Research Note

Spanish Mountain Gold – Higher-Grade Near-Surface Hits; Drilling ~78% Complete

Rating	Target Price
BUY	**$1.20**
Unchanged	*Unchanged*

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Disseminated on Behalf of Spanish Mountain Gold Ltd.

All figures in CAD unless otherwise stated

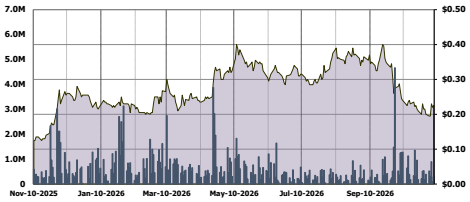
Spanish Mountain Gold Ltd.	SPA:TSXV
Rating	BUY
Target Price	$1.20
Return to Target	433%

Market Data	
Share Price	$0.23
Average Daily TSXV Volume (K)	390.1
FD ITM Shares (M)	535.3
Market Cap ($M)	$120.4
Cash ($M)	$29.9
Debt ($M)	$0.1
Enterprise Value ($M)	$90.7

Resource & Economic Study Data	
M&I Resources (Moz)	4.7Moz
Inferred Resources (Moz)	1.0Moz
NPV (5%, US$3,600/oz) (US$M)	$2,156
NPV (5%, US$4,400/oz) (US$M)	$3,142

Valuation	
NPVPS	$5.44
P/NPV	0.04x
EV/Oz (M&I, US$/oz)	$14/oz

Please refer to the applicable disclosures on the back page
Source: Atrium Research, CapitalIQ, Company Documents



Spanish Mountain Gold Ltd. is focused on advancing its 100%-owned Spanish Mountain Gold Project (Project) towards construction of the next gold mine in the Cariboo Gold Corridor, British Columbia. On May 1st, 2026, the Company received the first instalment of US$22.5M in connection with the sale of a 1.5% NSR to Wheaton Precious Metals for US$55M. In Q2/26, the Company initiated a feasibility study on the Project, which is fully funded and will position the Company to make a construction decision in 2028.

What you need to know:

- SPA reported assays from 21 diamond drill holes from its 60,000m FS Drill Program, highlighted by 1.26 g/t Au over 40.7m from 16.0m.
- The Company has completed ~47,011m (~78%) of the program, with 49 holes pending, and is targeting a potential MRE update before year-end.
- The 2026 PEA technical report outlines an alternate, larger-scale pit containing ~4.4Moz, which SPA will assess in its Feasibility Study.
- Other updates include a BC Hydro power agreement, a new VP Exploration, a claims acquisition, and an NSR buyback.

This morning, Spanish Mountain Gold (SPA:TSXV, SPAUF:OTCQB) announced assay results from 21 diamond drill holes completed as part of its 2026 Feasibility Drill Program at its Spanish Mountain Gold Project in BC's Cariboo Gold Corridor. SPA has now completed ~47,011m of the planned 60,000m program (~78%), up from ~33,353m at the time of our last note (click here to read), with assays pending for 49 drilled holes. The Company is now focused on completing the program and a potential MRE update by the end of the year. **We are maintaining our BUY rating and target price of $1.20/share on Spanish Mountain Gold.**

Highlights from the release include:

- 26-DH-1421: 0.50 g/t Au over 138.6m from 14.9m, including 1.26 g/t Au over 40.7m from 16.0m.
- 26-DH-1429: 0.29 g/t Au over 174.0m from 51.0m, including 0.93 g/t Au over 43.0m from 51.0m.
- 26-DH-1432: 0.29 g/t Au over 219.2m from 44.0m, including 0.96 g/t Au over 28.0m from 44.0m.
- 26-DH-1434: 0.30 g/t Au over 241.0m from 44.0m, including 0.52 g/t Au over 68.0m from 44.0m.
- 26-DH-1435: 0.29 g/t Au over 258.2m from 51.3m, including 0.41 g/t Au over 147.5m from 162.0m.

SPA also announced the filing of its 2026 PEA technical report, with the base case outlining a 31ktpd open-pit operation producing ~3.33Moz of gold over a 25.8-year mine life (~129.5Koz per year), with an after-tax $NPV_{5\%}$ of C$2.91B and an IRR of 35.2% at US$3,600/oz Au (read our PEA note here). The report also includes an alternate development case with a larger pit containing ~348Mt of mill feed at 0.39 g/t Au (~4.4Moz).

Since our last note, the Company has also signed a Facilities Study Agreement with BC Hydro for grid power, appointed a VP Exploration, acquired 28 contiguous mineral claims and agreed to buy back a portion of an existing NSR, which we expand on further below.

Our Take

We view this as another solid batch that adds higher-grade material in the upper portion of the deposit. Three holes (26-DH-1421, -1429 and -1432) returned intervals between 0.93 and 1.26 g/t Au starting within ~50m of surface. That is well above the 0.41 g/t Au head grade in the 2026 PEA, and it could support a lower strip ratio and stronger early-year grades as SPA builds out the Feasibility Study mine plan. With ~78% of the 60,000m program complete and 49 holes still pending, there is a steady pipeline of results heading into a potential MRE update at year-end. Management also continues to show confidence in the story, with CFO Mark Ruus adding 100K shares in the open market on November 3rd at $0.195/share (~$19.5K), following the ~$537K bought by Director Lembit Janes in early October.

Catalysts

- Continued Exploration Results – Ongoing
- Potential MRE Update – YE26E
- Feasibility Study – H1/28E
- Mine Construction Decision – 2028E

Further Discussion of the Drill Results

SPA released four cross-sections showing select holes relative to the 2026 resource pit. Section A-A' (Figure 1) shows three holes, including 26-DH-1429, which returned its higher-grade interval at the top of the mineralized zone (0.93 g/t Au over 43.0m from 51.0m). Section B-B' (Figure 2) shows 26-DH-1434, whose mineralized interval begins 44.0m down the hole, with the higher grades in its upper portion.

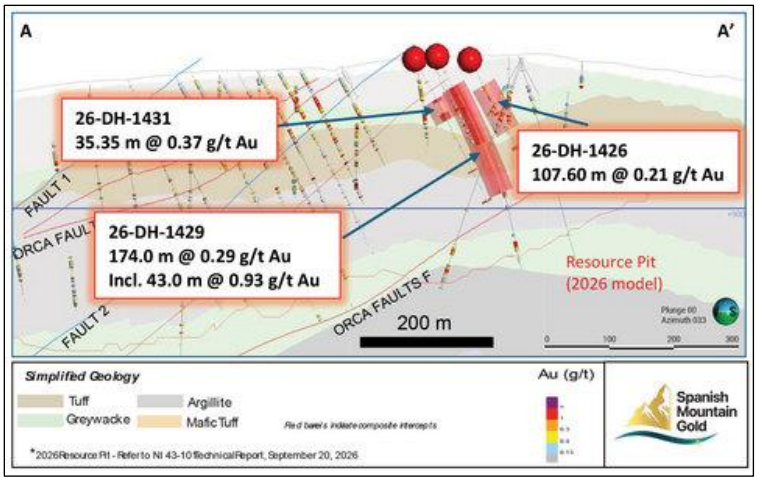


Figure 1: Section A-A' - Drill Hole 26-DH-1431, 1429,and 1426 (Source: Company Documents)

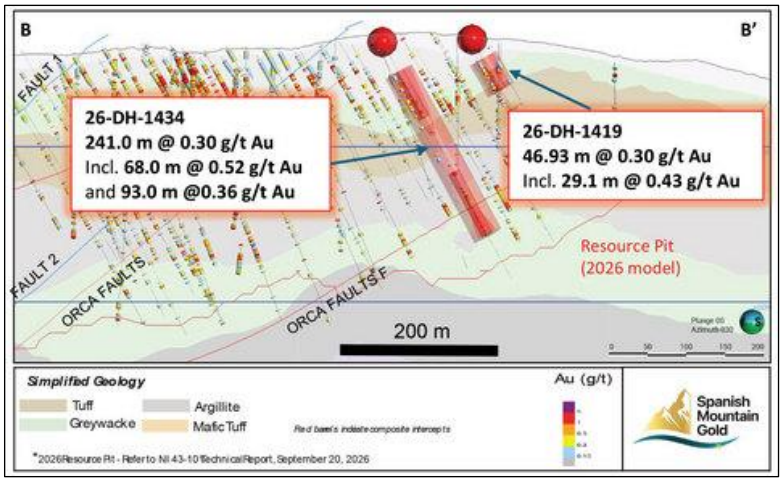


Figure 2: Section B-B' - Drill Holes 26-DH-1434 and 1419 (Source: Company Documents)

Section C-C' (Figure 3) highlights 26-DH-1421, with its 1.26 g/t Au interval starting just 16.0m down the hole, roughly three times the 0.41 g/t Au PEA head grade. Higher-grade material this close to surface can reduce waste stripping and lift grades in the early years of an open-pit mine plan. Section D-D' (Figure 4) shows 26-DH-1422, which intersected mineralization at depth, including 0.43 g/t Au over 86.1m from 170.0m, in line with the PEA head grade.

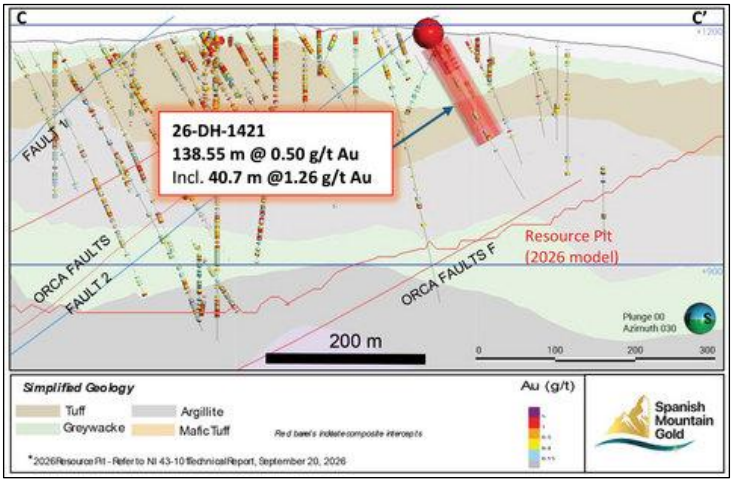


Figure 3: Section C-C' - Drill Hole 26-DH-1421 (Source: Company Documents)

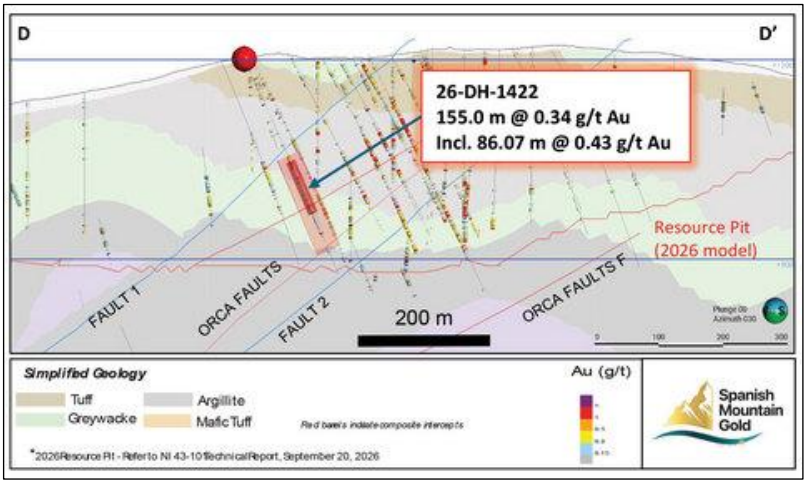


Figure 4: Section D-D' - Drill Hole 26-DH-1422 (Source: Company Documents)

Outside of the holes shown in the sections, other notable near-surface results include 1.01 g/t Au over 12.1m from 23.9m in 26-DH-1427. Several holes also returned narrower higher-grade intervals, including 0.92 g/t Au over 11.8m in 26-DH-1425, 0.80 g/t Au over 14.1m in 26-DH-1441, 0.98 g/t Au over 10.0m in 26-DH-1430 and 2.62 g/t Au over 4.0m in 26-DH-1436.

Other Updates Since Our Last Note

Mickle NSR Buyback

On November 9th, SPA agreed to buy back a portion of the 2.5% Mickle NSR, which covers certain claims at the Project. In a first closing (expected tomorrow), SPA will acquire 25% of the NSR (0.625%) for $755K, payable in stages through July 1st, 2030. A second closing will acquire the vendor's additional interest for $5K. SPA will then have the right to buy down the remaining Mickle NSR to 0.6875% for ~$343.8K. We view this as a positive that reduces the royalty burden as SPA continues to enhance the mine plan and economics.

Contiguous Claims Acquired

On October 28th, Spanish Mountain announced an agreement to acquire 28 mineral claims covering more than 2,000ha contiguous with the Spanish Mountain Gold Project, substantially expanding the Project's claim area. Total consideration is $150K split evenly between cash and shares and paid in two equal instalments: 1) $37.5K in cash and 2) $37.5K in shares on closing, and the same again on the one-year anniversary. The vendor will also retain a 0.5% NSR royalty, which SPA can buy back in full for $500K. The modest cost adds exploration ground around the Project that could support long-term growth as SPA advances through feasibility.

BC Hydro Facilities Study Agreement Signed

On October 27th, Spanish Mountain signed a Facilities Study Agreement with BC Hydro for the interconnection of the Project's 60 MW load, which requires a new 230 kV switching station near BC Hydro's McLeese Lake Capacitor Station. The study covers the feasibility design and project definition phases, including engineering, stakeholder engagement, and a ±15% capital cost estimate, and is targeted for completion in H2/27, with the station expected to be ready for operation by H1/30. Grid power supports SPA's plan for a lower-cost, lower-carbon operation, and the agreement is another de-risking step alongside the September PEA update, the environmental assessment, and the feasibility study on the path to a 2028 construction decision.

VP Exploration Appointed

The Company also appointed Michael Buchanan, P.Geo., as Vice President, Exploration, effective October 26th. Mr. Buchanan brings more than 20 years of global exploration experience, most recently as Director, Exploration - Americas at Teck Resources (TECK.B:TSX) (2020 to 2024), where he oversaw a portfolio supporting annual budgets of more than $50M, following senior roles at Anglo American (AAL:LSE) in Chile, Peru, and Mexico/USA. He will lead SPA's exploration and resource development programs as the Project advances through feasibility. In connection with the update, SPA granted 775K stock options at $0.235/share.

Why We Like Spanish Mountain

- The Spanish Mountain Project is an advanced PEA-stage development project in a pro-mining jurisdiction. 98% of the mill feed in the 2026 PEA Update is in the M&I category, with 42% in Measured, which allows the Company to advance directly to a full Feasibility Study more quickly. Feasibility Study work is underway and fully funded, targeted for completion ahead of a construction decision in H1/28.
- The 2026 PEA Update outlined a 25.8-year mine life, producing an annual average gold production of 129.5Koz (~207Koz per year in the first five years and ~173Koz per year over the first ten). Cash Costs and AISC are US$1,299/oz and US$1,450/oz, respectively.
- The 2026 PEA after-tax $NPV_{5\%}$ is C$2.91B with an IRR of 35.2%, and a payback period of 1.8 years at US$3,600/oz Au. At a gold price of US$4,400/oz, the after-tax $NPV_{5\%}$ rises to C$4.24B, IRR of 46.3%, 1.5-year payback, and average annual FCF of C$684M over the first five years.
- Officers and directors are heavily invested, holding ~18% of the outstanding shares, while prominent shareholders include Eric Sprott (~10%) and Ian Watson (~3%). Management has publicly likened the project to earlier stages of Artemis Gold's Blackwater Mine.
- SPA trades at a significant discount to peers on an NPV basis.

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64

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