



SPANISH MOUNTAIN GOLD LTD.

Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2026 and 2025

(Unaudited - Expressed in Canadian dollars)

Notice of Disclosure of Non-auditor Review of the Condensed Interim Consolidated Financial Statements for the Three Months Ended March 31, 2026 and 2025

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

The accompanying unaudited condensed interim consolidated financial statements of Spanish Mountain Gold Ltd. for the interim periods ended March 31, 2026 and 2025, 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, BDO Canada LLP, have not performed a review of these unaudited condensed interim consolidated financial statements.

May 29, 2026

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

	Note	March 31, 2026	December 31, 2025
		\$	\$
ASSETS			
Current assets			
Cash	13(a)	1,373,871	3,837,097
Accounts receivable	4	4,946,691	169,713
Current portion of prepaid expenses and deposits	5	224,906	209,950
Subscription receivable	11(b)	-	180,000
		6,545,468	4,396,760
Mineral property	6,12	107,957,030	107,877,397
Property and equipment	7	905,275	933,709
Prepaid expenses and deposits	5	523,734	123,734
Deposits for reclamation	6	91,000	91,000
Rent deposit	10	10,444	10,444
Total assets		116,032,951	113,433,044
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	8,12	2,193,349	493,008
Current portion of lease liability	10	72,476	71,006
		2,265,825	564,014
Flow-through premium liability	9	-	162,411
Lease liability	10	76,187	94,647
Deferred tax liability	15	800,244	538,828
Total liabilities		3,142,256	1,359,900
SHAREHOLDERS' EQUITY			
Share capital	11(b)	130,852,056	129,613,632
Reserves		3,727,817	3,893,647
Deficit		(21,689,178)	(21,434,135)
Total shareholders' equity		112,890,695	112,073,144
Total liabilities and shareholders' equity		116,032,951	113,433,044

Nature of operations and going concern (Note 1)
Subsequent events (Note 16)

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

/s/ "Richard Oraziotti"
Director

/s/ "Lembit Janes"
Director

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

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

		Three months ended	
	Note	2026	March 31, 2025
		\$	\$
Operating expenses			
Consulting		41,871	46,201
Depreciation	7	18,264	18,425
Investor relations, travel and filing fees		295,631	135,748
Legal and accounting		258,772	70,571
Office and administrative		83,387	80,265
Salaries and wages	12	203,337	216,087
Share-based compensation	11(d),12	64,247	50,684
		965,509	617,981
Other income (expenses)			
Amortization of flow-through premium liability	9	162,411	302,412
Interest expense	10	(2,002)	(2,824)
Interest income	6	811,473	52,981
Net income (loss) before income tax		6,373	(265,412)
Deferred income tax expense	15	(261,416)	-
Net loss and comprehensive loss		(255,043)	(265,412)
Loss per share:			
Basic and diluted		(0.00)	(0.00)
Weighted average number of common shares:			
Basic and diluted		508,409,817	444,742,340

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

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

	Three months ended	
	2026	March 31, 2025
	\$	\$
Operating activities		
Net loss and comprehensive loss	(255,043)	(265,412)
Adjustments for:		
Depreciation	18,264	18,425
Share-based compensation	64,247	50,684
Amortization of flow-through premium liability	(162,411)	(302,412)
Interest expense	2,002	2,824
Interest income	(790,191)	-
Deferred income tax expense	261,416	-
Changes in non-cash working capital:		
Accounts receivable	(74,254)	(72,143)
Prepaid expenses and deposits	(414,956)	(699,195)
Accounts payable and accrued liabilities	198,863	534,336
Cash used in operating activities	(1,152,063)	(732,893)
Investing activities		
Expenditures on mineral property	(2,476,124)	(2,392,493)
Mining exploration tax credit received	-	837,468
Cash used in investing activities	(2,476,124)	(1,555,025)
Financing activities		
Proceeds from exercise of warrants	1,183,953	-
Lease payments	(18,992)	(18,416)
Cash provided by (used in) financing activities	1,164,961	(18,416)
Changes in cash	(2,463,226)	(2,306,334)
Cash, beginning of the period	3,837,097	6,873,687
Cash, end of the period	1,373,871	4,567,353
Supplemental cash flow information:		
Expenditures on mineral property included in accounts payable and accrued liabilities	1,677,862	493,410
Share-based compensation included in mineral property	4,394	15,696
Depreciation included in mineral property	10,170	7,550
Fair value of warrants transferred to share capital	234,471	-
Cash interest received	21,282	21,369
Cash interest refund received related to the mineral exploration tax credit	-	31,612

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

SPANISH MOUNTAIN GOLD LTD.**Condensed 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, 2024	444,742,340	121,683,532	2,277,422	(18,975,542)	104,985,412
Fair value of expired stock options	-	-	(6,723)	6,723	-
Share-based compensation	-	-	66,380	-	66,380
Net loss and comprehensive loss	-	-	-	(265,412)	(265,412)
Balance, March 31, 2025	444,742,340	121,683,532	2,337,079	(19,234,231)	104,786,380
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, net of tax effect	-	(603,936)	125,910	(176,804)	(654,830)
Shares issued for additional claims on the Spanish Mountain property	325,000	42,250	-	-	42,250
Shares issued from exercise of warrants	14,007,926	2,598,770	(52,143)	-	2,546,627
Shares issued from exercise of options	600,000	153,837	(66,837)	-	87,000
Shares issued for debt settlement	2,110,919	379,965	-	-	379,965
Fair value of expired stock options	-	-	(171,174)	171,174	-
Share-based compensation	-	-	411,729	-	411,729
Net loss	-	-	-	(2,194,274)	(2,194,274)
Balance, December 31, 2025	504,722,122	129,613,632	3,893,647	(21,434,135)	112,073,144
Shares issued from exercise of warrants	5,941,533	1,238,424	(234,471)	-	1,003,953
Share-based compensation	-	-	68,641	-	68,641
Net loss	-	-	-	(255,043)	(255,043)
Balance, March 31, 2026	510,663,655	130,852,056	3,727,817	(21,689,178)	112,890,695

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

SPANISH MOUNTAIN GOLD LTD.
Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2026 and 2025
(Unaudited - Expressed in Canadian dollars, except where noted)

1. NATURE OF OPERATIONS AND GOING CONCERN

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

These unaudited condensed interim consolidated financial statements for the three months ended March 31, 2026 and 2025 (“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 months ended March 31, 2026, the Company incurred a net loss and comprehensive loss of \$255,043 (2025 - \$265,412), incurred \$2,476,124 (2025 - \$2,392,493) of expenditures on mineral property, and as at March 31, 2026, had an accumulated deficit of \$21,689,178 (December 31, 2025 - \$21,434,135).

With no source of operating cash flows, there is no assurance that sufficient funding will be available to conduct further exploration of its mineral property projects. On May 1, 2026, the Company closed the first tranche of a 1.5% net smelter returns (“NSR”) sale to Wheaton Precious Metals Corp. (“Wheaton”) on the gold and silver production of the Spanish Mountain Property (the “Royalty Transaction”) and received the first installment of US\$22,500,000. Terms to the Royalty Transaction can be found in Note 16. However, the ability to continue as a going concern remains dependent upon the Company’s capacity to obtain the financing necessary to continue to fund its mineral property projects, the realization of future profitable production, proceeds from the disposition of its mineral interests, and/or other sources. These conditions create a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern.

Should the Company be unable to continue as a going concern, asset and liability realization values may be substantially different from their carrying values. These financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. Such adjustments could be material.

2. BASIS OF PREPARATION

a) Statement of compliance

These financial statements were approved by the Board of Directors and authorized for issue on May 29, 2026.

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, 2025 and 2024 (the “Annual Financial Statements”).

b) Basis of measurement

These financial statements have been prepared on a historical cost basis. 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.

SPANISH MOUNTAIN GOLD LTD.
Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2026 and 2025
(Unaudited - Expressed in Canadian dollars, except where noted)

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").

3. MATERIAL ACCOUNTING POLICIES AND PRONOUNCEMENTS

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

4. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

4. ACCOUNTS RECEIVABLE

A summary of the Company's accounts receivable is as follows:

	March 31, 2026	December 31, 2025
	\$	\$
Accrued interest receivable	830	831
GST recoverable	243,137	168,882
British Columbia Mining Exploration Tax Credit ("BC METC") receivable	3,912,533	-
Interest income on BC METC receivable	790,191	-
	4,946,691	169,713

5. PREPAID EXPENSES AND DEPOSITS

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

	March 31, 2026	December 31, 2025
	\$	\$
Prepaid insurance and subscriptions	163,512	147,914
Advances to suppliers	544,878	145,520
Deposits	40,250	40,250
	748,640	333,684
Current	224,906	209,950
Non-current	523,734	123,734

SPANISH MOUNTAIN GOLD LTD.
Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2026 and 2025
(Unaudited - Expressed in Canadian dollars, except where noted)

5. PREPAID EXPENSES AND DEPOSITS (continued)

As at March 31, 2026, the non-current portion of prepaid expenses and deposits represents advances to suppliers that will be recorded directly to mineral property.

6. MINERAL PROPERTY

Spanish 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. Some of the property's various claims are subject to various NSR royalties ranging from 2.5% to 4.0%. The Company may, at its option, reduce these NSRs to between 1.0 to 2.0% by, depending on the mineral claim, payments to the NSR holders (Note 16).

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

	Three months ended March 31, 2026	Year ended December 31, 2025
	\$	\$
Balance, beginning of the period	107,877,397	98,329,390
Additions:		
Acquisition	-	42,250
Assaying	6,075	569,181
Camp materials and supplies	106,271	365,682
Contract wages (Note 12)	506,378	1,020,397
Depreciation	10,170	33,564
Drilling	2,384,633	4,100,992
Environmental assessment	17,136	268,136
Equipment rental and services	310,610	1,074,149
Field supplies and support services	12,053	11,673
First Nations and community engagement	1,000	4,593
Fuel	162,064	393,497
Geological and technical consulting	181,827	1,680,756
Land tenure	271	8,834
Maps and reports	246,296	705,691
Mineral exploration tax credit recovery	-	(1,327,740)
Mineral exploration tax credit recovery in accounts receivable (Note 4)	(3,912,533)	-
Preliminary economic assessment	21,405	506,948
Share-based compensation (Note 11(d), 12)	4,394	50,002
Travel and accommodation	21,583	39,402
Balance, end of the period	107,957,030	107,877,397

During the three months ended March 31, 2026, the Company accrued for the BC METC in the amount of \$3,912,533 based on reasonable expectation of recoverability (Note 4). During the year ended December 31, 2025, the Company received a tax refund of \$1,395,409 in cash, of which \$1,327,740 is the BC METC amount and interest recovered of \$67,669.

Deposits for reclamation

In accordance with regulatory requirements, as at March 31, 2026, the Company holds a number of term deposits totaling \$91,000 (December 31, 2025 - \$91,000) in safekeeping for the Government of British Columbia which are presented as deposits for reclamation in the 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 months ended March 31, 2026 and 2025**

(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, 2024	127,441	1,112,739	346,292	180,412	243,484	123,089	2,133,457
Additions	-	37,451	-	2,604	3,667	44,646	88,368
Balance, December, 2025	127,441	1,150,190	346,292	183,016	247,151	167,735	2,221,825
Additions	-	-	-	-	-	-	-
Balance, March 31, 2026	127,441	1,150,190	346,292	183,016	247,151	167,735	2,221,825
Accumulated depreciation							
Balance, December 31, 2024	-	568,758	153,357	164,584	203,390	90,486	1,180,575
Depreciation	-	22,656	59,364	4,757	8,174	12,590	107,541
Balance, December, 2025	-	591,414	212,721	169,341	211,564	103,076	1,288,116
Depreciation	-	5,350	14,841	998	1,715	5,530	28,434
Balance, March 31, 2026	-	596,764	227,562	170,339	213,279	108,606	1,316,550
Carrying amount							
Balance, December, 2025	127,441	558,776	133,571	13,675	35,587	64,659	933,709
Balance, March 31, 2026	127,441	553,426	118,730	12,677	33,872	59,129	905,275

During the three months ended March 31, 2026, depreciation of \$10,170 (2025 - \$7,550) was capitalized to mineral property (Note 6).

SPANISH MOUNTAIN GOLD LTD.**Notes to the Condensed Interim Consolidated Financial Statements****For the three months ended March 31, 2026 and 2025**

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

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

	March 31, 2026	December 31, 2025
	\$	\$
Trade payables	2,095,671	401,570
Accrued liabilities	61,718	74,718
Wages payable	35,960	16,720
	2,193,349	493,008

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 March 31, 2026, 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 March 31, 2026, the Company has 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 March 31, 2026, the Company has fulfilled this expenditure obligation.

During the three months ended March 31, 2026, the Company incurred the remaining required \$1,282,959 (2025 - \$2,363,853) of eligible exploration expenditures. As a result, an amortization of flow-through premium liability of \$162,411 (2025 - \$302,412) 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, 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	(7,283,703)	(927,906)
Balance, December 31, 2025	1,282,959	162,411
Eligible expenditures incurred, renounced and amortization of flow-through premium liability	(1,282,959)	(162,411)
Balance, March 31, 2026	-	-

SPANISH MOUNTAIN GOLD LTD.**Notes to the Condensed Interim Consolidated Financial Statements****For the three months ended March 31, 2026 and 2025**

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

10. LEASE LIABILITY

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

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

	March 31, 2026
	\$
2026	58,701
2027	78,268
2028	19,567
Total future minimum lease payments	156,536
Effect of discounting using an incremental borrowing rate of 5% per annum	(7,873)
Total present value of minimum lease payments	148,663

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

	\$
Balance, December 31, 2024	230,960
Interest expense	10,084
Payments	(75,391)
Balance, December 31, 2025	165,653
Interest expense	2,002
Payments	(18,992)
Balance, March 31, 2026	148,663
Current portion	72,476
Non-current portion	76,187

11. SHARE CAPITAL**a) Authorized share capital**

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

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

As at March 31, 2026 and December 31 2025, there are no first or second preferred shares outstanding.

b) Issued and outstanding

During the three months ended March 31, 2026, the Company issued 5,941,533 common shares pursuant to the exercise of 5,941,533 warrants for gross proceeds of \$1,003,953. As a result, the Company transferred \$234,471 from reserves to share capital. In addition, the Company received \$180,000 that was included as subscription receivable as at December 31, 2025.

SPANISH MOUNTAIN GOLD LTD.
Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2026 and 2025
(Unaudited - Expressed in Canadian dollars, except where noted)

11. SHARE CAPITAL (continued)

c) Warrants

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

	Number of warrants	Weighted average exercise price
	#	\$
Balance, December 31, 2024	70,110,708	0.21
Granted	41,339,922	0.22
Exercised	(14,007,926)	0.18
Expired	(14,285,715)	0.25
Balance, December 31, 2025	83,156,989	0.21
Exercised	(5,941,533)	0.17
Balance, March 31, 2026	77,215,456	0.21

A summary of the Company's warrants as at March 31, 2026 is as follows:

Date of expiry	Exercise price	Number of warrants	Weighted average remaining life
	\$	#	Years
May 30, 2026	0.25	7,411,308	0.16
June 27, 2026	0.25	434,618	0.24
November 15, 2026	0.18	21,120,260	0.63
November 15, 2026	0.23	8,837,248	0.63
August 27, 2028	0.22	37,447,112	2.41
August 27, 2028	0.15	1,964,910	2.41
	0.21	77,215,456	1.49

A summary of the Company's weighted average inputs used in the Black Sholes Model ("BSM") for the warrants for the year ended December 31, 2025, is as follows:

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

Subsequent to March 31, 2026, the Company issued 13,344,545 common shares pursuant to the exercise of 13,344,545 warrants for gross proceeds of \$3,096,596.

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 six months following the date of grant.

SPANISH MOUNTAIN GOLD LTD.
Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2026 and 2025
(Unaudited - Expressed in Canadian dollars, except where noted)

11. SHARE CAPITAL (continued)

During the three months ended March 31, 2026, the Company had the following stock option transactions:

- The Company granted 250,000 stock options exercisable to \$0.22 per share to a consultant of the Company. The options have a five-year term expiring on January 5, 2031 and vest periodically over 18 months. The fair value of the options was determined to be \$42,813 using the BSM.

A summary of the Company's weighted average inputs used in the BSM for the stock options granted during the three months ended March 31, 2026 and the year ended December 31, 2025, is as follows:

	2026	2025
Share price	\$0.240	\$0.175
Exercise price	\$0.220	\$0.170
Expected life	5 years	10 years
Risk-free interest rate ⁽¹⁾	2.94%	3.34%
Forfeiture rate	3.00%	3.00%
Expected volatility ⁽²⁾	93.08%	94.22%
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, 2024	7,118,750	0.20
Granted	3,532,000	0.17
Exercised	(600,000)	0.15
Forfeited	(637,500)	0.18
Expired	(706,250)	0.32
Balance, December 31, 2025	8,707,000	0.19
Granted	250,000	0.22
Balance, March 31, 2026	8,957,000	0.19

A summary of the Company's stock options outstanding and exercisable as at March 31, 2026 is as follows:

Date of expiry	Exercise price	Number of options	Number of options exercisable	Weighted
				average remaining life
	\$	#	#	Years
January 24, 2027	0.21	900,000	900,000	0.82
October 12, 2027	0.14	300,000	300,000	1.53
October 19, 2027	0.13	600,000	600,000	1.55
May 27, 2034	0.24	1,050,000	1,050,000	8.16
June 20, 2034	0.19	2,300,000	2,300,000	8.23
August 27, 2034	0.17	400,000	400,000	8.41
February 20, 2035	0.14	300,000	225,000	8.90
June 9, 2035	0.18	2,857,000	1,466,000	9.20
January 5, 2031	0.22	250,000	-	4.77
	0.19	8,957,000	7,241,000	7.05

During the three months ended March 31, 2026, the Company recognized share-based compensation of \$68,641 (2025 - \$66,380) relating to the vesting and forfeiture of stock options, of which \$4,394 (2025 - \$15,696), was capitalized to mineral property (Note 6).

SPANISH MOUNTAIN GOLD LTD.**Notes to the Condensed Interim Consolidated Financial Statements****For the three months ended March 31, 2026 and 2025**

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

12. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION

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

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

	Three months ended March 31,	
	2026	2025
	\$	\$
Salaries and wages and fees paid to directors and officers, and affiliated Company ⁽¹⁾	222,500	201,500
Share-based compensation ⁽²⁾	45,902	80,439
	268,402	281,939

(1) During the three months ended March 31, 2026, salaries and wages for related parties of \$47,500 was included in contract wages capitalized within mineral property (2025 - \$47,500) (Note 6).

(2) During the three months ended March 31, 2026, share-based compensation for related parties of \$4,394 was capitalized to mineral property (2025 - \$14,495) (Note 6).

As at March 31, 2026, accounts payable and accrued liabilities included \$44,847 (December 31, 2025 - \$23,280) payable to related parties comprising of unused vacation and expenses incurred by management on behalf of the Company. Interest is not charged on outstanding balances and there are no specified terms of repayment.

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

As at March 31, 2026 and 2025, the Company's financial instruments consist of cash, subscription receivable, deposits for reclamation, rent deposit, accounts payable and accrued liabilities, and lease liability, which are classified and measured at amortized cost.

The carrying values of cash, subscription receivable, 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 deposits for reclamation. The Company manages credit risk in respect of cash 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, as all amounts are held at one major Canadian financial institution.

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

	March 31, 2026	December 31, 2025
	\$	\$
Cash held in bank accounts	1,373,871	3,837,097
	1,373,871	3,837,097

For the three months ended March 31, 2026, the weighted average interest rate earned on the Company's cash was 3.06% (2025 - 2.78%). During the three months ended March 31, 2026, the Company earned interest income of \$21,282 (2025 - \$21,369) on cash held in bank accounts.

SPANISH MOUNTAIN GOLD LTD.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2026 and 2025

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

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 March 31, 2026, the Company has cash of \$1,373,871 (December 31, 2025 - \$3,837,097) and accounts receivable (excluding GST recoverable) of \$4,703,554 (December 31, 2025 - \$831) in order to meet its current liabilities of \$2,265,825 (December 31, 2025 - \$564,014). As at March 31, 2026, the Company had accounts payable and accrued liabilities of \$2,193,349 (December 31, 2025 - \$493,008), which have contractual maturities of 90 days or less and a current portion of lease liability of \$72,476 (December 31, 2025 - \$71,006). The amount of the Company's remaining undiscounted contractual lease payments for the lease liability is \$156,536 (December 31, 2025 - \$175,528). As at March 31, 2026, 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 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, 2026.

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, 2026.

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 three months ended March 31, 2026.

SPANISH MOUNTAIN GOLD LTD.
Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2026 and 2025
(Unaudited - Expressed in Canadian dollars, except where noted)

15. INCOME TAXES

A summary of the tax effected items that give rise to significant portions of the deferred income tax assets and deferred income tax liabilities is presented as follows:

	March 31, 2026	December 31, 2025
	\$	\$
Deferred tax assets		
Share issuance costs and financing fees	284,202	307,267
Allowable capital losses	95	95
Non-capital losses	9,589,603	9,377,086
Property and equipment	314,527	313,200
Non-refundable mining income tax credit	2,177,832	2,177,832
ROU liability, net of ROU asset	8,082	8,662
	12,374,341	12,184,142
Deferred income tax liabilities		
Mineral property	(13,174,585)	(12,722,970)
Deferred tax liability, net	(800,244)	(538,828)

As a result of the movement in deferred tax liability per the table above, the deferred income tax expense for the three months ended March 31, 2026 is \$261,416 (2025 - \$nil).

The Company recognizes tax benefits on losses or other deductible amounts where it is probable the Company will generate taxable income to utilize its deferred income tax assets.

The Company is eligible for BC METC, based on qualified mineral exploration expenditures incurred for determining the existence, location, extent or quality of a mineral resource in the province of British Columbia. The tax credit is calculated as 30% (for the area in which the Company operates) of qualified mineral exploration expenditures incurred to the extent such expenditures are not renounced or committed with respect to issued flow-through shares, if any. Another Canadian exploration company disputed the definition of what the quality of a mineral resource meant for this purpose through the BC court system and the BC Supreme Court determined in 2025 that the definition of quality was broader than the definition that the Canada Revenue Agency ("CRA") had been administering the law on. The CRA did not appeal the decision and as of recently has begun to reassess taxpayers applying the Court's interpretation of the law for taxation years under administrative appeal for this issue. The Department of Finance of Canada and B.C. have prospectively amended the definition of qualified mineral exploration expenditure effective November 5, 2025 to narrow the definition for qualifying costs going forward. The Company has recorded estimated BC METC receivable based on this broader interpretation for 2020 through 2025 and set up BC METC receivable of \$4,062,724 (including estimated interest receivable) in Q1 2026, as well as an accrual of \$640,000 BC METC receivable in respect of qualified mineral exploration expenditures incurred in Q1 2026. The amounts receivable are subject to potential further audit by the CRA. The amount ultimately recoverable may be different from the amount claimed and recorded in the financial statements.

Subsequent to March 31, 2026, the Company is expected to receive a tax credit of \$2,755,525 in cash, consisting of \$1,965,334 for the BC METC and an estimated \$790,191 in interest recovered and accrued to March 31 following the CRA's acceptance of the Company's notice of objection filed in respect of several prior taxation years.

16. SUBSEQUENT EVENTS

Net Smelter Royalty Agreement

Subsequent to March 31, 2026, the Company entered into a royalty agreement with Wheaton, pursuant to which Wheaton will acquire a 1.5% NSR royalty on gold and silver production from the Spanish Mountain Gold Project (the "Project") for aggregate cash proceeds of US\$55 million, to be paid in three installments (the "Royalty Transaction"). On May 1, 2026, the Company closed the first tranche of the Royalty Transaction and received the first installment of US\$22.5 million. The terms of the Royalty Transaction are as follows:

- The first installment of US\$22.5 million which was received on May 1, 2026.

SPANISH MOUNTAIN GOLD LTD.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2026 and 2025

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

- The second installment of US\$12.5 million is payable upon completion of 60,000 metres of drilling at the Spanish Mountain Property.
- The third installment of US\$20 million is payable upon receipt of Environmental Assessment Act (British Columbia) approvals for mine construction, development, and operation.
The Company may buy back one-third of the NSR upon a change of control occurring prior to the earlier of December 31, 2030 and achievement of a completion test based on actual throughput relative to target.
- If the completion test is not fully achieved by April 1, 2030 (the "Outside Date"), the NSR will increase by up to 0.15% based on actual throughput relative to target, unless the Company elects to pay Wheaton US\$6 million in lieu.
- The same adjustment or payment in lieu applies on each anniversary of the Outside Date until the completion test is achieved.

Pending Positive Tax Reassessment

Subsequent to March 31, 2026, the Company is expected to receive a tax credit of \$2,755,525 in cash, consisting of \$1,965,334 for the BC METC and an estimated \$790,191 in interest recovered and accrued to March 31 following the CRA's acceptance of the Company's notice of objection filed in respect of several prior taxation years.