SPANISH MOUNTAIN GOLD LTD.

Condensed Interim Consolidated Financial Statements

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

August 31, 2026

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

	Note	**June 30, 2026**	December 31, 2025
		$	$
ASSETS			
Current assets			
Cash	15(a)	**29,860,073**	3,837,097
Accounts receivable	5	**3,637,863**	169,713
Current portion of prepaid expenses and deposits	6	**245,605**	209,950
Subscription receivable	13(b)	**-**	180,000
		33,743,541	4,396,760
Exploration stage mineral property	7,14	**112,998,023**	107,877,397
Property and equipment	8	**934,203**	933,709
Prepaid expenses and deposits	6	**523,734**	123,734
Deposits for reclamation	7	**91,000**	91,000
Rent deposit	11	**10,444**	10,444
Total assets		**148,300,945**	113,433,044
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	9,14	**3,029,111**	493,008
Current portion of lease liability	11	**73,387**	71,006
		3,102,498	564,014
Flow-through premium liability	10	**-**	162,411
Lease liability	11	**57,496**	94,647
Deferred tax liability	17	**-**	538,828
Net smelter royalty liability	12	**30,594,375**	-
Total liabilities		**33,754,369**	1,359,900
SHAREHOLDERS' EQUITY			
Share capital	13(b)	**135,079,982**	129,613,632
Shares to be issued	13(b)	**37,550**	-
Reserves		**3,454,169**	3,893,647
Deficit		**(24,025,125)**	(21,434,135)
Total shareholders' equity		**114,546,576**	112,073,144
Total liabilities and shareholders' equity		**148,300,945**	113,433,044

Nature of operations (Note 1)
Subsequent events (Note 18)

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

/s/ "Richard Orazietti"	/s/ "Lembit Janes"
Director	Director

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

SPANISH MOUNTAIN GOLD LTD.
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
(Unaudited - Expressed in Canadian dollars, except number of shares)

		Three months ended		Six months ended	
			June 30,		June 30,
	Note	**2026**	2025	**2026**	2025
		$	$	**$**	$
Operating expenses					
Consulting		**60,495**	25,202	**102,366**	71,403
Depreciation	8	**19,499**	18,480	**37,763**	36,905
Investor relations, travel and filing fees		**186,352**	114,386	**481,983**	250,134
Legal and accounting		**92,476**	155,378	**351,248**	225,949
Office and administrative		**90,211**	58,715	**173,598**	138,980
Salaries and wages	14	**650,576**	287,277	**853,913**	503,364
Share-based compensation	13(d),14	**514,532**	194,353	**578,779**	245,037
		1,614,141	853,791	**2,579,650**	1,471,772
Other income (expenses)					
Amortization of flow-through premium liability	10	**-**	256,234	**162,411**	558,646
Interest expense	11	**(1,787)**	(2,627)	**(3,789)**	(5,451)
Interest income (reversal)	7	**(310,386)**	72,113	**501,087**	125,094
Foreign exchange gain		**1,067,439**	-	**1,067,439**	-
Transaction costs on net smelter royalty arrangement	12	**(2,277,316)**	-	**(2,277,316)**	-
Net loss and comprehensive loss before income tax		**(3,136,191)**	(528,071)	**(3,129,818)**	(793,483)
Deferred income tax recovery	17	**800,244**	-	**538,828**	**-**
Net loss and comprehensive loss		**(2,335,947)**	(528,071)	**(2,590,990)**	(793,483)
Loss per share:					
Basic and diluted		**(0.00)**	(0.00)	**(0.01)**	(0.00)
Weighted average number of common shares:					
Basic and diluted		**519,058,231**	444,742,340	**513,763,440**	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)

	Six months ended	June 30,
	2026	2025
	$	$
Operating activities		
Net loss and comprehensive loss	**(2,590,990)**	(793,483)
Adjustments for:		
Depreciation	**37,763**	36,905
Share-based compensation	**578,779**	245,037
Amortization of flow-through premium liability	**(162,411)**	(558,646)
Interest expense	**3,789**	5,451
Interest income	**(20,671)**	-
Deferred income tax recovery	**(538,828)**	-
Unrealized foreign exchange gain	**(1,066,257)**	-
Changes in non-cash working capital:		
Accounts receivable	**(267,479)**	(39,367)
Prepaid expenses and deposits	**(435,655)**	(470,847)
Accounts payable and accrued liabilities	**3,218,945**	(121,013)
Net cash used in operating activities	**(1,243,015)**	(1,695,963)
Investing activities		
Expenditure on exploration stage mineral property	**(9,709,845)**	(5,845,854)
Mineral exploration tax credit received	**3,040,619**	1,327,740
Expenditure on property, plant and equipment	**(59,699)**	-
Net cash used in investing activities	**(6,728,925)**	(4,518,114)
Financing activities		
Shares to be issued	**37,550**	-
Proceeds from exercise of options	**172,000**	-
Proceeds from exercise of warrants	**4,440,609**	-
Proceeds from net smelter royalty arrangement	**30,594,375**	-
Transaction costs on net smelter royalty arrangement	**(2,277,316)**	-
Lease payments	**(38,559)**	(37,408)
Net cash provided by (used in) financing activities	**32,928,659**	(37,408)
Effect of foreign exchange on cash	**1,066,257**	-
Changes in cash	**26,022,976**	(6,251,485)
Cash, beginning of the period	**3,837,097**	6,873,687
Cash, end of the period	**29,860,073**	622,202
Supplemental cash flow information:		
Expenditures on exploration stage mineral property included in accounts payable and accrued liabilities	**1,770,858**	390,992
Share-based compensation included in exploration stage mineral property	**15,484**	31,625
Depreciation included in exploration stage mineral property	**21,442**	15,224
Cash interest received	**110,644**	45,366
Cash interest received related to the mineral exploration tax credit	**369,772**	67,669

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	Obligation to issue shares	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	-	-	-	(22,082)	22,082	-
Share-based compensation	-	-	-	276,662	-	276,662
Net loss and comprehensive loss	-	-	-	-	(793,483)	(793,483)
Balance, June 30, 2025	444,742,340	121,683,532	-	2,532,002	(19,746,943)	104,468,591
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	-	-	-	(155,815)	155,815	-
Share-based compensation	-	-	-	201,447	-	201,447
Net loss before deferred income tax expense	-	-	-	-	(1,127,375)	(1,127,375)
Deferred income tax expense	-	-	-	-	(538,828)	(538,828)
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	19,995,591	5,156,714	-	(896,105)	-	4,260,609
Shares issued from exercise of options	1,000,000	309,636	-	(137,636)	-	172,000
Shares to be issued	-	-	37,550	-	-	37,550
Share-based compensation	-	-	-	594,263	-	594,263
Net loss	-	-	-	-	(2,590,990)	(2,590,990)
Balance, June 30, 2026	**525,717,713**	**135,079,982**	**37,550**	**3,454,169**	**(24,025,125)**	**114,546,576**

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

1. NATURE OF OPERATIONS

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, 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 and royalty-based financing arrangements to fund its activities and operations to date. During the three and six months ended June 30, 2026, the Company incurred a net loss and comprehensive loss after tax of $2,335,947 and $2,590,990, respectively (2025 - $528,071 and $793,483, respectively), and as at June 30, 2026, had an accumulated deficit of $24,025,125 (December 31, 2025 - $21,434,135).

Management has assessed that the Company is sufficiently funded to carry out its planned activities and operations and settle its short-term obligations as they come due for the next 12 months. However, beyond the next 12 months, the Company may require further financing or debt to fund its planned remaining exploration and ultimately mine development activities.

2. BASIS OF PREPARATION

a) Statement of compliance

These financial statements were approved by the Board of Directors and authorized for issue on August 18, 2026.

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, 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 also the functional currency of the Company and its subsidiary.

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, except for the following changes or policies applied for the first time:

Net smelter royalty liability

The net smelter royalty liability is initially recognized at fair value. Transaction costs attributable to the issuance of the net smelter royalty liability are expensed as incurred and recognized in profit or loss. Subsequent to initial recognition, the net smelter royalty liability is measured at fair value through profit or loss (“FVTPL”) at each reporting date. Changes in the fair value of the net smelter royalty liability are recognized in profit or loss, except for changes in fair value attributable to changes in the Company's own credit risk, which are recognized in other comprehensive loss (“OCI”). Amounts recognized in OCI are not subsequently reclassified to profit or loss upon settlement or derecognition of the net smelter royalty liability. The fair value of the net smelter royalty liability is determined by using valuation techniques that maximize the use of observable market inputs and minimize the use of unobservable inputs. The most significant inputs and assumptions utilized in the valuation model used to determine fair value are timing, volume and price of future production, which amongst other factors are dependent on metal price and foreign currency exchange rates. The net smelter royalty liability is classified as level 3 in the fair value hierarchy. The Company reassesses the valuation assumptions at each reporting date and recognizes any resulting changes in fair value in accordance with the policy described above. The net smelter royalty liability is derecognized when the obligation is extinguished, cancelled, or expires.

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, except for the following changes or addition:

Classification of the Wheaton royalty arrangement

The Company developed an accounting policy by reference to IFRS Accounting Standards dealing with similar issues and to the Conceptual Framework. Management considered whether the proceeds received from Wheaton should be accounted for as a prepayment for the future delivery of metal, as a partial disposal of the Company’s mineral property interest, or as a financial liability. Management concluded that a financial liability best reflects the substance of the arrangement, principally because the royalty is settled in cash rather than by delivering metal, Wheaton is not a customer, and the Company retains full ownership, operatorship and cost exposure in respect of the mineral property. Management further judged that a present obligation exists notwithstanding that the royalty becomes payable only on production, because the royalty was granted at closing, runs with title to the mining properties and cannot practically be avoided. A different conclusion would have resulted in the proceeds being presented as deferred revenue, or as a reduction of the carrying amount of the exploration stage mineral property with any excess recognized in profit or loss.

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

5. ACCOUNTS RECEIVABLE

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

	June 30, 2026	December 31, 2025
	$	$
Accrued interest receivable	**830**	831
British Columbia Mineral Exploration Tax Credit ("BC METC") receivable	**3,180,000**	-
GST recoverable	**436,362**	168,882
Interest income on BC METC receivable	**20,671**	-
	3,637,863	169,713

6. PREPAID EXPENSES AND DEPOSITS

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

	June 30, 2026	December 31, 2025
	$	$
Prepaid insurance and subscriptions	**173,693**	147,914
Advances to suppliers	**555,396**	145,520
Deposits	**40,250**	40,250
	769,339	333,684
Current	**245,605**	209,950
Non-current	**523,734**	123,734

As at June 30, 2026, the non-current portion of prepaid expenses and deposits represent advances to suppliers that will be recorded directly to mineral property.

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

7. EXPLORATION STAGE 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 claims are subject to net smelter royalties ("NSR") ranging from 0.5% to 4.0%. The Company may, at its option, reduce these ranges to 0.5 to 2.0%, depending on the mineral claim, with payments to the NSR holders.

In addition, pursuant to the May Wheaton NSR financing arrangement, the entire Property is subject to a 1.5% NSR on gold and silver production.

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

	Six months ended June 30, 2026	Year ended December 31, 2025
	$	$
Balance, beginning of the period	**107,877,397**	98,329,390
Additions:		
Acquisition	**-**	42,250
Assaying	**1,042,577**	569,181
Camp materials and supplies	**379,032**	365,682
Contract wages (Note 14)	**1,237,325**	1,020,397
Depreciation	**21,442**	33,564
Drilling	**5,254,956**	4,100,992
Environmental assessment	**69,106**	268,136
Equipment rental and services	**964,245**	1,074,149
Field supplies and support services	**25,998**	11,673
First Nations and community engagement	**11,000**	4,593
Fuel	**360,289**	393,497
Geological and technical consulting	**360,667**	1,680,756
Land tenure	**5,439**	8,834
Maps and reports	**1,339,641**	705,691
Mineral exploration tax credit recovery	**(3,040,619)**	(1,327,740)
Mineral exploration tax credit recovery in accounts receivable (Note 5)	**(3,180,000)**	-
Preliminary economic assessment	**129,541**	506,948
Road access	**6,654**	-
Share-based compensation (Note 13(d), 14)	**15,484**	50,002
Travel and accommodation	**117,849**	39,402
Balance, end of the period	**112,998,023**	107,877,397

During the six months ended June 30, 2026, the Company accrued for the BC METC in the amount of $3,180,000 based on reasonable expectation of recoverability. During the six months ended June 30, 2026, the Company received a cash tax refund of $3,410,391, consisting of $3,040,619 directly related to the BC METC claim relating to the 2021 to 2024 taxation years. In addition, an interest recovery of $369,772 relating to the claim was received, resulting in the reversal of excess interest previously accrued and recognized in interest income.

Deposits for reclamation

In accordance with regulatory requirements, as at June 30, 2026, the Company holds a number of term deposits totaling $91,000 (December 31, 2025 - $91,000) in safekeeping with 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.

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

8. 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 31, 2025	127,441	1,150,190	346,292	183,016	247,151	167,735	2,221,825
Additions	-	-	-	32,536	27,163	-	59,699
Balance, June 30, 2026	**127,441**	**1,150,190**	**346,292**	**215,552**	**274,314**	**167,735**	**2,281,524**
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 31, 2025	-	591,414	212,721	169,341	211,564	103,076	1,288,116
Depreciation	-	10,777	29,682	3,203	4,385	11,158	59,205
Balance, June 30, 2026	**-**	**602,191**	**242,403**	**172,544**	**215,949**	**114,234**	**1,347,321**
Carrying amount							
Balance, December 31, 2025	127,441	558,776	133,571	13,675	35,587	64,659	933,709
Balance, June 30, 2026	**127,441**	**547,999**	**103,889**	**43,008**	**58,365**	**53,501**	**934,203**

During the three and six months ended June 30, 2026, depreciation of $11,272 and $21,442, respectively (2025 - $7,674 and $15,224, respectively) was capitalized to exploration stage mineral property (Note 7).

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

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

	June 30, 2026	December 31, 2025
	$	$
Trade payables	**2,903,414**	401,570
Accrued liabilities	**61,718**	74,718
Wages payable	**63,979**	16,720
	3,029,111	493,008

10. 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 $6,611,290 on eligible exploration expenditures by November 24, 2026. As at June 30, 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. 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 June 30, 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. 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 June 30, 2026, the Company has fulfilled this expenditure obligation.

During the three and six months ended June 30, 2026, the Company incurred the remaining required eligible exploration expenditures of $nil and $1,282,959, respectively (2025 - $2,002,904 and $4,366,757, respectively). As a result, an amortization of flow-through premium liability of $nil and $162,411, respectively (2025 - $256,234 and $558,646, 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, 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, June 30, 2026	**-**	**-**

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

11. 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 is as follows:

	June 30, 2026
	$
2026	39,134
2027	78,268
2028	19,567
Total future minimum lease payments	136,969
Effect of discounting using an incremental borrowing rate of 5% per annum	(6,086)
Total present value of minimum lease payments	**130,883**

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	3,789
Payments	(38,559)
Balance, June 30, 2026	**130,883**
Current portion	73,387
Non-current portion	57,496

12. NET SMELTER ROYALTY LIABILITY

On April 20, 2026, the Company entered into a royalty agreement with Wheaton Precious Metals Corp. ("Wheaton") ("Royalty Agreement"), pursuant to which the Company will receive a total of US$55 million (the "Funding Amount") in exchange for a perpetual 1.5% NSR royalty on the Spanish Mountain Gold Project. The Funding Amount will be paid in three instalments as follows:

1. First Instalment: US$22.5 million, upon satisfaction of a positive consolidated working capital test and other customary closing conditions (received).
2. Second Instalment: US$12.5 million, upon satisfaction of the same conditions as the First Instalment, plus completion of a 60,000-metre drilling program.
3. Third Instalment: US$20 million, upon satisfaction of the same conditions as the First Instalment, plus receipt of approvals under the Environmental Assessment Act (BC).

Pursuant to the Royalty Agreement, the Company will pay to Wheaton in perpetuity a royalty in the amount of 1.5% of NSR, payable on a monthly basis, with Wheaton's entitlement to payments due on account of the royalty arising at the time of production of the gold and silver ("Subject Metals").

If Completion (a 90-day throughput test at ≥90% of 26,000 tonnes/day ("Target Throughput")) hasn't been achieved by April 1, 2030 (the "Outside Completion Date"), the royalty rate increases by 0.15% NSR (subject to a formula-based adjustment tied to actual vs. Target Throughput), and by a further 0.15% on each anniversary thereafter until Completion is achieved. If the Targeted Throughput is not achieved, the Company may elect to pay US$6 million in cash to Wheaton, exercisable by written notice 15 days before the anniversary of the Outside Completion date to eliminate the 0.15% NSR.

If a change of control of the Company occurs before the earlier of December 31, 2030 or Completion, the Company has a one-time option to reduce the royalty rate by 1/3 by giving notice within 30 days of the change of control and paying 1/3 of a formula-based amount within 30 days of that notice ("Buy-Back Option").

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

12. NET SMELTER ROYALTY LIABILITY (continued)

The NSR liability has been recognized as a financial liability, initially recorded at the value of the consideration received and subsequently measured at fair value through profit or loss ("FVTPL"), with a total value of $30,594,375 (US$22.5 million). Transaction costs incurred in connection with the NSR liability totaled $2,277,316.

The recorded fair value of the NSR liability as at June 30, 2026 is $30,594,375 with no fair value gain or loss recorded in the period, as no assumptions or inputs in the underlying valuation model have significantly changed in the short period from initial recognition to period end. (Note 3)

13. 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, 2026 and December 31 2025, there are no first or second preferred shares outstanding.

b) Issued and outstanding

During the six months ended June 30, 2026, the Company issued 19,995,591 common shares pursuant to the exercise of 19,995,591 warrants for gross proceeds of $4,260,609. As a result, the Company transferred $896,105 from reserves to share capital. In addition, the Company received $180,000 that was included as subscription receivable as at December 31, 2025.

During the six months ended June 30, 2026, 1,266,000 stock options were exercised for gross proceeds of $209,550. As a result, the Company issued 1,000,000 common shares and 266,000 common shares were issued subsequent to June 30, 2026 (Note 18). Accordingly, the Company transferred $137,636 from reserves to share capital and recognized $37,550 as shares to be issued in respect of the common shares issued subsequent to June 30, 2026.

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	(19,995,591)	0.21
Expired	(107,143)	0.25
Balance, June 30, 2026	**63,054,255**	**0.21**

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

13. SHARE CAPITAL (continued)

A summary of the Company's warrants as at June 30, 2026 is as follows:

Date of expiry	**Exercise price**	**Number of warrants**	**Weighted average remaining life**
	$	#	Years
November 15, 2026	0.18	19,435,260	0.38
November 15, 2026	0.23	8,837,248	0.38
August 27, 2028	0.22	32,816,837	2.16
August 27, 2028	0.15	1,964,910	2.16
	0.21	**63,054,255**	**1.36**

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

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

(1) The risk-free interest rate of periods within the expected life of the warrants 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 six months following the date of grant.

During the three and six months ended June 30, 2026, the Company had the following stock option transactions:

- On January 5, 2026, 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 $39,598 using the Black-Scholes model.
- On April 21, 2026, the Company granted 100,000 stock options exercisable to $0.29 per share to the Director, Finance of the Company. The options have a ten-year term expiring on April 21, 2036, and vest periodically over 15 months. The fair value of the options was determined to be $27,000 using the Black-Scholes model.
- On June 1, 2026, the Company granted 4,861,000 stock options exercisable to $0.36 per share to the directors, officers, employees and consultants of the Company. The options have a ten-year term expiring on May 31, 2036, and vest periodically over 18 months. The fair value of the options was determined to be $1,409,690 using the Black-Scholes model.

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

13. SHARE CAPITAL (continued)

A summary of the Company's weighted average inputs used in the Black-Scholes model for the stock options granted during the six months ended June 30, 2026, and the year ended December 31, 2025, is as follows:

	2026	2025
Share price	**0.34**	$0.175
Exercise price	**$0.351**	$0.170
Expected life	**10 years**	10 years
Risk-free interest rate (1)	**3.41%**	3.34%
Forfeiture rate	**3.00%**	3.00%
Expected volatility (2)	**89.20%**	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.

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	0.18
Granted	5,211,000	0.35
Exercised	(1,266,000)	0.17
Balance, June 30, 2026	**12,652,000**	**0.25**

A summary of the Company's stock options outstanding and exercisable as at June 30, 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	0.57
October 12, 2027	0.14	300,000	300,000	1.28
October 19, 2027	0.13	300,000	300,000	1.30
January 5, 2031	0.22	250,000	62,500	4.52
May 27, 2034	0.24	1,050,000	1,050,000	7.91
June 20, 2034	0.19	1,600,000	1,600,000	7.98
August 27, 2034	0.17	400,000	400,000	8.16
February 20, 2035	0.14	75,000	-	8.65
June 9, 2035	0.18	2,816,000	2,120,500	8.95
April 22, 2036	0.29	100,000	25,000	9.52
June 1, 2036	0.36	4,861,000	1,215,250	9.93
	0.25	**12,652,000**	**7,973,250**	**8.05**

During the three and six months ended June 30, 2026, the Company recognized share-based compensation of $525,622 and $594,263, respectively (2025 - $210,282 and $276,662, respectively) relating to the vesting and forfeiture of stock options, of which $11,090 and 15,484, respectively (2025 - $15,929 and $31,625), was capitalized to exploration stage mineral property (Note 7).

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

14. 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, **2026**	Three months ended June 30, 2025	Six months ended June 30, **2026**	Six months ended June 30, 2025
	$	$	**$**	$
Salaries and wages and fees (1)	**690,648**	342,897	**913,148**	544,397
Share-based compensation (2)	**423,650**	201,710	**469,552**	282,149
	1,114,298	544,607	**1,382,700**	826,546

(1) During the three and six months ended June 30, 2026, salaries and wages for related parties of $91,583 and $139,083, respectively were included in contract wages capitalized within exploration stage mineral property (2025 - $47,500 and $95,000, respectively) (Note 7).

(2) During the three and six months ended June 30, 2026, share-based compensation for related parties of $2,546 and $6,103, respectively was capitalized to exploration stage mineral property (2025 - $12,345 and $26,840, respectively) (Note 7).

As at June 30, 2026, accounts payable and accrued liabilities included $67,188 (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.

15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

As at June 30, 2026 and December 31, 2025, the Company's financial instruments consisted of cash, 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, 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:

	June 30, 2026	December 31, 2025
	$	$
Cash held in bank accounts	**29,860,073**	3,837,097
	29,860,073	3,837,097

For the six months ended June 30, 2026, the weighted average interest rate earned on the Company's cash was 2.81% (2025 - 2.78%). During the three and six months ended June 30, 2026, the Company earned interest income of $89,362 and $110,644, respectively (2025 - $21,369 and $45,366, respectively) on cash held in bank accounts.

15. 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, 2026, the Company has cash of $29,860,073 (December 31, 2025 - $3,837,097) and accounts receivable (excluding GST recoverable) of $3,201,501 (December 31, 2025 - $831) in order to meet its current liabilities of $3,102,498 (December 31, 2025 - $564,014). As at June 30, 2026, the Company had accounts payable and accrued liabilities of $3,029,111 (December 31, 2025 - $493,008), which have contractual maturities of 90 days or less and a current portion of lease liability of $73,387 (December 31, 2025 - $71,006). The amount of the Company's remaining undiscounted contractual lease payments for the lease liability is $136,969 (December 31, 2025 - $175,528).

The NSR liability (Note 12) is perpetual and has no contractual maturity date. Royalty payments become due only once the Spanish Mountain Gold Project is in production, and their amount is determined by reference to net smelter returns actually realized. Accordingly, the Company is not contractually required to make any payment in respect of the obligation until production commences, and the undiscounted contractual cash flows cannot be reliably determined and allocated to maturity bands. The obligation has therefore been excluded from the contractual maturity analysis above; the carrying amount at June 30, 2026, was $30,594,375. The Company may in addition become obliged to pay Wheaton a further amount if the royalty rate step-up applies from April 1, 2030, and the Company elects to pay US$6.0 million in cash in lieu of that increase and may elect to pay a formula-based amount to reduce the royalty rate by one-third following a change of control.

As at June 30, 2026, management has assessed the liquidity risk as low to moderate. Management has assessed that sufficient cash is on hand or will be available to fund its planned activities and operations for the next 12 months. Beyond such short-term period, the Company may require further financing in the form of equity or debt.

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 interest rates. 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 June 30, 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 exposed to foreign currency risk, as certain monetary financial instruments are denominated in currencies other than the Company's functional currency. As at June 30, 2026, the Company had cash and a NSR liability denominated in US dollars.

Commodity price risk

The fair value valuation of the NSR liability payments that may become due in future (subject to the achievement of commercial production and revenue generation), are exposed to commodity price risks for the relevant metals produced and sold.

16. CAPITAL MANAGEMENT

The Company's primary funding source has been cash raised through the issuance of share capital and royalty financing. 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.

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

16. CAPITAL MANAGEMENT (continued)

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 and royalty financing arrangements, 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, 2026.

17. 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:

	June 30, 2026	December 31, 2025
	$	$
Deferred tax assets		
Share issuance costs and financing fees	**261,137**	307,267
Allowable capital losses	**95**	95
Non-capital losses	**3,833,117**	9,377,086
Property and equipment	**321,171**	313,200
Non-refundable mining income tax credit	**2,177,832**	2,177,832
NSR liability	**8,260,481**	-
ROU liability, net of ROU asset	**7,288**	8,662
	14,861,121	12,184,142
Deferred income tax liabilities		
Exploration stage mineral property	**(13,016,944)**	(12,722,970)
	1,844,176	(538,828)
Unrecognized deferred tax assets	**(1,844,176)**	-
Deferred tax liability, net	-	(538,828)

As a result of the movement in deferred tax liability per the table above, the deferred income tax recovery for the three and six months ended June 30, 2026 is $800,244 and $538,828 (2025 - $nil and $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 administrating 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 receivables based on its interpretation of the applicable legislation. As at June 30, 2026, the Company recorded a BC METC receivable of $3,180,000 and interest income receivable of $20,671 related to the BC METC claim. The amounts receivable is subject to potential review and audit by the Canada Revenue Agency ("CRA"). Accordingly, the amount ultimately recoverable may differ from the amount claimed and recorded in the financial statements.

18. SUBSEQUENT EVENTS

Subsequent to June 30, the Company issued 2,020,000 common shares upon the exercise of warrants, including 1,670,000 warrants at an exercise price of $0.18 per warrant and 350,000 warrants at an exercise price of $0.22 per warrant, resulting in gross proceeds of $377,600.

Subsequent to June 30, 2026, the Company issued 795,500 common shares upon the exercise of 795,500 stock options, resulting in gross proceeds of $165,963.

Subsequent to June 30, 2026, the Company issued 266,000 common shares upon the exercise of 266,000 stock options. These shares had been included in shares to be issued as at June 30, 2026.