**COMMITMENTS**

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**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.

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**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 March 31, 2025, the Company holds a number of term deposits aggregating in the sum of \$91,000 (December 31, 2024 - \$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**

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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, in respect of which it is currently completing a new PEA, 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.

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**FORWARD-LOOKING STATEMENTS**

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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.

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**SIGNIFICANT ACCOUNTING JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY**

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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.

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**QUALIFIED PERSON**

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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.

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**SUBSEQUENT EVENTS**

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

On April 20, 2025, the Company received the 2022 taxation year tax refund of \$526,330 in cash, of which \$490,272 is the BCMETC amount assessed and \$36,058 is the interest owing on the refund.