SPANISH MOUNTAIN GOLD LTD.

Management Discussion and Analysis

For the three months ended March 31, 2024 and 2023

(Expressed in Canadian dollars)

The following is management's discussion and analysis ("MD&A") of the financial condition and results of operations of Spanish Mountain Gold Ltd. (the "Company") and its subsidiary. This MD&A should be read in conjunction with the unaudited consolidated interim financial statements, including the notes thereto, for the three months ended March 31, 2024 and 2023 ("Financial Statements").

The Financial Statements have been prepared by management in accordance with International Financial Reporting Standards ("IFRS Accounting Standards") as issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee, including International Accounting Standards ("IAS") 34 Interim Financial Reporting. In addition, the MD&A should be read in conjunction with the audited consolidated financial statements for the years ended December 31, 2023 and 2022 (the "Annual Financial Statements"), as some disclosures from the Annual Financial Statements have been condensed or omitted. All amounts are presented in Canadian dollars, the Company's and its subsidiary's presentation and functional currency, unless otherwise stated. References to US$ are to United States dollars. Other information contained in this document has been prepared by management and is consistent with the data contained in the financial statements.

The Company's certifying officers are responsible for ensuring that the Financial Statements and MD&A do not contain any untrue statements of a material fact or omissions of material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made. The Company's certifying officers certify that the financial statements together with the other financial information included in the filings fairly present in all material respects the financial condition, financial performance and cash flows of the Company as at the date of and for the periods presented in the filings.

In this MD&A, the words "we", "us", or "our", collectively refer to the Company and its subsidiary. The first, second, third and fourth quarters of the Company's fiscal years are referred to as "Q1", "Q2", "Q3" and "Q4", respectively.

The Board of Directors approved the disclosure contained in this MD&A on May 27, 2024 ("MD&A Date").

The Company's Board of Directors provides an oversight role with respect to all public financial disclosures by the Company.

Management is responsible for the preparation and integrity of the Company's Financial Statements, including the maintenance of appropriate information systems, procedures and internal controls. Management is responsible for ensuring that information disclosed externally, including the information contained within the Company's Financial Statements and MD&A, is complete and reliable.

Additional information relating to the Company including its Financial Statements may be found on the Company's website at www.spanishmountaingold.com as well as under the Company's profile on SEDAR+ at www.sedarplus.ca.

OVERVIEW

The Company is an exploration stage company engaged in the acquisition, exploration, and development of mineral properties. The Company's primary asset is the Spanish Mountain property located approximately 180 kilometres ("km") north of Kamloops, British Columbia ("BC") and 66 km northeast of Williams Lake, BC. The Spanish Mountain property refers to the contiguous mineral and placer claims the Company holds while the Spanish Mountain gold project (the "Project") refers to the mineral resource that the Company has defined in an area within the property. The Company's focus is to advance the development of the Project and may conduct exploration programs on the property.

The Company completed the Project's Pre-Feasibility Study ("PFS") along with a Mineral Reserve estimate and an updated Mineral Resource estimate in May 2021. 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 NI 43-101 Technical Report for the PFS was filed on SEDAR+ on June 3, 2021.

In 2022, the Company advanced the environmental assessment ("EA") and permitting processes. The Initial Project Description ("IPD") and Early Engagement Plan ("EEP") for the Project were submitted in March 2022 to the BC Environmental Assessment Office ("BCEAO") and the Impact Assessment Agency of Canada ("IAAC"). Both the provincial and federal agencies accepted the documents within the same month without requesting amendments. The issuance of the Summary of Engagement by BCEAO and the Joint Summary of Issues and Engagement by IAAC on June 23, 2022, completed the early engagement period.

The draft Detailed Project Description ("DPD") was submitted to the provincial and federal agencies in December 2022 to initiate the Readiness Decision stage of the EA process. During this phase, the draft DPD is reviewed by the Technical Advisory Committee, Participating Indigenous Nations, and federal authorities, leading to preparation of the final DPD on which the readiness decision will be based. A readiness decision was previously expected to be received around the end of April 2023, but the Company has chosen to delay completion of this process phase, and finalization of the DPD, subject to the outcome of the Geology and PFS review that is presently underway. This review may result in changes to the project plan that will need to be incorporated into the draft DPD prior to completion of the review and finalization by the agencies.

The Company continued active engagement with First Nations and other communities critical for the success of the EA process and is pleased to support the full involvement of the First Nations. Prior to the submission of the IPD, management conducted pre-submission review with all three First Nations (Lhtako Dené Nation, Williams Lake and Xatśūll) whose traditional territories include the Project area. The Company signed an Engagement Protocol Agreement with Xatśūll First Nation in October 2021 and Lhtako Dené Nation in December 2021 and proceeded with starting the negotiation process for Life-of-Mine Relationship Agreements with Williams Lake and Xatśūll First Nations. In Q1, 2023 negotiations were placed on hold as the Company reviewed the project.

During Q1 2024, the Company focused on continuing the project review. It conducted field programs and desk top work to support the ongoing environmental assessment/permitting process. Optimization work progressed in several areas to further derisk and enhance the Project's economics including: power, geology, mineral processing, and electrification of mining alternatives:

- **Environmental assessment and permitting:** The EA and engagement process remained on hold while the company performed a review of the geology and PFS for the Project.

- **Geology and Engineering:**
  - Whittle Consulting completed the development of the updated baseline enterprise optimization model closely matching the PFS results and then performed several optimizations on opportunities identified with updated price and cost information. The results of the core relog program and tighter controls on the mineralization will be incorporated into the optimization model and assessed in Q2 2024.
  - Equity Exploration Consultants Ltd. and the Company geology team completed 95 km of 158 km of the historical diamond drill core relog program. The program objectives include to improve the resolution of the geo-metallurgical controls of the mineralization domains to support the Whittle Enterprise Optimization process and assist with future exploration drill targets with respect to the proposed Project footprint.
  - SRK Consulting Limited completed the Phase 1 structural geology report. and recommended Phase 2 to develop a more detailed 3D structural model, undertake an acoustic / optical televiewer down hole survey of select drill holes to augment the information and new geologic controls being developed during the core relog program.
  - Fathom Geophysics completed the Phase 1 report on the geophysical data reprocessing, 3D analysis at the deposit and property wide scale, development of a property structural map and recommended prioritized exploration targets. Recommendations were made for a future Phase 2 program, under review by the Company, which would include the inversion modelling of electromagnetic data and undertaking new geophysical surveys over the deposit and property area to aid new exploration targeting.
  - Moose Mountain Technical Services completed some conceptual footprint evaluations for a starter mine with expansion alternatives to prepare for the Whittle Enterprise Optimization evaluation of Project development and construction alternatives.
  - After March 31, 2024, the company prepared samples for shipping to conduct particle and bulk ore sorting amenability testing led by ABH Engineering Inc. Results are expected in Q3 2024.

- **Power line:** The System Impact Study Step 1 Technical Assessment with BC Hydro was substantially completed by the end of Q1 2024 for a new 230 kilovolt ("kV"), 60-megawatt transmission line supporting potentially higher production than the PFS, electrification alternatives and initiatives for lowering carbon footprint (see electrification discussion below) for the Project. Subsequent to March 31, 2024, the Company received the Draft System Impact Study report from BC Hydro in April 2024, completed its review and drafted a response to BC Hydro. By the end of Q2 2024, the Company expects to make a decision to advance the proposed new power line to the Conceptual Design Stage of BC Hydro's interconnection process, Facilities Study. See link below:

  https://app.bchydro.com/content/dam/BCHydro/customer-portal/documents/distribution/dgi/facilities-study-fact-sheet-(04-2022).pdf

- **Metallurgy and Mineral Processing:** One of the potential opportunities identified in the 2023 project review and Whittle Enterprise Optimization was the potential for coarse ore flotation. Ausenco Engineering Canada Inc. and Base Metallurgical

Laboratory Ltd. completed Phase 1 of the coarse ore flotation tests with encouraging results for the upper argillite mineralization. Several potential flowsheet modifications and improvements were identified and recommended for follow up work. Subsequent to March 31, 2024, the Company approved the Phase 2 test plan aimed at examining the potential for coarse ore flotation on additional mineralized geo-metallurgical domains as identified by the core relog program.

- **Geotechnical and hydrogeological:** Geotechnical and hydrogeological work remained on hold until the geological model review is completed and Whittle Optimization puts forward a best business case for mining.

- **Electrification, lowering carbon intensity and green-house gas emissions:** The Project's location is supported by excellent infrastructure including connectivity to the provincial power grid supplied with low-cost, renewable hydro power. Through collaboration with BC Hydro (the provincial utility company), several opportunities that may potentially reduce capital and operating costs, carbon intensity and green-house gas emissions have been identified for the proposed mine and other mine development alternatives. These opportunities could include electrification and automation of mining and material handling solutions such as: trolley assist haul trucks, material handling by conveyors, battery powered support equipment and other energy efficient equipment. The Company will evaluate improved sustainable solutions in the Whittle Enterprise Optimization, which is expected to conclude in Q3 2024

<u>Corporate</u>

On January 4, 2024, the Company engaged the services of Generation IACP to provide market-making services in accordance with TSX Venture Exchange (TSXV) policies. Generation IACP will trade shares of the Company on the TSXV and all other trading venues with the objective of maintaining a reasonable market and improving the liquidity of the Company's common shares.

On May 3, 2024, the Company completed its listing and trading of its common shares on the Frankfurt Stock Exchange ("FSE") under the symbol "S3Y". The listing is expected to improve visibility, access and liquidity for European investors.

MINERAL PROPERTY

Spanish Mountain Gold Project

The Spanish Mountain property is located in the Cariboo region of central BC, 6 km east of the village of Likely, and 66 km northeast of the City of Williams Lake, a key supply hub for multiple mines and projects in the region. The property, which comprises approximately 51 contiguous mineral claims and 13 placer claims and covers an area of approximately 10,414 hectares, is 100% owned by the Company.

The property can be reached from Williams Lake via a paved secondary road that leaves Highway 97 at 150 Mile House, approximately 16 km south of Williams Lake, and continues for 87 km to the village of Likely. From Likely, the property is accessed from the Spanish Mountain Forest Service Road 1300.

The Company has been actively conducting drilling and other exploration activities on the property since 2005. The Spanish Mountain gold deposit is situated at or close to surface and amenable to open pit mining methods as defined in the PFS. The largest zone carrying significant gold mineralization is called the Main Zone, which has been traced by drilling over a length of approximately 900 metres ("m") north-south and a width of 800 m and is open in all directions. The mineralization extends northward covering another area of about 400 m north-south with a similar width as the North Zone. Disseminated gold mineralization with a grain size typically less than 30 microns occurs predominately within the graphitic black argillite and is often, but not always, associated with pyrite. Coarser, visible free gold, occurs within quartz veins that cross-cut multiple lithologies. Recent geologic review and geophysical data re-interpretation has determined that the relationship between northwest trending stratigraphic layering and two different fault sets suggests the mineralization plunges gently to the north-northwest. These geological controls, especially how they relate to high-grade mineralization, will assist with future drill program targeting of mineralization within the pit shell and for possible extensions of the deposit.

The Company is focused on optimizing the scale and business case to advance the Project towards a construction decision.

On March 19, 2024, the Company entered an agreement with BC Hydro and received the funding approval to conduct an assessment of power efficient alternatives for the comminution and coarse ore flotation mineral processing unit operations for the Project. The study will examine energy efficient solutions for mill throughputs between 10 to 60 thousand tonnes per day ("ktpd") and will involve partnering with Andritz to complete an IDEAS Bronze simulation steady state model to simulate proposed solutions at various production scales. The work will focus on opportunities to optimize gold production, comminution power and floatation performance for the Project.

Subsequent to March 31, 2024, the Company began the process of submitting an application to BC Hydro under the "Load Attraction" funding program to potentially reduce costs to the Company in anticipation of advancing the System Impact study through the Conceptual Design and Facilities Study stages for the new 74 km long proposed power line that would service the proposed Project.

Pre-Feasibility Study

The PFS is based on a 20,000 tpd milling rate to process the delineated Proven & Probable Reserves as a standalone open pit operation for 14 years.

The proposed open pit mine is expected 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 Life of Mine ("LOM"). 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.

The milling process involves a primary crushing circuit followed by a two-stage grinding circuit consisting of a semi-autogenous grind mill and a ball mill to produce a gravity concentrate and flotation concentrate for fine grinding and Carbon-in-Leach ("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.

Tailings from the processing plant are stored in a tailings storage facility that has been designed to minimize contained water. 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.

(Expressed in Canadian dollars)

a) Mineral Reserves

The Project's Mineral Reserves, which are a subset of the Measured & Indicated Mineral Resources, are based on the mine plan developed for the PFS. Mineral Reserves are estimated in accordance with the Canadian Institute of Mining, Metallurgy and Petroleum ("CIM") 2019 Best Practices Guidelines and are classified using the 2014 CIM Definition Standards.

A summary of the Project's Mineral Reserves are as follows:

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**

- The Mineral Reserve estimates were prepared by Marc Schulte, P.Eng. (who is 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.
- Mineral Reserves are based on the PFS Life of Mine Plan.
- 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.
- Mineral Reserves are reported at a cut-off grade of 0.3 g/t Au.
- 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; US$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.
- 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.
- 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).
- Factors that may affect the Mineral Reserve estimates include metal prices, changes in interpretations of mineralization geometry and continuity of mineralization 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 license conditions, and the ability to maintain the social license to operate.
- 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 are detailed below in the section entitled "Risks and Uncertainties".

b) Mineral Resource

As part of the PFS, an update of the Mineral Resource estimate was been prepared based on the pit shell developed using assumed cost parameters and assumptions. 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.

A summary of the Project's Mineral Resources is provided below. The Mineral Resources include the Mineral Reserves:

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

- The Mineral Resource Estimates were prepared by Marc Jutras, P.Eng.; M.A.Sc. (who is 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.
- The Mineral Resource Estimates are reported at a cutoff grade of 0.15 g/t Au.
- Cut-off grade assumes US$1,600/oz. Au at a currency exchange rate of $0.75 per US$; 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.
- 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.
- 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 "Risks and Uncertainties".
- Estimates have been rounded and may result in summation differences.

Exploration Programs

A drilling program to extract samples for the metallurgical and geotechnical analyses was completed in the fall of 2022.

A drill core re-logging program has commenced based on the outcomes of the geological and PFS review completed at the end of October 2023. The initial focus of the program has been on drill holes from the Main Zone and North zone of the deposit and to date 95 km of 158 km of the historical diamond drill core has been re-logged. The program aims to improve the understanding of the controls to gold mineralization and provide greater detail to assist the project optimization process using the Whittle Enterprise Optimizer. This knowledge will then be used to enhance the geological interpretation and to identify the potential for: 1) high grade, near surface targets within the existing pit constrained resource, and 2) mineralization extensions beyond the PFS pit design.

AGREEMENTS WITH FIRST NATIONS

The Company recognizes and respects the First Nations asserted aboriginal rights and title in the Project area. For over a decade, it has regularly engaged all three First Nations concerning the Company's plans and project activities.

As a part of the current environmental assessment and permitting process, the Company signed Engagement Protocol Agreements with Xatśūll First Nation in October 2021 and Lhtako Dené Nation in December 2021. The Williams Lake First Nation opted to proceed directly to negotiate a LOM Agreement.

The signed Engagement Protocol Agreements acknowledge that the First Nations have existing rights protected under s.35(1) of the *Constitution Act* (1982) and interests within their Traditional Territories, which include the area occupied by the Project. The Company and the First Nations will work together in a spirit of cooperation, mutually respect each other's values to establish a long term, mutually beneficial relationship based on honesty, trust, respect and understanding. General procedures will be established to guide the relationship whereby information regarding the project activities may be exchanged, and issues of concern can be raised and addressed. The Engagement Protocol Agreement commences the process to negotiate a Life-of-Mine Relationship Agreement between the parties.

Once completed, the Life-of-Mine Relationship Agreements will guide the relationship between the First Nations and the Company and the participation of the Nations in the Project as the Company advances the Project through the environmental assessment/permitting process and later through the construction, operation, and decommissioning of the proposed mine.

(Expressed in Canadian dollars)

ENVIRONMENTAL ASSESSMENT AND PERMITTING PROCESS

The Project is subject to the requirements of both the *British Columbia Environmental Assessment Act* (2018) and the federal *Impact Assessment* Act (2019). The Company formally entered both processes in March 2022 with the submission of the IPD and EEP to the BC EAO and IAAC. Agency, First Nations, and public review questions and comments were solicited then used to develop the draft Detailed Project Description ("DPD") that was submitted to the agencies in December 2022. Environmental baseline studies resumed in 2020 and have continued to date to build on significant studies conducted from 2007 to 2012. The reviews of the IPD and EEP included extensive engagement with First Nations, regulatory agencies and the general public. The Company expects to continue environmental field work and planning studies for the foreseeable future to support the next stages of the provincial and federal environmental assessment processes.

OUTLOOK

The Company's current strategy remains focused on optimizing, derisking and advancing its Spanish Mountain Gold Project towards a build decision. The Company anticipates completing a PEA by the end of 2024 and then a PFS update in the medium term. The Company intends to use the results of the Whittle Enterprise Optimization to propose an executable, sustainable business case that is most likely to advance through project development and construction. In addition to optimizing and derisking the Project, the rework and re-interpretation of the historical geological information has led to the identification of new exploration drill targets that could increase the mineral endowment, affect the project footprint, and reduce existing pit constrained resource risks. Conceptual planning for a drill program is underway with a targeted start date in H2 2024. Ongoing metallurgical testing to support several new flowsheet opportunities utilizing coarse ore flotation will continue. The results of the testing are expected to enable new solutions for tailing and water management systems that could positively affect Project sustainability. A trade-off study on integrated tailings, water and waste management is planned for Q2 to Q3 2024. Particle and bulk ore sorting sampling and amenability test programs are in progress and, if successful, they could outline new improvements to step change project metrics.

RESULTS OF OPERATIONS

The following discussion explains the variations in the key components of the Company's operating results. As with most junior mineral exploration companies, the results of operations are not the main factor in establishing the financial health of the Company. Of greater significance is the mineral property in which the Company has, or may earn, an interest, its working capital, and how many shares it has outstanding. For details on the results of work on and other activities in connection with the Company's exploration of mineral property, see "Mineral Property".

	Q1 2024	Q1 2023
	$	$
Operating expenses		
Consulting	**65,095**	3,750
Depreciation	**18,733**	21,745
Investor relations, travel and filing fees	**103,572**	20,195
Legal and accounting	**160,692**	144,669
Office and administrative	**49,686**	20,114
Salaries and wages	**133,881**	360,220
Share-based compensation	**6,639**	50,916
	538,298	621,609
Other income (expense)		
Interest expense	**(3,579)**	(4,197)
Interest income	**34,191**	18,422
Net loss before income tax recovery	**(507,686)**	(607,384)
Deferred income tax recovery	**-**	201,973
Net loss and comprehensive loss	**(507,686)**	(405,411)

(Expressed in Canadian dollars)

Q1 2024 compared to Q1 2023

The Company reported a reduced net loss before income tax recovery of $507,686 compared to $607,384 in the prior year comparable period due to the following primary drivers:

- Salaries and wages decreased to $133,881 from $360,220 in the prior year comparable period as a result of a change in senior management and the associated contractual termination benefits totaling $240,000 in the prior year comparable period.
- Share-based compensation decreased to $6,639 from $50,916 in the prior year comparable period, which was a result of lower fair value of stock options vesting in the current period.
- Interest income increased to $34,191 from $18,422 in the prior year comparable period, which was a result of higher interest rates on new term deposits generated from the capital raise in the second quarter of 2023.

Partially offsetting the decrease in the net loss before income tax recovery were increases to expenses as follows:

- Consulting increased to $65,095 from $3,750 in the prior year comparable period. Spending during the current period included fees paid for additional advisory services and modernization of information technology (“IT”) systems, encompassing costs related to upgrading IT infrastructure, software, data security and training.
- Investor relations, travel and filing fees were $103,572 compared to $20,195 in the prior year comparable period as a result of increased marketing activities and attending conferences in the current period to raise public awareness of the Company, as well as to engage a market maker to support future equity financings.
- Office and administrative increased to $49,686 from $20,114 in the prior year comparable period. Spending during the current period included fees paid for additional advisory services and modernization of IT systems that include upgrading the IT infrastructure, software, data security and training.

The Company recognized a deferred income tax recovery during the period-ended March 31, 2023. The deferred income tax recovery for the current period is $Nil as there is no deferred tax liability as at December 31, 2023, March 31, 2024, or projected for December 31, 2024. Accordingly, a valuation allowance is applied against any deferred tax asset created.

SUMMARY OF QUARTERLY RESULTS

The selected quarterly consolidated information set out below has been derived from and should be read in conjunction with the previous eight quarterly consolidated financial statements for each respective financial period.

	Q1 2024	Q4 2023	Q3 2023	Q2 2023
	$	$	$	$
Loss from operations	**(538,298)**	(986,881)	(576,550)	(306,061)
Net loss and comprehensive loss	**(507,686)**	(934,300)	(526,290)	(274,535)
Loss per share - basic and diluted	**(0.00)**	(0.00)	(0.00)	(0.00)

	Q1 2023	Q4 2022	Q3 2022	Q2 2022
	$	$	$	$
Loss from operations	(621,609)	(316,822)	(235,493)	(328,506)
Net loss and comprehensive loss	(405,411)	(233,624)	(148,715)	(209,021)
Loss per share - basic and diluted	(0.00)	(0.00)	(0.00)	(0.00)

Several factors tend to cause variation in quarterly results. Seasonal weather conditions affect the Company’s operations at its exploration camp. Typically, its field program commences in spring or summer and is completed during the fourth quarter of the year. As a result, items such as impairment can only be reasonably determined after the program is completed. No impairment was recorded in the periods presented above. Additionally, certain tax items such as the British Columbia Mining Exploration Tax Credit tend to be processed and recognized during the third or fourth quarter of the year, when the Company is notified, resulting in potential adjustments to the corporate tax provision for the period. Furthermore, the timing of assessment for the Company’s filings by tax authorities may lead to a one-time adjustment to the period’s tax provision resulting in potentially significant changes to the net income or loss. Expenditures on mineral property are capitalized and form part of the carrying values of the underlying assets in accordance with the Company’s accounting policy.

(Expressed in Canadian dollars)

The increase in net loss in Q1 2023 was due to additional one-time in nature legal fees associated with an employment matter and salaries and wages as a result of a change in senior management and the associated contractual termination benefits totaling $240,000. The increase in net loss in Q3 2023 was due to the additional hires in senior management in preparation for exploration projects and Q4 2023 was due to additional one-time in nature advisory and accounting services together with legal fees related to the ongoing transition of the CEO, management team and Board of Directors. Net loss in Q1 2024 was attributed to increased consulting services to upgrade IT infrastructure and investor relations activities to raise public awareness.

LIQUIDITY AND CAPITAL RESOURCES

As at March 31, 2024, the Company had a working capital of $1,723,455 (December 31, 2023 - $3,120,344) and cash and cash equivalents of $1,832,282 (December 31, 2023 - $3,307,002).

During the three months ended March 31, 2024, 600,000 stock options were forfeited following the termination of certain officers and consultants of the Company.

The Company believes that it currently has sufficient cash on hand to fund certain phases of its Project. The Company's ability to continue its operations as intended are dependent on its ability to obtain necessary financing and raise capital sufficient to cover certain phases of its Project. The Company will explore financing opportunities including those involving stock or flow-through shares. The Company may explore non-equity financing arrangements as potential sources of funding, if applicable.

The Company's expenditures on its mineral property, which are capitalized in accordance with its accounting policy, typically represent the most significant use of its capital resources.

The Company is at an exploration/development stage and has no revenue from its business operations. The Company's ability to meet its future obligations and maintain operations for the foreseeable future is contingent upon successful completion of additional financing. Although the Company has been successful in raising funds in the equity markets in the past, there is no assurance that additional funding will be available in the future at reasonable terms. The Company evaluates other financing opportunities that become available from time to time. As a prudent business practice for a non-revenue generating enterprise, management carefully monitors its cash resources and explores available options to address any potential shortfall.

SOURCES AND USES OF CASH

	Q1 2024	Q1 2023
	$	$
Cash used in operating activities	**(517,388)**	(587,124)
Cash used in investing activities	**(939,491)**	(893,121)
Cash used in provided by financing activities	**(17,841)**	(8,633)
Change in cash and cash equivalents during the period	**(1,474,720)**	(1,488,878)
Cash and cash equivalents, beginning of the period	**3,307,002**	2,815,985
Cash and cash equivalents, end of the period	**1,832,282**	1,327,107

Cash used in operating activities decreased to $517,388 from $587,124 in the prior year comparable period mainly due to the one-time severance costs of change in leadership of the company in Q1 2023. The Company is currently ramping up activities to advance the Project, which will lead to relatively higher use of cash than prior quarters.

Cash used in investing activities increased to $939,491 from $893,121 in the prior year comparable period due cash proceeds received with the maturity of short-term investments in the prior year comparable period, partially offset by a reduction of cash used on mineral property expenses in the current period.

Cash used in financing activities increased to $17,841 from $8,633 in the prior year comparable period as a result of higher lease payments.

(Expressed in Canadian dollars)

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:

	Q1 2024	Q1 2023
	$	$
Geological and technical consulting	**-**	39,376
Legal and accounting	**16,500**	-
Salary and wages (1)	**123,920**	341,227
Share-based compensation	**6,639**	51,413
	147,059	432,016

(1) During the year ended March 31, 2024, the Company paid contractual termination benefits totaling $nil (2023 - $240,000), to key management personnel.

As at March 31, 2024, the accounts payable and accrued liabilities included a total of $14,165 (December 31, 2023 - $4,598) owed to certain officers. Interest is not charged on outstanding balances and there are no specified terms of repayment.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The carrying value of cash and cash equivalents, short-term investments, accounts receivable (excluding sales tax recoverable), rent deposit, deposits for reclamation 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.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to fulfill its contractual obligations and arises principally from the Company's holdings of cash and cash equivalents, short-term investments and accounts receivable. The Company manages credit risk in respect of cash and cash equivalents, short-term investments, and deposits for reclamation by holding these at a major Canadian financial institution with strong investment-grade ratings by a recognized agency. The Company manages credit risk in respect to accounts receivable by holding these with government institutes or short-term investments with major Canadian financial institutions.

Concentration of credit risk exists with respect to the Company's cash and cash equivalents and short-term investments, as all amounts are held at a major Canadian financial institution.

(Expressed in Canadian dollars)

A summary of the Company's cash and cash equivalents as well as short-term investments is as follows:

	March 31, 2024	December 31, 2023
	$	$
Cash held in bank accounts	**106,929**	108,020
Term deposits	**1,725,353**	3,198,982
	1,832,282	3,307,002

The weighted average interest rate earned on the Company's cash, cash equivalents and short-term investments at March 31, 2024 was 4.10% (December 31, 2023 - 4.41%).

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. The Company has cash and cash equivalents and short-term investments at March 31, 2024 of $1,832,282 (December 31, 2023 - $3,307,002) in order to meet its current liabilities. As at March 31, 2024, the Company had accounts payable and accrued liabilities of $289,255 (December 31, 2023 - $404,755), which have contractual maturities of 90 days or less and a current portion of lease liability of $61,215 (December 31, 2023 - $59,885). The amount of the Company's remaining undiscounted contractual maturities for the lease liability is approximately $306,167 (December 31, 2023 - $324,008). The Company is exposed to liquidity risk through accounts payable and accrued liabilities and lease liability.

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 market risks are as follows:

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices.

The Company's cash and cash equivalents and short-term investments 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, 2024.

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, 2024.

OUTSTANDING SHARE DATA

A summary of the Company's outstanding share data is as follows:

	March 31, 2024	May 27, 2024
	#	#
Common shares	372,936,980	387,950,073
Stock options	3,350,000	4,775,000
Warrants	14,285,715	21,792,262
Fully diluted shares outstanding	390,572,695	414,517,335

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

PROPOSED TRANSACTIONS

At the date of this MD&A, the Company does not have any proposed material transactions.

COMMITMENTS

Office premises lease

The Company entered into a lease extension which began April 1, 2023 and expires March 31, 2028. The total aggregate lease payments pursuant to the agreement are $404,001. Additionally, operating costs are estimated at $253,124 over the same period. The lease extension is for the Company's office premises.

Spanish Mountain Property, British Columbia

On June 15, 2010, the Company acquired a 100% undivided interest in the Cedar Creek property, which is contiguous to the Spanish Mountain property. The wholly owned property is subject to a 2.5% Net Smelter Return ("NSR") royalty in favor of a third party. The NSR royalty may be purchased by the Company for $500,000 per 1% NSR royalty. On May 23, 2011, the Company acquired two additional mineral claims that are adjacent to the Cedar Creek Property for $110,000 cash. The claims are subject to a 3% NSR royalty, 2.5% of which may be purchased for $1,000,000.

On August 21, 2012, the Company completed the acquisition of an additional group of mineral claims for consideration of $500,000 in cash and 2,000,000 common shares of the Company. The property is subject to an underlying 4% NSR royalty. The Company has the option to reduce the net NSR royalty to 2% by paying a one-time cash payment of $2,000,000 to the royalty holders.

In accordance with regulatory requirements, as at March 31, 2024, the Company holds a number of guaranteed investment certificates ("GICs") aggregating in the sum of $91,000 (December 31, 2023 - $91,000) and is presented as deposits for reclamation on the statement of financial position, in safekeeping for the Government of British Columbia. The security will be released once the Company performs its obligations pursuant to its Mineral Exploration Permit.

RISKS AND UNCERTAINTIES

The Company's principal activity is mineral exploration and development. Companies in this industry are subject to many and varied kinds of risks, including but not limited to, environmental, metal prices, political and economical.

Although the Company has taken steps to verify the title to mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects. Since the Company's main asset is the Spanish Mountain Gold Project, which is currently advancing towards the feasibility stage of project development, the Company has no revenues and source of operating cash flow. As discussed earlier in Liquidity and Capital Resources, the Company's ability to meet its future obligations and maintain operations for the foreseeable future is contingent upon successful completion of additional financing arrangements. Although the Company has been successful in raising funds in the equity markets, there is no assurance that additional funding will be available in the future at reasonable terms.

The property interests owned by the Company, or in which it has an option to earn an interest are in the exploration stages only and have no ongoing mining operations. Mineral exploration involves a high degree of risk and few properties, which are explored, are ultimately developed into producing mines. Exploration of the Company's mineral properties may not result in additional discoveries of commercial bodies of mineralization.

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously held an interest. The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company. In August 2014, there was a breach of the tailings dam of a copper/gold mine, owned by a third party, located near Likely, B.C. resulting in significant environmental damages in the area. Although the Company's operations have not been directly affected by the incident, the long-term impact, if any, on the regulatory or permitting process in connection with the Company's Project cannot be determined at this time.

FORWARD-LOOKING STATEMENTS

The Company's MD&A contain statements that constitute "forward-looking statements" within the meaning of National Instrument 51-102, *Continuous Disclosure Obligations* of the Canadian Securities Administrators. Forward-looking statements often, but not always, are identified by the use of words such as "seek", "anticipate", "believe", "plan", "estimate", "expect", "targeting" and "intend" and statements that an event or result "may", "will", "should", "could", or "might" occur or be achieved and other similar expressions. Forward-looking statements in this MD&A include statements regarding the Company's future exploration plans and expenditures, the satisfaction of rights and performance of obligations under agreements to which the Company is a part, the ability of the Company to hire and retain employees and consultants and estimated administrative assessment and other expenses. The forward-looking statements that are contained in this MD&A involve a number of risks and uncertainties. As a consequence actual results might differ materially from results forecast or suggested in these forward-looking statements. Some of these risks and uncertainties are identified under the heading "Risks and Uncertainties" in this MD&A. Additional information regarding these factors and other important factors that could cause results to differ materially may be referred to as part of forward-looking statements. The forward-looking statements are qualified in their entirety by reference to the important factors discussed under the heading "Risks and Uncertainties" and to those that may be discussed as part of particular forward-looking statements.

Forward-looking statements involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Factors that could cause the actual results to differ include market prices, exploration success, continued availability of capital and financing, inability to obtain required regulatory approvals and general market conditions. These statements are based on a number of assumptions including general market conditions, the timing and receipt of regulatory approvals, the ability of the Company and other relevant parties to satisfy regulatory requirements, the availability of financing for proposed transactions and programs on reasonable terms and the ability of third-party service providers to deliver services in a timely manner. Forward-looking statements contained herein are made as of the date of this MD&A and the Company disclaims any obligation to update any forward-looking statements as the result of new information, future events or results or otherwise other than as required by securities law. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

CRITICAL ACCOUNTING ESTIMATES AND ACCOUNTING JUDGMENTS

The preparation of Financial Statements under IFRS Accounting Standards requires management to make judgments, estimates, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted prospectively in the period in which the estimates are revised.

The accounting estimates, judgements and assumptions are disclosed in the notes to the Annual Financial Statements.

SUBSEQUENT EVENT

The Company received $3,386,999 in relation to two concurrent, non-brokered private placements announced on May 27, 2024. Upon closing, the Company will issue 7,204,761 non-flow-through units at a price of $0.21 per unit for total gross proceeds of $1,513,000, where each non-flow-through unit will consist of one common share of the Company and one-half share purchase warrant. The Company will also issue 7,808,332 flow-through units at a price of $0.24 per unit for gross total proceeds of $1,874,000, where each flow-through unit will consist of one flow-through common share of the Company and one-half non-flow through share purchase warrant. Each whole warrant will entitle the holder to acquire one common share of the Company at an exercise price of $0.25 for a period of 24 months following the closing date of the private placement.

On May 27, 2024, the Company granted 1,425,000 stock options to officers, directors, employees, and consultants of the Company under the terms of the Company's stock option plan. The stock options have a two-year vesting period and are exercisable at $0.24 per stock option.