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Spanish Mountain Gold Reports Results of Pre-Feasibility Study along with Mineral Reserve Estimate & Updated Mineral Resource Estimate

May 11, 2021

Vancouver, B.C. - Spanish Mountain Gold Ltd. (the “Company”) (TSX-V:SPA) is pleased to announce the positive results of the Pre-Feasibility Study (the “PFS”) for the 100% owned Spanish Mountain gold project (the “Project”) located in central British Columbia, Canada. The PFS, which is prepared in accordance with NI 43-101 *Standards of Disclosure for Mineral Projects*, delineates a Mineral Reserve within the near-surface/ higher-grade portion of the Mineral Resource. All dollars figures are in Canadian (CAD) unless otherwise noted. In accordance with industry practice, certain key economic metrics are stated in USD to facilitate comparison with projects/ mines globally.

The highlights of the PFS results are as follows:

- Proven & Probable Mineral Reserves of 2.3 million ounces (**Moz**) of gold and 2.2 Moz of silver. Details of the tonnages and grades are presented under "Mineral Reserves" below.
- Measured & Indicated (**M&I**) Mineral Resources of 4.7 Moz of gold and 6.8 Moz of silver, an increase of 0.6 Moz of gold from previous estimates due to optimization and an increased gold price assumption. Details for the tonnages and grades for Mineral Resources are presented under "Mineral Resources" below. (As previously reported, this increase in Mineral Resources does not yet reflect the drilling results from the 2020 winter program due to industry-wide delays at assaying laboratories. These results will be incorporated in a future resource update.)
- Life of mine (**LOM**) production of 2.1 Moz of gold and 0.9 Moz of silver over 14 years
- Average annual gold production: 183,000 oz (first 6 years) and 150,000 oz (LOM) with peak production of 210,000 oz in year 6
- Average all-in-sustaining cost (**AISC**) of production: US\$707 per oz (first 6 years) and US\$801 per oz (LOM)
- Pre-tax project economics: NPV(5%) of \$848M, IRR of 25% and payback of construction capital in 3.2 years @ US\$1,600 gold (“**Base Case**”); NPV(5%) of \$1,209M, IRR of 31% and payback in 2.7 years @ US\$1,800 gold
- Post-tax project economics: NPV(5%) of \$655M, IRR of 22% and payback of construction capital in 3.3 years @ US\$1,600 gold; NPV(5%) of \$888M, IRR of 27% and payback in 2.8 years @ US\$1,800 gold

- Post-tax average annual free cashflow from operations: \$189M (first 6-yr) and \$128M (LOM) @ US\$1,600 gold; \$220M (first 6-yr) and \$153M (LOM) @ US\$1,800 gold
- Post-tax LOM cumulative tax free cashflow from operations : \$1,797M @US\$1,600 gold; \$2,140M @US\$1,800 gold
- An initial capital cost of \$607 million (US\$461 million), including a contingency of \$75 million

The PFS is based on a 20,000 tonnes per day (**tpd**) milling rate to process the delineated Proven & Probable Reserves as a standalone open pit operation for 14 years. The proposed mine is expected to be owner-operated using a conventional open-pit mining method to produce a total of 96 million tonnes (Mt) of ore with an average diluted gold grade of 0.88 grams per tonne (g/t) for the first six years and 0.76 g/t LOM. The milling process involves a primary crushing circuit followed by a SAG mill and ball mill to produce a relatively coarse grind of 180 microns which is concentrated by gravity concentration and flotation to produce concentrates for fine grinding and CIL cyanidation at an overall LOM average gold recovery of 90% and silver recovery of 40%. Doré will be produced on-site as an end product.

Larry Yau, CEO, commented: “Against the backdrop of a large and growing resource, the PFS once again affirms our Project’s potential as a gold mine with robust production and profitability. The PFS has also identified several tangible targets for project optimization. Our technical team has already started investigating these opportunities with the objective of incorporating any potential benefits in a definitive feasibility study.

“The PFS represents a significant project milestone and bears the fruits of our de-risking initiatives in the past five years. Congratulations to our project team for the comprehensive study presenting our Project’s technical merits as well as opportunities. We look forward to expeditiously advancing our Project on multiple fronts including our strong commitments to addressing issues related to Environmental, Social and Governance (ESG).”

Please refer to the Company’s updated website and corporate presentation for additional details on the PFS and the project: www.spanishmountaingold.com

Mineral Reserves

The Project’s Mineral Reserves, which are a subset of the M&I Mineral Resources, are based on the mine plan developed for the PFS. All Inferred Mineral Resources mined are treated as waste. Mineral Reserves are estimated in accordance with the CIM 2019 Best Practices Guidelines and are classified using the 2014 CIM Definition Standards.

Reserve Class	Mill Feed (Mt)	Mill Feed Gold Grade (g/t)	Contained Gold (Moz)	Mill Feed Silver Grade (g/t)	Contained Silver (Moz)
Proven	40.8	0.79	1.03	0.67	0.88
Probable	55.1	0.74	1.31	0.74	1.30
Total	95.9	0.76	2.34	0.71	2.18

Notes:

1. The Mineral Reserve estimates were prepared by Marc Schulte, P.Eng. (who is also the independent Qualified Person for these Mineral Reserve estimates), reported using the 2014 CIM Definition Standards, and have an effective date of March 31, 2021.
2. Mineral Reserves are based on the PFS Life of Mine Plan.
3. Mineral Reserves are mined tonnes and grade, the reference point is the mill feed at the primary crusher and includes consideration for operational modifying factors
4. Mineral Reserves are reported at a cut-off grade of 0.3 g/t Au.
5. Cut-off grade assumes US\$1,500/oz. Au and US\$20/oz Ag at a currency exchange rate of 0.76 US\$ per C\$; 99.8% payable gold; 95.0% payable silver; \$5.00/oz Au offsite costs (refining, transport and insurance); a 1.5% NSR royalty; and uses a 91% metallurgical recovery for gold and 25% recovery for silver.
6. The cut-off grade equates to incremental operating costs of \$17/t, which covers process, G&A and site, stockpile reclaim, and sustaining and closure capital costs.
7. Mined tonnes and grade are based on a selective mining unit (SMU) of 15mx15mx5m, including additional estimates for mining loss (3%) and dilution between ore and waste zones (6.6%, 0.24 g/t Au, 0.6 g/t Ag).
8. Factors that may affect the Mineral Reserve estimates include metal prices, changes in interpretations of mineralisation geometry and continuity of mineralisation zones, geotechnical and hydrogeological assumptions, ability of the mining operation to meet the annual production rate, process plant and mining recoveries, the ability to meet and maintain permitting and environmental licence conditions, and the ability to maintain the social licence to operate.
9. Numbers have been rounded as required by reporting guidelines.

There are no other known factors or issues that materially affect the Mineral Reserve estimate other than normal risks faced by mining projects in the province in terms of environmental, permitting, taxation, socio-economic, marketing, and political factors and additional risk factors as listed in the accompanying cautionary note regarding forward-looking statements below.

Mining Operations

The PFS mine plan provides 96 Mt of mill feed which produces a total of 2.1 million ounces of gold and 875 thousand ounces of silver and 383 Mt of waste over the 14-year project life. Approximately 5.6 Mt of Inferred Resource within the pit has been treated as waste for this study.

Stockpiling of some material is utilized to maximize mill feed grade early in the project life. This material is reclaimed for processing over the course of the operation.

Processing of the mill feed at 20,000 tpd (or 7.3 Mt per annum) is by means of a conventional process flowsheet including primary grinding, gravity concentration, flotation, and regrinding of the concentrate followed by cyanidation via a CIL circuit to produce doré. The process achieves an average overall LOM gold recovery of 90%. The average silver recovery as a by-product of the milling process for the life of the project is 40%. Tailings from the plant are stored in a tailings storage facility that has been designed to minimize water held within the tailings facility. All of the site water is managed through a separate water management pond that includes a water treatment plant for any water to be discharged during the LOM.

- Selected operational and cost metrics:

	Unit	Yrs 1-6 Avg.	LOM Avg.	
Gold Grade	g/t	0.88	0.76	
Annual Gold Production	Koz	183	150	(peak production 211Koz)
Annual Silver Production	Koz	68	63	
Cash Cost /oz	US\$	\$602	\$696	
All-in-sustainable Cost/oz	US\$	\$707	\$801	
Total Cost/ oz	US\$	\$974	\$1,068	

- Unit costs of production:

	Unit	CAD	USD
Mining	\$/t mined	\$2.22	\$1.69
Mining	\$/t milled	\$10.80	\$8.21
Processing	\$/t milled	\$6.58	\$5.00
G&A	\$/t milled	\$1.36	\$1.04
TSF	\$/t milled	\$0.17	\$0.13
Water treatment	\$/t milled	\$0.47	\$0.36
Total	\$/t milled	\$19.38	\$14.73

Project Economics & Sensitivities

For the purpose of presenting the Project's economics and investment returns, a constant LOM gold price of US\$1,600 per ounce and silver price of US\$24 per ounce are used as the base case with an exchange rate of C\$1=US\$0.76. The gold price assumption has the most significant impact on the Project's financial results.

The Project's financial metrics and their sensitivity to gold price are shown below. These metrics are widely used by the mining industry to evaluate mineral projects.

		Gold Price (USD)						
		\$1,200	\$1,400	\$1,600	\$1,800	\$2,000	\$2,200	\$2,400
Pre-tax Economics								
NPV (@5%)	\$M	\$125	\$487	\$848	\$1,209	\$1,570	\$1,932	\$2,293
IRR	%	9%	18%	25%	31%	36%	42%	47%
Payback	Yrs	5.4	4.0	3.2	2.7	2.4	2.1	1.9
Cumulative Free Cashflow from Operations								
	\$M	\$1,040	\$1,583	\$2,127	\$2,670	\$3,214	\$3,758	\$4,301

		Gold Price (USD)						
		\$1,200	\$1,400	\$1,600	\$1,800	\$2,000	\$2,200	\$2,400
Post-tax Economics								
NPV (@5%)	\$M	\$129	\$415	\$655	\$888	\$1,119	\$1,350	\$1,580
IRR	%	9%	16%	22%	27%	31%	36%	39%
Payback	Yrs	5.5	4.0	3.3	2.8	2.5	2.2	2.0
Cumulative Free Cashflow from Operations	\$M	\$1,041	\$1,454	\$1,797	\$2,140	\$2,484	\$2,828	\$3,173

Capital Expenditures

Project construction is expected to be completed over a period of approximately two years at a total cost of \$607M (US\$461M), including an allowance of \$75M for contingencies. The PFS assumes leasing of the mining fleet in order to reduce the upfront capital required. Although the PFS assumes an owner-operated mining fleet, the Company believes that the Project's proximity to contractors/suppliers makes contract mining a potentially compelling option providing another opportunity to further reduce the initial capital. The breakdown of initial capital expenditures by major category is as follows:

Initial Capital	C\$M	US\$M
Overall Site	\$26	\$19
Open Pit Mining	\$73	\$56
Ore Handling	\$34	\$26
Process	\$125	\$95
Tailings and Water Management	\$40	\$30
Environmental Monitoring	\$2	\$2
On-site Infrastructures	\$42	\$32
Off-site Infrastructures	\$64	\$49
Water treatment Plant	\$10	\$7
TOTAL DIRECT COSTS	\$416	\$316
Project Indirects	\$102	\$78
Owner's Costs	\$14	\$10
Contingencies	\$75	\$57
TOTAL	C\$607	US\$461

Sustaining capital expenditures required to support the ongoing production of gold and silver are estimated to be \$290M, to be incurred over the mine life of 14 years.

Following the standards required by NI 43-101, the PFS has been prepared on the basis of mining and processing of the Mineral Reserves as a standalone operation over the mine life of 14 years in accordance with environmental laws and industry's best practice. As such, closure costs totalling \$130M (net of salvage value of \$30M) have been included in the cashflow model reflecting a scenario under which the operations would cease after 14 years with the mine site then being reclaimed and restored based on current environmental regulations.

Mineral Resources

As part of the PFS, an update of the Mineral Resources has been prepared based on the pit shell developed using assumed cost parameters and assumptions. The Project's Mineral Resources, inclusive of the Mineral Reserves reported above, are as follows:

Classification	Run of Mine (Mt)	Gold Grade (g/t)	Silver Grade (g/t)	Contained Gold (Moz)	Contained Silver (Moz)
Measured	68.4	0.59	0.67	1.3	1.5
Indicated	225.7	0.47	0.73	3.4	5.3
M&I Resources	294.2	0.50	0.72	4.7	6.8
Inferred Resource	18.3	0.63	0.76	0.4	0.4

Notes:

1. The Mineral Resource Estimates were prepared by Marc Jutras, P.Eng.; M.A.Sc. (who is also the independent Qualified Person for these Mineral Resource Estimates), in accordance to the 2014 Canadian Institute of Mining, Metallurgy and Petroleum ("CIM") Definition Standards for Mineral Resources and Mineral Reserves, with an effective date of February 3, 2021.
2. The Mineral Resource Estimates are reported at a cutoff grade of 0.15 g/t Au.
3. Cut-off grade assumes US\$1,600/oz. Au at a currency exchange rate of 0.75 C\$ per US\$; 99.8% payable gold; \$4.00/oz. offsite costs (refining and transport), a 1.5% royalty; and uses a 91% metallurgical recovery for Au and a 25% recovery for Ag. The cut off-grade covers processing costs of \$7.33/t and general and administrative (G&A) costs of \$2.67/t.
4. The Mineral Resources are constrained by an open pit shell generated by applying the Lerchs-Grossman algorithm to the Spanish Mountain deposit. The pit shell was generated using the same inputs as the cutoff grade determination, as well as a \$2.40/t mining cost for ore and a \$2.20/t mining cost for waste. Overall pit slope angles range from 21 degrees to 35 degrees and are estimated based on geotechnical analysis of various zones in the deposit.
5. Factors that may affect the estimates include: metal price assumptions, changes in interpretations of mineralization geometry and continuity of mineralization zones, changes to kriging assumptions, metallurgical recovery assumptions, operating cost assumptions, confidence in the modifying factors, including assumptions that surface rights to allow mining infrastructure to be constructed will be forthcoming, delays or other issues in reaching agreements with local or regulatory authorities and stakeholders, and changes in land tenure requirements or in permitting requirement. Any other known legal, political, environmental, or other risks that could materially affect the potential development of the Mineral Reserves are detailed below in the section entitled "Forward-Looking Statements".
6. Estimates have been rounded and may result in summation differences.

Mineral Resources, which are not Mineral Reserves, do not have demonstrated economic viability. Inferred Mineral Resources have insufficient confidence to allow the meaningful application of technical and economic parameters or to enable an evaluation of economic viability suitable for public disclosure.

Technical Team

The PFS was coordinated and prepared by Moose Mountain Technical Services (MMTS) and the following team of Qualified Persons and independent consultants. Each consultant was responsible for the initial, sustaining and closure capital and operating cost estimate for their area of responsibility (with the exception of pHase Geochemistry who did not contribute any cost estimates to the study):

Company	Areas of Responsibility	Qualified Person
MMTS	Overall co-ordination of the report	Frank Grills., P.Eng.
MMTS	Mineral Reserves, Mining Methods, Economic Analysis	Marc Schulte, P,Eng
Ausenco	Mineral Processing Recovery Methods and Site Infrastructure	Paul Staples, P.Eng.
Ginto Consulting Inc.	Mineral Resource Estimate	Marc Jutras, P.Eng.
Discovery Consultants	Geology, Exploration, and Drilling	Bill Gilmour, P.Geo.
Linkan Engineering	Water Treatment	Sam Billin. P.Eng.
Knight Piésold Ltd.	Tailings, Water Management, Environmental, and Permitting	Les Galbraith, P.Eng.
MCA Engineering	Power Supply	Malcolm Cameron, P.Eng
pHase Geochemistry	Geochemical Characterization	Andrea Samuels, P. Geo.
BGC Engineering	Geotechnical and Hydrogeological	
PricewaterhouseCoopers	Tax Model Review	

Marc Schulte, P. Eng., a Qualified Person (as defined under National Instrument 43-101) who is independent of Spanish Mountain Gold Ltd. has reviewed and approved this news release.

A NI 43-101 compliant Technical Report is currently being prepared by MMTS and will be filed on SEDAR within 45 days of this news release.

Opportunities to Enhance Value

On top of demonstrating the Project's potential as a robust mining operation focused on the delineated Mineral Reserves, the comprehensive evaluation process undertaken by the PFS team has generated significant information to support the ongoing environment assessment as well as having identified tangible targets to further optimize the Project's value.

The Company expects to conduct additional field work to further optimize the Project in a number of areas including metallurgical process, water management and treatment, environmental strategies and pit optimization in order to capture all potential benefits in a feasibility study in due course. In addition, the Company intends to continue the campaign to expand its multi-million ounce gold resource and other field activities to support the environmental assessment process.

About Spanish Mountain Gold

Spanish Mountain Gold Ltd. is focused on advancing its 100%-owned Spanish Mountain gold project in southern central British Columbia. The Company is simultaneously pursuing the dual objectives of delivering critical project milestones for the multi-million ounce Mineral Reserve and further expanding the overall Mineral Resource. The Preliminary Feasibility Study (2021) demonstrates the Project's potential to be a mining operation with a robust production profile (**>150,000 oz per year**) and profitability (**AISC \$801 per oz**) over a mine life of 14 years. Details on the Project and the Company are available on www.sedar.com and on the Company's website: www.spanishmountaingold.com

On Behalf of the Board,
SPANISH MOUNTAIN GOLD LTD.

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FORWARD LOOKING STATEMENTS: Certain of the statements and information in this press release constitute "forward-looking statements" or "forward-looking information" Any statements or information that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as "expects", "anticipates", "believes", "plans", "estimates", "intends", "targets", "goals", "forecasts", "objectives", "potential" or variations thereof or stating that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved, or the negative of any of these terms and similar expressions) are not statements of historical fact and may be forward-looking statements or information.

Forward-looking statements or information relate to, among other things, the timing and scope of NI 43-101 technical reports in respect of the Spanish Mountain Gold Project.

Forward-looking statements or information are subject to a variety of known and unknown risks, uncertainties and other factors that could cause actual events or results to differ from those reflected in the forward-looking statements or information, including, without limitation, risks relating to: results from infill and exploration drilling, geotechnical studies, metallurgical studies, planning of tailings facilities, access to power supply, fluctuations in the spot and forward price of gold or certain other commodities; timing of receipt of permits and regulatory approvals; the sufficiency of the Company's capital to finance the Company's operations; geological interpretations and potential mineral recovery processes, changes in national and local government legislation, taxation, controls, regulations and political or economic developments in Canada or other countries in which the Company may carry on business in the future; the uncertainties involved in interpreting geological data; business opportunities that may be presented to, or pursued by, the Company; operating or technical difficulties in connection with mining activities; the speculative nature of gold exploration and development, including the risks of obtaining necessary licenses and permits; diminishing quantities or grades of reserves; and contests over title to properties, particularly title to undeveloped properties. In addition, there are risks and hazards associated with the business of gold exploration, development and mining, including environmental hazards, industrial accidents, unusual or unexpected formations, pressures, cave-ins, flooding and gold bullion losses (and the risk of inadequate insurance, or the inability to obtain insurance, to cover these risks).

This list is not exhaustive of the factors that may affect any of the Company's forward-looking statements or information. Forward-looking statements or information are statements about the future and are inherently uncertain, and actual achievements of the Company or other future events or conditions may differ materially from those reflected in the forward-looking statements or information due to a variety of risks, uncertainties and other factors, including, without limitation, those referred to in the Company's continuous disclosure documents under the heading "Risk Factors". Although the Company has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be as anticipated, estimated, described or intended. Accordingly, readers should not place undue reliance on forward-looking statements or information.

The Company's forward-looking statements and information are based on the assumptions, beliefs, expectations and opinions of management as of the date of this press release, and other than as required by applicable securities laws, the Company does not assume any obligation to update forward-looking statements and information if circumstances or management's assumptions, beliefs, expectations or opinions should change, or

changes in any other events affecting such statements or information. For the reasons set forth above, investors should not place undue reliance on forward-looking statements and information.

Cautionary Note Regarding Mineral Resources and Mineral Reserves

Readers should refer to the Company's current technical reports and other continuous disclosure documents filed by the Company, available on SEDAR at www.sedar.com for further information on the mineral resource estimates of the Company's projects, which are subject to the qualifications and notes set forth therein, as well as for additional information relating to the Company more generally.

Neither the Company, nor readers, should assume that all or any part of an inferred mineral resource will be upgraded to indicated or measured mineral resources. Most projects at the inferred mineral resource stage do not ever form the basis of feasibility or other economic studies, or achieve successful commercial production. Each stage of a project is contingent on the positive results of the previous stage and that there is a significant risk that the results may not support or justify moving to the next stage.

Cautionary Note Regarding Non-IFRS Performance Measurement

International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board, are recognized standards for financial reporting in Canada and most jurisdictions. The Company provided certain non-IFRS performance figures for the Project based on guidance issued by the World Gold Council. These non-IFRS measures are intended to provide additional information to evaluate the underlying performance of the Project and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. These measures do not have any standardized meaning prescribed under IFRS and therefore may not be comparable with other issuers.

Cash cost per ounce

Cash costs include indirect production costs incurred to operate the proposed mining operation. They include such input costs as mining, processing, refining, royalty payments and site administration, less gross revenue generated from silver sales, divided by gold ounces sold to arrive at total cash cost per gold ounce sold. Cash cost per ounce is stated in USD*, based on the general practice by the gold sector, to facilitate comparison across mines located around the globe.

All-in-sustaining cost (AISC) per ounce

All-in-sustaining costs includes the total cash cost plus the sustainable capital required to support the ongoing production of gold and silver over the life of mine. The Company calculates the Project's all-in sustaining cost per ounce as the sum of total cash costs (as described above), reclamation and sustaining capital for operating the proposed mine, divided by the gold ounces sold. The Company excludes corporate administrative expenses, financing costs, corporate taxation and other non-cash expenditures in the calculation as it intends to present the Project as a standalone operation. AISC per ounce is stated in USD*, based on the general practice by the gold sector, to facilitate comparison across mines located around the globe.

*where USD metrics are used for comparison, 0.76USD per 1CAD is assumed based on recent historical exchange between the two currencies.

The TSX Venture Exchange does not accept responsibility for the adequacy or accuracy of this release.