



SPANISH MOUNTAIN GOLD LTD.

Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 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 Nine Months Ended September 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 September 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.

November 25, 2025

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

	Note	September 30, 2025	December 31, 2024
		\$	\$
ASSETS			
Current assets			
Cash and cash equivalents	13(a)	5,547,070	6,873,687
GST recoverable		115,576	136,838
Prepaid expenses and deposits	5	590,349	193,371
		6,252,995	7,203,896
Mineral property	6,12	104,641,699	98,329,390
Property and equipment	7	878,069	952,882
Deposits for reclamation	6	91,000	91,000
Rent deposit	10	10,444	10,444
Total assets		111,874,207	106,587,612
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	8,12	912,982	812,594
Current portion of lease liability	10	69,555	65,307
		982,537	877,901
Flow-through premium liability	9	506,353	558,646
Lease liability	10	112,878	165,653
Total liabilities		1,601,768	1,602,200
SHAREHOLDERS' EQUITY			
Share capital	11(b)	126,727,710	121,683,532
Reserves		4,053,293	2,277,422
Deficit		(20,508,564)	(18,975,542)
Total shareholders' equity		110,272,439	104,985,412
Total liabilities and shareholders' equity		111,874,207	106,587,612

Nature of operations and going concern (Note 1)
Subsequent event (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 September 30,		Nine months ended September 30,	
	Note	2025	2024	2025	2024
		\$	\$	\$	\$
Operating expenses					
Consulting		32,132	159,254	103,535	269,687
Depreciation	7	18,520	18,790	55,425	56,272
Investor relations, travel and filing fees		207,439	94,632	457,573	288,971
Legal and accounting	12	164,997	255,226	390,946	494,599
Office and administrative		74,749	65,727	213,729	224,468
Salaries and wages	12	172,955	137,761	676,319	441,783
Share-based compensation	11(d),12	94,320	143,558	339,357	377,382
		765,112	874,948	2,236,884	2,153,162
Other income (expenses)					
Amortization of flow-through premium liability	9	25,318	212,831	583,964	235,750
Gain (loss) on debt settlement	11	(14,565)	54,948	(14,565)	54,948
Interest expense	10	(2,420)	(3,209)	(7,871)	(10,186)
Interest income		1,602	31,875	46,967	89,710
Other		(6,444)	-	73,285	39,017
Net loss and comprehensive loss for the period		(761,621)	(578,503)	(1,555,104)	(1,743,923)
Loss per share:					
Basic and diluted		(0.00)	(0.00)	(0.00)	(0.00)
Weighted average number of common shares:					
Basic and diluted		463,089,710	389,385,814	450,925,336	380,194,985

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)

	Nine months ended September 30,	
	2025	2024
	\$	\$
Operating activities		
Net loss and comprehensive loss for the period	(1,555,104)	(1,743,923)
Adjustments for:		
Depreciation	55,425	56,272
Share-based compensation	339,357	377,382
Amortization of flow-through premium liability	(583,964)	(235,750)
Loss (gain) on debt settlement	14,565	(54,948)
Interest expense	7,871	10,186
Changes in non-cash working capital:		
GST recoverable	21,262	(120,401)
Prepaid expenses and deposits	(396,978)	33,646
Accounts payable and accrued liabilities	544,127	225,696
Cash used in operating activities	(1,553,439)	(1,451,840)
Investing activities		
Expenditures on mineral property	(7,653,261)	(3,809,082)
Expenditures on property, plant and equipment	(3,667)	-
Mining exploration tax credit received	1,327,740	-
Cash used in investing activities	(6,329,188)	(3,809,082)
Financing activities		
Proceeds from units issued in private placement	3,000,063	1,624,040
Proceeds from flow-through units issued in private placement	1,175,105	1,886,000
Proceeds from charity flow-through units issued in private placement	3,024,800	-
Unit issuance costs	(664,060)	(110,040)
Proceeds from exercise of stock options	-	16,000
Proceeds from exercise of warrants	76,500	-
Lease payments	(56,398)	(54,673)
Cash provided by financing activities	6,556,010	3,361,327
Changes in cash and cash equivalents	(1,326,617)	(1,899,595)
Cash and cash equivalents, beginning of period	6,873,687	3,307,002
Cash and cash equivalents, end of period	5,547,070	1,407,407
Supplemental cash flow information:		
Expenditures on mineral property included in accounts payable and accrued liabilities	202,059	484,262
Share-based compensation included in mineral property	42,072	6,403
Depreciation included in mineral property	23,055	25,330
Fair value of shares issued for debt settlement	379,965	-
Fair value of warrants transferred to share capital	18,469	-
Cash interest received	46,967	46,693
Cash interest refund received included in other	67,669	-

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

SPANISH MOUNTAIN GOLD LTD.**Consolidated Interim 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 May and June private placement	7,733,522	1,452,985	171,055	-	1,624,040
Flow-through units issued in May and June private placement	7,858,333	1,727,833	158,167	-	1,886,000
Flow-through premium liability	-	(235,750)	-	-	(235,750)
Unit issuance costs	-	(113,828)	3,788	-	(110,040)
Share issued for debt settlement	1,831,579	293,052	-	-	293,052
Shares issued from exercise of stock options	200,000	29,825	(13,825)	-	16,000
Fair value of expired stock options	-	-	(135,785)	135,785	-
Share-based compensation	-	-	383,784	-	383,784
Net loss and comprehensive loss for the period	-	-	-	(1,743,923)	(1,743,923)
Balance, September 30, 2024	390,560,414	115,778,802	1,159,805	(18,266,967)	98,671,640
Units issued in private placement	26,478,926	3,574,655	-	-	3,574,655
Adjustment to units issued in May and June private placement	-	93,720	(93,720)	-	-
Flow-through units issued in private placement	18,118,000	2,454,431	353,859	-	2,808,290
Adjustment to flow-through units issued in May and June private placement	-	(145,417)	145,417	-	-
Flow-through premium liability	-	(280,271)	-	-	(280,271)
Adjustment to flow-through premium from flow-through units issued in May and June private placement	-	67,333	-	-	67,333
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	-	(1,009,843)	156,435	-	(853,408)
Adjustment to unit issuance costs from May and June private placement	-	(78)	78	-	-
Fair value of expired stock options	-	-	(12,748)	12,748	-
Share-based compensation	-	-	125,739	-	125,739
Net loss and comprehensive loss for the period	-	-	-	(721,323)	(721,323)
Balance, December 31, 2024	444,742,340	121,683,532	2,277,422	(18,975,542)	104,985,412
Units issued in private placement	20,690,087	2,689,712	310,351	-	3,000,063
Flow-through units issued in private placement	7,121,850	984,769	190,336	-	1,175,105
Flow-through premium liability	-	(130,147)	-	-	(130,147)
Charity flow-through units issued in private placement	15,124,000	2,216,404	808,396	-	3,024,800
Charity flow-through premium liability	-	(401,524)	-	-	(401,524)
Unit issuance costs	-	(789,970)	125,910	-	(664,060)
Shares issued from exercise of warrants	425,000	94,969	(18,469)	-	76,500
Shares issued for debt settlement	2,110,919	379,965	-	-	379,965
Fair value of expired stock options	-	-	(22,082)	22,082	-
Share-based compensation	-	-	381,429	-	381,429
Net loss and comprehensive loss for the period	-	-	-	(1,555,104)	(1,555,104)
Balance, September 30, 2025	490,214,196	126,727,710	4,053,293	(20,508,564)	110,272,439

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 nine months ended September 30, 2025 and 2024**

(Unaudited - Expressed in Canadian dollars, except where noted)

1. NATURE OF OPERATIONS AND GOING CONCERN

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

These unaudited condensed interim consolidated financial statements for the three and nine months ended September 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 nine months ended September 30, 2025, the Company incurred a net loss and comprehensive loss of \$761,621 and \$1,555,104, respectively (2024 - \$578,503 and \$1,743,923, respectively), and as at September 30, 2025, had an accumulated deficit of \$20,508,564 (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 November 25, 2025.

These financial statements have been prepared in accordance with 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:

	September 30, 2025	December 31, 2024
	\$	\$
Prepaid insurance and subscriptions	9,579	154,396
Advances to suppliers	540,520	10,225
Deposits	40,250	28,750
	590,349	193,371

SPANISH MOUNTAIN GOLD LTD.**Notes to the Condensed Interim Consolidated Financial Statements****For the three and nine months ended September 30, 2025 and 2024**

(Unaudited - Expressed in Canadian dollars, except where noted)

6. MINERAL PROPERTYSpanish Mountain Property, British Columbia

The Spanish Mountain property, which comprises approximately 60 contiguous mineral claims and 15 placer claims and covers an area of approximately 12,380 hectares and 2,240 hectares respectively, 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.

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

	September 30, 2025	December 31, 2024
	\$	\$
Balance, beginning of the period	98,329,390	92,508,138
Additions:		
Assaying	416,717	721,202
Camp materials and supplies	252,463	208,764
Contract wages (Note 12)	659,177	474,606
Depreciation	23,055	33,849
Drilling	2,533,667	909,510
Environmental assessment	223,414	338,371
Equipment rental and services	774,745	295,795
Field supplies & support services	1,319	-
First Nations and community engagement	3,593	3,828
Fuel	251,197	72,352
Geological and technical consulting	1,377,930	1,395,777
Land tenure	3,500	5,249
Maps and reports	610,993	617,539
Mineral exploration tax credit recovery	(1,327,740)	-
Preliminary economic assessment	441,366	693,046
Share-based compensation (Note 12)	42,072	21,313
Travel and accommodation	24,841	30,051
Balance, end of the period	104,641,699	98,329,390

During the nine months ended September 30, 2025, the Company received a tax refund of \$1,395,409 (2024 - \$nil) in cash, of which \$1,327,740 (2024 - \$nil) is the British Columbia Mining Exploration Tax Credit amount and \$67,669 (2024 - \$nil) is the interest recovered.

Deposits for reclamation

In accordance with regulatory requirements, as at September 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****For the three and nine months ended September 30, 2025 and 2024**

(Unaudited - Expressed in Canadian dollars, except where noted)

7. PROPERTY AND EQUIPMENT

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

	Land	Building	Right-of-use office	Computer equipment	Furniture and equipment	Vehicles and leasehold improvements	Total
	\$	\$	\$	\$	\$	\$	\$
Cost							
Balance, December 31, 2023	127,441	1,112,739	346,292	177,989	243,484	123,089	2,131,034
Additions	-	-	-	2,423	-	-	2,423
Balance, December 31, 2024	127,441	1,112,739	346,292	180,412	243,484	123,089	2,133,457
Additions	-	-	-	-	3,667	-	3,667
Balance, September 30, 2025	127,441	1,112,739	346,292	180,412	247,151	123,089	2,137,124
Accumulated depreciation							
Balance, December 31, 2023	-	545,091	93,993	158,655	193,469	80,315	1,071,523
Depreciation	-	23,667	59,364	5,929	9,921	10,171	109,052
Balance, December 31, 2024	-	568,758	153,357	164,584	203,390	90,486	1,180,575
Depreciation	-	16,940	44,523	3,531	5,988	7,498	78,480
Balance, September 30, 2025	-	585,698	197,880	168,115	209,378	97,984	1,259,055
Carrying amount							
Balance, December 31, 2024	127,441	543,981	192,935	15,828	40,094	32,603	952,882
Balance, September 30, 2025	127,441	527,041	148,412	12,297	37,773	25,105	878,069

During the three and nine months ended September 30, 2025, depreciation of \$7,831 and \$23,055, respectively (2024 - \$8,522 and \$25,330, respectively) was capitalized to mineral property (Note 6).

SPANISH MOUNTAIN GOLD LTD.**Notes to the Condensed Interim Consolidated Financial Statements****For the three and nine months ended September 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:

	September 30, 2025	December 31, 2024
	\$	\$
Trade payables	754,752	658,059
Accrued liabilities	51,798	98,671
Wages payable	106,432	55,864
	912,982	812,594

9. FLOW-THROUGH PREMIUM LIABILITY

A charity flow-through unit ("Charity FT Unit") is structured the same as a flow-through unit ("FT Unit"), except that the investor immediately donates the flow-through shares to a registered charity, resulting in both flow-through tax deductions and a charitable donation tax credit.

During the year ended December 31, 2024, the Company issued 7,858,333 FT Units at \$0.24 per FT Unit, 18,118,000 FT Units at \$0.155 per FT Unit, and 9,585,000 Charity FT Unit at \$0.20 per Charity FT Unit for total gross proceeds of \$6,611,290. As a result, the Company recorded a total flow-through premium liability of \$772,931. The Company was obligated to spend \$6,611,230 on eligible exploration expenditures by November 24, 2026. As at September 30, 2025, the Company fulfilled these expenditure obligations.

On August 27, 2025, the Company issued 7,121,850 FT Units at \$0.165 per unit for gross proceeds of \$1,175,105 (Note 11(b)). As a result, a flow-through premium liability of \$130,147 was recorded. The Company is obligated to spend \$1,175,105 on eligible exploration expenditures by December 31, 2026. As at September 30, 2025, the Company has not fulfilled this expenditure obligation.

On August 27, 2025, the Company issued 15,124,000 Charity FT Units at \$0.20 per unit for gross proceeds of \$3,024,800 (Note 11(b)). As a result, a flow-through premium liability of \$401,524 was recorded. The Company is obligated to spend \$3,024,800 on eligible exploration expenditures by December 31, 2026. As at September 30, 2025, the Company has not fulfilled this expenditure obligation.

During the three and nine months ended September 30, 2025, the Company incurred \$200,000 and \$4,566,757, respectively (2024 - \$1,702,649 and \$1,886,000, respectively) of eligible exploration expenditures. As a result, an amortization of flow-through premium liability of \$25,318 and \$583,964, respectively (2024 - \$212,831 and \$235,750, respectively) was recorded.

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

	Flow-through funding and eligible expenditures	Flow-through premium liability
	\$	\$
Balance, December 31, 2023	-	-
Flow-through funds raised on May 30, 2024	1,874,000	166,664
Flow-through funds raised on June 17, 2024	12,000	1,753
Flow-through funds raised on November 15, 2024	4,725,290	604,514
Eligible expenditures incurred, renounced and amortization of flow-through premium liability	(2,244,533)	(214,285)
Balance, December 31, 2024	4,366,757	558,646
Flow-through funds raised on August 27, 2025	4,199,905	531,671
Eligible expenditures incurred, renounced and amortization of flow-through premium liability	(4,566,757)	(583,964)
Balance, September 30, 2025	3,999,905	506,353

SPANISH MOUNTAIN GOLD LTD.**Notes to the Condensed Interim Consolidated Financial Statements****For the three and nine months ended September 30, 2025 and 2024**

(Unaudited - Expressed in Canadian dollars, except where noted)

10. LEASE LIABILITY

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

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

	September 30, 2025
	\$
2025	18,992
2026	77,693
2027	78,268
2028	19,567
Total future minimum lease payments	194,520
Effect of discounting using an incremental borrowing rate of 5% per annum	(12,087)
Total present value of minimum lease payments	182,433

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

	\$
Balance, December 31, 2023	290,845
Interest expense	13,204
Payments	(73,089)
Balance, December 31, 2024	230,960
Interest expense	7,871
Payments	(56,398)
Balance, September 30, 2025	182,433
Current portion	69,555
Non-current portion	112,878

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

b) Issued and outstanding

During the nine months ended September 30, 2025, the Company had the following share capital transactions.

Units issued in private placement

- On August 27, 2025, the Company issued 20,690,087 units at \$0.145 per unit for gross proceeds of \$3,000,063. Each unit is comprised of one common share and one warrant. Each warrant entitles the holder to purchase one common share at a price of \$0.22 per share until August 27, 2028. Gross proceeds were allocated using the residual method. As a result, \$2,689,712 was allocated to share capital and \$310,351 was allocated to reserves.

11. SHARE CAPITAL (continued)

Flow-through units issued in private placement

- On August 27, 2025, the Company issued 7,121,850 FT units at a price of \$0.165 per FT Unit for gross proceeds of \$1,175,105 (Note 9). Each FT Unit is comprised of one common share and one-half warrant. Each whole warrant entitles the holder to purchase one common share at a price of \$0.22 per share until August 27, 2028. 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, \$854,622 was allocated to share capital, \$190,336 was allocated to reserves and \$130,147 was allocated to flow-through premium liability.

Charity flow-through units issued in private placement

- On August 27, 2025, the Company issued 15,124,000 Charity FT Units at a price of \$0.20 per Charity FT Unit for gross proceeds of \$3,024,800 (Note 9). Each Charity FT Unit is comprised of one common share and one warrant. Each warrant entitles the holder to purchase one common share at a price of \$0.22 per share until August 27, 2028. 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, \$1,814,880 was allocated to share capital, \$808,396 was allocated to reserves and \$401,524 was allocated to flow-through premium liability.

Other share issuances

- In connection with the private placement on August 27, 2025, the Company paid cash unit issuance costs of \$664,060 and issued 1,964,910 brokers' warrants. The brokers' warrants were valued using the BSM and had a fair value of \$125,910. Each brokers' warrant entitles the holder to purchase one common share at a price of \$0.145 per share until August 27, 2028.
- On July 22, 2025, the Company issued 2,110,919 common shares as settlement for services valued at \$365,400. The fair value of shares issued was measured using the closing price on the date that the shares were issued of \$0.18 per share for a total fair value of \$379,965. As a result, the Company recorded a loss on debt settlement of \$14,565.
- During the nine months ended September 30, 2025, the Company issued 425,000 common shares pursuant to the exercise of 425,000 warrants with a weighted average exercise price of \$0.18 for gross proceeds of \$76,500 (Note 11(c)). As a result, the Company transferred \$18,469 from reserves to share capital.

c) Warrants

During the nine months ended September 30, 2025, the had the following warrant transactions:

- On August 27, 2025, in the connection with the private placement (Note 11(b)), the Company issued 39,375,012 warrants with a total fair value of \$1,309,083. Each warrant entitles the holder to purchase one common share at a price of \$0.22 per share until August 27, 2028. In addition, the Company issued 1,964,910 brokers' warrants with a fair value of \$125,910 as unit issuance costs. Each brokers' warrant entitles the holder to purchase one common share at a price of \$0.145 per share until August 27, 2028.

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
Granted	41,339,922	0.21
Exercised	(425,000)	0.18
Expired	(14,285,715)	0.25
Balance, September 30, 2025	96,739,915	0.20

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11. SHARE CAPITAL (continued)

A summary of the Company's warrants outstanding as at September 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	0.66
June 27, 2026	0.25	434,618	0.74
November 15, 2026	0.18	35,638,926	1.13
November 15, 2026	0.23	9,058,998	1.13
November 15, 2026	0.14	2,856,143	1.13
August 27, 2028	0.22	39,375,012	2.91
August 27, 2028	0.15	1,964,910	2.91
	0.20	96,739,915	1.85

A summary of the Company's weighted average inputs used in the BSM for the warrants for the nine months ended September 30, 2025 and the year ended December 31, 2024, is as follows:

	2025	2024
Share price	\$0.12	\$0.13
Exercise price	\$0.22	\$0.20
Expected life	3 years	2 years
Risk-free interest rate ⁽¹⁾	2.70%	3.32%
Forfeiture rate	3.00%	3.00%
Expected volatility ⁽²⁾	91.89%	92.68%
Expected annual dividend yield	0.00%	0.00%

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

(2) The computation of expected volatility was based on the Company's historical price volatility, over a period which approximates the expected life of the 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 nine months ended September 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.
- 637,500 stock options were forfeited following the departures of certain directors, 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.

SPANISH MOUNTAIN GOLD LTD.**Notes to the Condensed Interim Consolidated Financial Statements****For the three and nine months ended September 30, 2025 and 2024**

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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 nine months ended September 30, 2025 and the year ended December 31, 2024 is as follows:

	2025	2024
Share price	\$0.175	\$0.185
Exercise price	\$0.170	\$0.204
Expected life	10 years	10 years
Risk-free interest rate ⁽¹⁾	3.34%	3.40%
Forfeiture rate	3.00%	3.00%
Expected volatility ⁽²⁾	94.22%	94.00%
Expected annual dividend yield	0.00%	0.00%

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

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

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

	Number of stock options #	Weighted average exercise price \$
Balance, December 31, 2023	3,950,000	0.20
Granted	4,600,000	0.20
Exercised	(200,000)	0.08
Forfeited	(356,250)	0.24
Expired	(875,000)	0.22
Balance, December 31, 2024	7,118,750	0.20
Granted	3,532,000	0.17
Forfeited	(637,500)	0.18
Expired	(156,250)	0.17
Balance, September 30, 2025	9,857,000	0.19

A summary of the Company's stock options outstanding and exercisable as at September 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	0.21
January 24, 2027	0.21	900,000	900,000	1.32
September 13, 2027	0.15	300,000	300,000	1.95
October 12, 2027	0.14	600,000	600,000	2.03
October 19, 2027	0.13	600,000	600,000	2.05
May 27, 2034	0.24	1,050,000	843,750	8.66
June 20, 2034	0.19	2,300,000	1,781,250	8.73
August 27, 2034	0.17	400,000	300,000	8.91
February 20, 2035	0.14	300,000	150,000	9.40
June 9, 2035	0.18	2,857,000	770,500	9.70
	0.19	9,857,000	6,795,500	6.86

During the three and nine months ended September 30, 2025, the Company recognized share-based compensation of \$104,767 and \$381,429, respectively (2024 - \$146,199 and \$383,784, respectively) relating to the vesting and forfeiture of stock options, of which \$10,447 and \$42,072, respectively (2024 - \$2,641 and \$6,402, respectively), was capitalized to mineral property (Note 6).

SPANISH MOUNTAIN GOLD LTD.**Notes to the Condensed Interim Consolidated Financial Statements****For the three and nine months ended September 30, 2025 and 2024**

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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 September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
	\$	\$	\$	\$
Salaries and wages and fees paid to directors and officers, and affiliated Company ⁽¹⁾	201,500	151,731	745,897	510,928
Share-based compensation ⁽²⁾	99,072	132,994	381,221	339,231
	300,572	284,725	1,127,118	850,159

(1) During the three and nine months ended September 30, 2025, salaries and wages for related parties of \$47,500 and \$142,500, respectively was included in contract wages capitalized within mineral property (2024 - \$nil and \$nil, respectively) (Note 6).

(2) During the three and nine months ended September 30, 2025, share-based compensation for related parties of \$10,447 and \$42,072, respectively was capitalized to mineral property (2024 - \$2,641 and \$6,402, respectively) (Note 6).

As at September 30, 2025, accounts payable and accrued liabilities included \$154,535 (December 31, 2024 - \$55,755) payable to related parties comprising of unused vacation, legal and professional fees, and consulting fees. Interest is not charged on outstanding balances and there are no specified terms of repayment.

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

As at September 30, 2025 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:

	September 30, 2025	December 31, 2024
	\$	\$
Cash held in bank accounts	5,547,070	6,438,651
Term deposits	-	435,036
	5,547,070	6,873,687

For the nine months ended September 30, 2025, the weighted average interest rate earned on the Company's cash and cash equivalents was 2.50% (2024 - 4.11%). During the three months and nine ended September 30, 2025, the Company earned interest income of \$1,602 and \$46,967, respectively (2024 - \$31,875 and \$89,710, respectively) on various term deposits and cash held in bank accounts.

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 September 30, 2025, the Company has cash and cash equivalents of \$5,547,070 (December 31, 2024 - \$6,873,687) in order to meet its current liabilities of \$982,537. As at September 30, 2025, the Company had accounts payable and accrued liabilities of \$912,982 (December 31, 2024 - \$812,594), which have contractual maturities of 90 days or less and a current portion of lease liability of \$69,555 (December 31, 2024 - \$65,307). The amount of the Company's remaining undiscounted contractual lease payments for the lease liability is \$194,520 (December 31, 2024 - \$250,919). As at September 30, 2025, management has assessed the liquidity risk as low.

c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company is exposed to interest rate and foreign currency risk as follows:

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. The Company's cash and cash equivalents are held in bank accounts earning interest at variable interest rates. Due to the short-term nature of these financial instruments and the prevailing interest rate environment, fluctuations in market rates do not have a significant impact on estimated fair values as at September 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 September 30, 2025.

14. CAPITAL MANAGEMENT

The Company's primary funding source has been cash raised 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 nine months ended September 30, 2025.

15. SUBSEQUENT EVENT

Subsequent to the period end, the Company issued 325,000 common shares to acquire mineral claims.