



**SPANISH MOUNTAIN GOLD LTD.**

**Condensed Interim Consolidated Financial Statements**

**For the three and six months ended June 30, 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 and Six Months Ended June 30, 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 June 30, 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.

August 29, 2025

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

	Note	June 30, 2025	December 31, 2024
		\$	\$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	13(a)	622,202	6,873,687
GST recoverable		176,205	136,838
Prepaid expenses and deposits	5	664,218	193,371
		1,462,625	7,203,896
Mineral property	6,12	103,285,345	98,329,390
Property and equipment	7	900,753	952,882
Deposits for reclamation	6	91,000	91,000
Rent deposit	10	10,444	10,444
<b>Total assets</b>		<b>105,750,167</b>	<b>106,587,612</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	8,12	1,082,573	812,594
Current portion of lease liability	10	68,121	65,307
		1,150,694	877,901
Flow-through premium liability	9	-	558,646
Lease liability	10	130,882	165,653
<b>Total liabilities</b>		<b>1,281,576</b>	<b>1,602,200</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	11(b)	121,683,532	121,683,532
Reserves	11	2,532,002	2,277,422
Deficit		(19,746,943)	(18,975,542)
<b>Total shareholders' equity</b>		<b>104,468,591</b>	<b>104,985,412</b>
<b>Total liabilities and shareholders' equity</b>		<b>105,750,167</b>	<b>106,587,612</b>

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

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

<u>/s/ "Richard Oraziotti"</u>	<u>/s/ "Lembit Janes"</u>
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 June 30,		Six months ended June 30,	
	Note	2025	2024	2025	2024
		\$	\$		
<b>Operating expenses</b>					
Consulting		25,202	45,338	71,403	110,433
Depreciation	7	18,480	18,749	36,905	37,482
Investor relations, travel and filing fees		114,386	90,767	250,134	194,339
Legal and accounting	12	155,378	78,681	225,949	239,373
Office and administrative		58,715	109,056	138,980	158,741
Salaries and wages	12	287,277	170,141	503,364	304,022
Share-based compensation	11(d), 12	194,353	227,184	245,037	233,824
		853,791	739,916	1,471,772	1,278,214
<b>Other income (expense)</b>					
Amortization of flow-through premium liability	9	256,234	22,919	558,646	22,919
Interest expense	10	(2,627)	(3,398)	(5,451)	(6,977)
Interest and other income		72,113	62,661	125,094	96,852
<b>Net loss and comprehensive loss for the period</b>		<b>(528,071)</b>	<b>(657,734)</b>	<b>(793,483)</b>	<b>(1,165,420)</b>
<b>Loss per share:</b>					
Basic and diluted		(0.00)	(0.00)	(0.00)	(0.00)
<b>Weighted average number of common shares:</b>					
Basic and diluted		444,742,340	378,161,164	444,742,340	375,549,072

*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)

	Six months ended June 30,	
	2025	2024
	\$	\$
<b>Operating activities</b>		
Net loss and comprehensive loss for the period	(793,483)	(1,165,420)
Adjustments for:		
Depreciation	36,905	37,482
Share-based compensation	245,037	233,824
Amortization of flow-through premium liability	(558,646)	(22,919)
Interest expense	5,451	6,977
Changes in non-cash working capital:		
GST recoverable	(39,367)	(4,574)
Prepaid expenses and deposits	(470,847)	59,727
Accounts payable and accrued liabilities	(121,013)	(187,865)
<b>Cash used in operating activities</b>	<b>(1,695,963)</b>	<b>(1,042,768)</b>
<b>Investing activities</b>		
Expenditures on mineral property	(5,845,854)	(1,472,576)
Mining exploration tax credit received	1,327,740	-
<b>Cash used in investing activities</b>	<b>(4,518,114)</b>	<b>(1,472,576)</b>
<b>Financing activities</b>		
Proceeds from units issued in private placement	-	1,624,040
Proceeds from flow-through units issued in private placement	-	1,886,000
Unit issuance costs	-	(110,040)
Proceeds from exercise of stock options	-	16,000
Lease payments	(37,408)	(36,257)
<b>Cash (used in) provided by financing activities</b>	<b>(37,408)</b>	<b>3,379,743</b>
Changes in cash and cash equivalents	(6,251,485)	864,399
Cash and cash equivalents, beginning of period	6,873,687	3,307,002
<b>Cash and cash equivalents, end of period</b>	<b>622,202</b>	<b>4,171,401</b>
<b>Supplemental cash flow information:</b>		
Expenditures on mineral property included in accounts payable and accrued liabilities	390,992	514,747
Share-based compensation included in mineral property	31,625	3,761
Depreciation included in mineral property	15,224	16,809
Cash interest received	45,366	46,693
Cash interest refund received	67,669	-

*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, December 31, 2023	372,936,980	112,624,685	592,621	(16,658,829)	96,558,477
Units issued in private placement	7,733,522	1,452,985	171,055	-	1,624,040
Flow-through units issued in private placement	7,858,333	1,727,833	158,167	-	1,886,000
Flow-through premium liability	-	(235,750)	-	-	(235,750)
Unit issuance costs	-	(110,040)	-	-	(110,040)
Share issuance costs for finders' warrants	-	(3,788)	3,788	-	-
Share issued from exercise of stock options	200,000	29,825	(13,825)	-	16,000
Fair value of forfeited stock options	-	-	(121,960)	121,960	-
Share-based compensation	-	-	237,585	-	237,585
Net loss and comprehensive loss for the period	-	-	-	(1,165,420)	(1,165,420)
Balance, June 30, 2024	388,728,835	115,485,750	1,027,431	(17,702,289)	98,810,892
Units issued in private placement	26,478,926	3,668,374	(93,720)	-	3,574,654
Flow-through units issued in private placement	18,118,000	2,309,014	499,276	-	2,808,290
Flow-through premium liability	-	(212,938)	-	-	(212,938)
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)
Unit issuance costs	-	(1,008,921)	156,513	-	(852,408)
Adjustment to unit issuance costs	-	(1,000)	-	-	(1,000)
Shares issued for debt settlement	1,831,579	293,053	-	-	293,053
Fair value of expired stock options	-	-	(26,573)	26,573	-
Share-based compensation	-	-	271,938	-	271,938
Net loss and comprehensive loss for the period	-	-	-	(1,299,826)	(1,299,826)
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	-	-	(22,082)	22,082	-
Share-based compensation	-	-	276,662	-	276,662
Net loss and comprehensive loss for the period	-	-	-	(793,483)	(793,483)
<b>Balance, June 30, 2025</b>	<b>444,742,340</b>	<b>121,683,532</b>	<b>2,532,002</b>	<b>(19,746,943)</b>	<b>104,468,591</b>

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 and six months ended June 30, 2025 and 2024**  
(Unaudited - Expressed in Canadian dollars, except where noted)

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**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 and six months ended June 30, 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. During the three and six months ended June 30, 2025, the Company incurred a net loss and comprehensive loss of \$528,071 and \$793,483, respectively (2024 - \$657,734 and \$1,165,420, respectively), and as at June 30, 2025, had an accumulated deficit of \$19,746,943 (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. Management seeks to raise capital, when necessary, to meet its funding requirements and has undertaken available cost-cutting measures. There is no assurance that sufficient future funding will be available on a timely basis or on terms acceptable to the Company. 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 August 29, 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 prior period amounts have been reclassified for consistency with the current period presentation. These reclassifications had no effect on the reported results of operations. An adjustment has been made to the consolidated statements of cash flows to reclassify \$46,693 of cash interest income from GST recoverable (accounts receivable in the prior period) to cash interest received.

## **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 significant judgements and sources of estimation uncertainty 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:

	<b>June 30, 2025</b>	<b>December 31, 2024</b>
	<b>\$</b>	<b>\$</b>
Prepaid insurance and subscriptions	<b>97,949</b>	154,396
Advances to suppliers	<b>497,269</b>	10,225
Deposits	<b>69,000</b>	28,750
	<b>664,218</b>	193,371



**SPANISH MOUNTAIN GOLD LTD.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
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**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
Preliminary economic assessment	693,046
Share-based compensation	21,313
Travel and accommodation	30,051
Balance, December 31, 2024	98,329,390
Additions during the period:	
Assaying	410,722
Camp materials and supplies	174,034
Contract wages (Note 12)	449,333
Depreciation	15,224
Drilling	2,332,820
Environmental assessment	117,059
Equipment rental & services	740,099
Field supplies & support services	1,319
First Nations and community engagement	3,135
Fuel	241,778
Geological and technical consulting	830,024
Land tenure	3,500
Maps and reports	487,628
Mineral exploration tax credit recovery	(1,327,740)
Preliminary economic assessment	429,991
Share-based compensation (Note 12)	31,625
Travel and accommodation	15,404
<b>Balance, June 30, 2025</b>	<b>103,285,345</b>

During the six months ended June 30, 2025, the Company received a tax refund of \$1,395,409 in cash, of which \$1,327,740 is the British Columbia Mining Exploration Tax Credit amount and \$67,669 is the interest recovered.

**6. MINERAL PROPERTY (continued)**

Deposits for reclamation

In accordance with regulatory requirements, as at June 30, 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.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
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**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
	\$	\$	\$	\$	\$	\$	\$
<b>Cost</b>							
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
<b>Balance, June 30, 2025 and December 31, 2024</b>	<b>127,441</b>	<b>1,112,739</b>	<b>346,292</b>	<b>180,412</b>	<b>243,484</b>	<b>123,089</b>	<b>2,133,457</b>
<b>Accumulated depreciation</b>							
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	-	11,224	29,682	2,337	3,915	4,971	52,129
<b>Balance, June 30, 2025</b>	<b>-</b>	<b>579,982</b>	<b>183,039</b>	<b>166,921</b>	<b>207,305</b>	<b>95,457</b>	<b>1,232,704</b>
<b>Carrying amount</b>							
Balance, December 31, 2024	127,441	543,981	192,935	15,828	40,094	32,603	952,882
<b>Balance, June 30, 2025</b>	<b>127,441</b>	<b>532,757</b>	<b>163,253</b>	<b>13,491</b>	<b>36,179</b>	<b>27,632</b>	<b>900,753</b>

During the three and six months ended June 30, 2025, depreciation of \$7,674 and \$15,224, respectively (2024 - \$8,427 and \$16,809, respectively) was capitalized to mineral property (Note 6).

**SPANISH MOUNTAIN GOLD LTD.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**For the three and six months ended June 30, 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:

	<b>June 30, 2025</b>	<b>December 31, 2024</b>
	<b>\$</b>	<b>\$</b>
Trade payables	<b>941,753</b>	658,059
Accrued liabilities	<b>50,000</b>	98,671
Wages payable	<b>90,820</b>	55,864
	<b>1,082,573</b>	812,594

**9. FLOW-THROUGH PREMIUM LIABILITY**

On May 30, 2024, the Company issued 7,808,333 flow-through units ("FT Unit") 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 June 30, 2025, the Company fulfilled this expenditure obligation.

On June 17, 2024, the Company issued 50,000 FT Unit 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 June 30, 2025, the Company fulfilled this expenditure obligation.

On November 15, 2024, the Company issued 18,118,000 FT Unit 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. As at June 30, 2025, the Company fulfilled this expenditure obligation.

On November 15, 2024, the Company issued 9,585,000 charity flow-through units ("Charity FT Unit") 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. As at June 30, 2025, the Company fulfilled this expenditure obligation.

During the three and six months ended June 30, 2025, the Company incurred \$2,002,904 and \$4,366,757, respectively (2024 - \$183,351 and \$183,351, respectively) of qualifying exploration expenditures. As a result, an amortization of flow-through premium liability of \$302,412 and \$558,646, respectively (2024 - \$22,919 and \$22,919, respectively) was recorded.

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

	<b>Flow-through funding and eligible expenditures</b>	<b>Flow-through premium liability</b>
	<b>\$</b>	<b>\$</b>
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	(4,366,757)	(558,646)
<b>Balance, June 30, 2025</b>	<b>-</b>	<b>-</b>

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**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:

	<b>June 30, 2025</b>
	<b>\$</b>
2025	37,983
2026	77,693
2027	78,268
2028	19,567
Total future minimum lease payments	213,511
Effect of discounting using an incremental borrowing rate of 5% per annum	(14,508)
<b>Total present value of minimum lease payments</b>	<b>199,003</b>

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

	<b>\$</b>
Balance, December 31, 2023	290,845
Interest expense	13,204
Payments	(73,089)
Balance, December 31, 2024	230,960
Interest expense	5,451
Payments	(37,408)
<b>Balance, June 30, 2025</b>	<b>199,003</b>
Current portion	68,121
Non-current portion	130,882

**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 June 30, 2025 and December 31, 2024, there are no first or second preferred shares outstanding.

**b) Issued and outstanding**

During the six months ended June 30, 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 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 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 FT Units at \$0.24 per FT Unit for gross proceeds of \$1,874,000. Each FT 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 FT Units at \$0.24 per unit for gross proceeds of \$12,000. Each FT Unit consists of one common share and one-half of one 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 FT Units of the Company at a price of \$0.155 per FT Unit for gross proceeds of \$2,808,290. Each FT Unit is comprised 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 \$0.23 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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**11. SHARE CAPITAL (continued)**

Charity flow-through units issued in private placements

- On November 15, 2024, the Company issued 9,585,000 Charity FT Units of the Company at a price of \$0.20 per unit for gross proceeds of \$1,917,000. Each Charity FT Unit is comprised of one common share and one 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 FT Units on May 30, 2024, the Company paid 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) Warrants**

A summary of the Company's 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, December 31, 2024	70,110,708	0.21
Expired	(14,285,715)	0.25
<b>Balance, June 30, 2025</b>	<b>55,824,993</b>	<b>0.20</b>

A summary of the Company's warrants outstanding as at June 30, 2025 is as follows:

Date of expiry	Exercise price	Number of warrants	Weighted average remaining life
	\$	#	Years
May 30, 2026	0.25	7,411,308	0.92
June 27, 2026	0.25	434,618	0.99
November 15, 2026 (Note 15)	0.18	36,063,926	1.38
November 15, 2026	0.23	9,058,998	1.38
November 15, 2026	0.14	2,856,143	1.38
	<b>0.20</b>	<b>55,824,993</b>	<b>1.31</b>

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**11. SHARE CAPITAL (continued)**

A summary of the Company's weighted average inputs used in the BSM for the 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 <sup>(1)</sup>	3.32%
Forfeiture rate	3.00%
Expected volatility <sup>(2)</sup>	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 will 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 six months ended June 30, 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.
- On June 9, 2025, the Company granted 3,082,000 stock options exercisable at \$0.175 per share to certain officers, directors, employees and consultants of the Company. The options are exercisable for a 10-year term expiring on June 9, 2035. The options vest periodically over 18 months. The fair value of the options was determined to be \$471,867 using the BSM.
- 262,500 stock options were forfeited following the departures of certain executives and consultants of the Company and 156,250 stock options expired unexercised. Accordingly, a total of \$22,082 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.
- 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.



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**11. SHARE CAPITAL (continued)**

A summary of the Company's weighted average inputs used in the BSM for the stock options granted during the six months ended June 30, 2025 and the year ended December 31, 2024 is as follows:

	2025	2024
Share price	<b>\$0.175</b>	\$0.185
Exercise price	<b>\$0.170</b>	\$0.204
Expected life	<b>10 years</b>	10 years
Risk-free interest rate <sup>(1)</sup>	<b>3.34%</b>	3.40%
Forfeiture rate	<b>3.00%</b>	3.00%
Expected volatility <sup>(2)</sup>	<b>94.22%</b>	94.00%
Expected annual dividend yield	<b>0.00%</b>	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	3,532,000	0.17
Forfeited	(262,500)	0.15
Expired	(156,250)	0.17
<b>Balance, June 30, 2025</b>	<b>10,232,000</b>	<b>0.19</b>

A summary of the Company's stock options outstanding and exercisable as at June 30, 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	0.46
January 24, 2027	0.21	900,000	900,000	1.57
September 13, 2027	0.15	300,000	300,000	2.21
October 12, 2027	0.14	600,000	600,000	2.28
October 19, 2027	0.13	600,000	600,000	2.30
May 27, 2034	0.24	1,125,000	843,750	8.91
June 20, 2034	0.19	2,375,000	1,781,250	8.98
August 27, 2034	0.17	400,000	200,000	9.16
February 20, 2035	0.14	300,000	75,000	9.65
June 9, 2035	0.18	3,082,000	770,500	9.95
	<b>0.19</b>	<b>10,232,000</b>	<b>6,620,500</b>	<b>7.20</b>

During the three and six months ended June 30, 2025, the Company recognized share-based compensation of \$210,282 and \$276,662, respectively (2024 - \$230,945 and \$237,585, respectively) relating to the vesting and forfeiture of stock options, of which \$15,929 and \$31,625, respectively (2024 - \$3,761 and \$3,761, respectively), was capitalized to mineral property.

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## 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 June 30,		Six months ended June 30,	
	2025	2024	2025	2024
	\$	\$	\$	\$
Legal and accounting	16,500	16,577	33,000	33,077
Salaries and wages <sup>(1)</sup>	326,397	125,000	511,397	248,920
Share-based compensation <sup>(2)</sup>	201,710	418,481	282,149	425,120
	<b>544,607</b>	<b>560,058</b>	<b>826,546</b>	<b>707,117</b>

(1) During the three and six months ended June 30, 2025, \$47,500 and \$95,000, respectively of salaries and wages for related parties was included in contract wages within mineral property (2024 - \$nil and \$nil, respectively) (Note 6).

(2) During the three and six months ended June 30, 2025, \$12,345 and \$26,840, respectively of share-based compensation for related parties was capitalized to mineral property (2024 - \$3,761 and \$3,761, respectively) (Note 6).

As at June 30, 2025, accounts payable and accrued liabilities included \$91,196 (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 June 30, and December 31, 2024, the Company's financial instruments consist of cash and cash equivalents, deposits for reclamation, rent deposit, accounts payable and accrued liabilities, and lease liability, which are classified as and measured at amortized cost.

The carrying values of cash and cash equivalents, deposits for reclamation, rent deposit, 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:

	June 30, 2025	December 31, 2024
	\$	\$
Cash held in bank accounts	621,895	6,438,651
Term deposits	307	435,036
	<b>622,202</b>	<b>6,873,687</b>

For the six months ended June 30, 2025, the weighted average interest rate earned on the Company's cash and cash equivalents was 2.42% (2024 - 4.08%). During the three months and six ended June 30, 2025, the Company earned interest income of \$21,369 and \$45,366, respectively (2024 - \$nil and \$46,693, respectively) on various term deposits.

### **13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)**

#### **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 June 30, 2025, the Company has cash and cash equivalents of \$622,202 (December 31, 2024 - \$6,873,687) in order to meet its current liabilities. As at June 30, 2025, the Company had accounts payable and accrued liabilities of \$1,082,573 (December 31, 2024 - \$812,594), which have contractual maturities of 90 days or less and a current portion of lease liability of \$68,121 (December 31, 2024 - \$65,307). The amount of the Company's remaining undiscounted contractual lease payments for the lease liability is \$213,511 (December 31, 2024 - \$250,919). As at June 30, 2025, management has assessed the liquidity risk as high.

#### **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 June 30, 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 June 30, 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 six months ended June 30, 2025.

### **15. SUBSEQUENT EVENTS**

On July 8, 2025, the Company issued 100,000 common shares pursuant to the exercise of 100,000 warrants for gross proceeds of \$18,000 (Note 11(c)).

On July 10, 2025, the Company issued 300,000 common shares pursuant to the exercise of 300,000 warrants for gross proceeds of \$54,000 (Note 11(c)).

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**15. SUBSEQUENT EVENTS (continued)**

On July 16, 2025, the Company issued 25,000 common shares pursuant to the exercise of 25,000 warrants for gross proceeds of \$4,500 (Note 11(c)).

On July 22, 2025, the Company completed a shares for debt transaction and settled \$379,720 owed to a third-party creditor through the issuance of 2,110,919 common shares and a cash payment of \$14,320. The shares for debt transaction was approved by the TSX Venture Exchange.

On August 27, 2025, the Company closed its private placement for aggregate gross proceeds of \$7,199,968. The Company issued 20,690,087 Units at a price of \$0.145 per Unit for gross proceeds of \$3,000,063, and 7,121,850 flow-through Units ("FT Units") at a price of \$0.165 per FT Unit, and 15,124,000 Charity flow-through Units ("Charity FT Units") at a price of \$0.20 per Charity FT Unit for gross proceeds of \$4,199,905. Each Unit consists of one common share and one warrant, each FT Unit consists of one flow-through share ("FT Share") and one-half of one warrant, and each Charity FT Unit consists of one FT Share and one warrant. Each warrant is exercisable into one common share anytime on or before August 27, 2028, at an exercise price of \$0.22. Red Cloud Securities Inc., lead agent and sole book runner, received aggregate cash commission fees of \$338,200, advisory fees of \$51,798, and 1,964,910 non-transferable common share purchase warrants with an exercise price of \$0.145 per share, exercisable into one common share anytime on or before August 17, 2028.