

**SPANISH MOUNTAIN GOLD LTD.**  
(the “Company”)

**FORM 51-102F6V**  
**STATEMENT OF EXECUTIVE COMPENSATION – VENTURE ISSUERS**

**(for the year ended December 31, 2020)**

The following information is provided as required under Form 51-102 F6V – *Statement of Executive Compensation for – Venture Issuers* with an effective date of June 22, 2021. Venture Issuer has the meaning as defined in National Instrument 51-102 – *Continuous Disclosure Obligations*.

**Definitions**

If a term is used in this form but is not defined in this section, refer to subsection 1.1(1) of the Instrument or to National Instrument 14-101 Definitions.

In this form:

“**CEO**” of the Company means an individual who acted as Chief Executive Officer of the Company, or acted in a similar capacity, for any part of the most recently completed financial year;

“**CFO**” of the Company means an individual who acted as Chief Financial Officer of the Company, or acted in a similar capacity, for any part of the most recently completed financial year;

“**incentive plan**” means any plan providing compensation that depends on achieving certain performance goals or similar conditions within a specified period;

“**NEO**” or “**Named Executive Officer**” means each of the following individuals:

- (a) a CEO;
- (b) a CFO;
- (c) each of the Company’s three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000 for that financial year; and
- (d) each individual who would be a NEO under paragraph (c) but for the fact that the individual was neither an executive officer of the Company, nor acting in a similar capacity, at the end of that financial year;

“**compensation securities**” includes stock options, convertible securities, exchangeable securities and similar instruments including stock appreciation rights, deferred share units and restricted stock units granted or issued by the company or one of its subsidiaries for services provided or to be provided, directly or indirectly, to the company or any of its subsidiaries;

“**underlying securities**” means any securities issuable on conversion, exchange or exercise of compensation securities

“**plan**” includes any plan, contract, authorization or arrangement, whether or not set out in any formal document, where cash, securities, similar instruments or any other property may be received, whether for one or more persons;

“**share-based award**” means an award under an equity incentive plan of equity-based instruments that do not have option-like features, including, for greater certainty, common shares, restricted shares, restricted

share units, deferred share units, phantom shares, phantom share units, common share equivalent units, and stock.

## DIRECTOR AND NAMED EXECUTIVE OFFICER COMPENSATION

### Table of Compensation Excluding Compensation Securities

The following table provides a summary of compensation paid, payable, awarded, granted, given, or otherwise provided, directly or indirectly, by the Corporation or a subsidiary of the Corporation to each Named Executive Officer and director of the Corporation during the fiscal years ended December 31, 2020 and 2019:

Name and position	Year	Salary, Consulting Fee, Retainer or Commission (\$)	Bonus (\$)	Committee or Meeting Fees (\$)	Value Of Perquisites (\$)	Value of all Other Compensation (\$)	Total Compensation (\$)
Larry Yau Chief Executive Officer, and Corporate Secretary	2020	\$160,000	\$Nil	\$Nil	\$Nil	\$71,000 <sup>(6)</sup>	\$231,000
	2019	\$169,000	\$Nil	\$Nil	\$Nil	\$71,000 <sup>(6)</sup>	\$240,000
Sharon Ng <sup>(1)</sup> Chief Financial Officer	2020	\$64,000	\$Nil	\$Nil	\$Nil	\$23,000 <sup>(7)</sup>	\$87,000
	2019	\$48,000	\$Nil	\$Nil	\$Nil	\$Nil	\$48,000
Morris Beattie <sup>(2)</sup> Director	2020	\$58,700	\$Nil	\$Nil	\$Nil	\$Nil	\$58,700
	2019	\$14,921	\$Nil	\$Nil	\$Nil	\$Nil	\$14,921
Donald Coxe Director	2020	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil
	2019	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil
Christopher Lattanzi Director	2020	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil
	2019	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil
Dale Corman Director	2020	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil
	2019	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil
W. Terry MacLean <sup>(3)</sup> Director	2020	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil
	2019	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil
Sara Heston <sup>(4)</sup> Director	2020	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil
	2019	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil
Ian Watson <sup>(2)</sup> Former Director	2019	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil
James B. Rogers <sup>(3)</sup> Former Director	2019	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil
James Clare <sup>(5)</sup> Former Director	2020	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil
	2019	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil

#### **Notes:**

- (1) Ms. Ng was appointed Chief Financial Officer June 26, 2019
- (2) Mr. Watson retired from the Board of Directors effective March 11, 2019. Dr. Morris Beattie was appointed as a director and the Chairman of the Board of Directors on the same date.
- (3) Mr. Rogers retired from the Board of Directors effective June 26, 2019. Mr. MacLean was appointed to the Board of Directors on the same date.
- (4) Ms. Heston was appointed to the Board of Directors on August 28, 2019
- (5) Mr. Clare resigned from the Board of Directors effective December 11, 2020.
- (6) Mr. Yau voluntarily deferred a portion of his compensation during 2019 and 2020 in order to preserve the cash position of the Company.
- (7) Ms. Ng voluntarily deferred a portion of her compensation during 2020 in order to preserve the cash position of the company.

## **Table of Compensation Securities**

The following table discloses the granting and/or issuance of any compensation securities or stock options to any director and Named Executive Officer of the Company or any of its subsidiaries during the fiscal year ended December 31, 2020. During the year, there were no re-pricing of compensation securities under the Stock Option Plan or otherwise. All granted options have standard vesting provisions under the Stock Option Plan (see section below). The footnotes to the table disclose the number of stock options held by the directors and Named Executive Officers of the Corporation and its subsidiaries as at December 31, 2020:

<b>Name and Position</b>	<b>Type of Compensation Security</b>	<b>Number of Compensation Securities &amp; Number of Underlying Securities (Percentage of Class)</b>	<b>Date of Issue or Grant</b>	<b>Exercise Price (\$)</b>	<b>Closing Price of Security on Date of Grant (\$)</b>	<b>Closing Price of Security at Year End (\$)</b>	<b>Expiry Date</b>
Larry Yau <sup>(1)</sup> Chief Executive Officer, and Corporate Secretary	Stock Options	500,000	Dec 16, 2020	\$0.36	\$0.36	\$0.36	Dec 16, 2025
Sharon Ng <sup>(2)</sup> Chief Financial Officer	Stock Options	200,000	Dec 16, 2020	\$0.36	\$0.36	\$0.36	Dec 16, 2025
Morris Beattie <sup>(3)</sup> Director	Stock Options	500,000	Dec 16, 2020	\$0.36	\$0.36	\$0.36	Dec 16, 2025
Donald Coxe <sup>(4)</sup> Director	Stock Options	200,000	Dec 16, 2020	\$0.36	\$0.36	\$0.36	Dec 16, 2025
Christopher Lattanzi <sup>(5)</sup> Director	Stock Options	250,000	Dec 16, 2020	\$0.36	\$0.36	\$0.36	Dec 16, 2025
Dale Corman <sup>(6)</sup> Director	Stock Options	200,000	Dec 16, 2020	\$0.36	\$0.36	\$0.36	Dec 16, 2025
W. Terry MacLean <sup>(7)</sup> Director	Stock Options	250,000	Dec 16, 2020	\$0.36	\$0.36	\$0.36	Dec 16, 2025
Sara Heston <sup>(8)</sup> Director	Stock Options	250,000	Dec 16, 2020	\$0.36	\$0.36	\$0.36	Dec 16, 2025

### **Notes:**

- (1) As at December 31, 2020, Mr. Yau held 1,500,000 stock options of the Corporation entitling him to acquire, upon exercise, 1,500,000 common shares in the capital of the Corporation. 1,125,000 options were vested.
- (2) As at December 31, 2020, Ms. Ng held 700,000 stock options of the Corporation entitling her to acquire, upon exercise, 700,000 common shares in the capital of the Corporation. 550,000 options were vested.
- (3) As at December 31, 2020, Mr. Beattie held 625,000 stock options of the Corporation entitling him to acquire, upon exercise, 625,000 common shares in the capital of the Corporation. 250,000 options were vested.
- (4) As at December 31, 2020, Mr. Coxe held 800,000 stock options of the Corporation entitling him to acquire, upon exercise, 800,000 common shares in the capital of the Corporation. 650,000 options were vested.
- (5) As at December 31, 2020, Mr. Lattanzi held 850,000 stock options of the Corporation entitling him to acquire, upon exercise, 850,000 common shares in the capital of the Corporation. 662,500 options were vested.
- (6) As at December 31, 2020, Mr. Corman held 800,000 stock options of the Corporation entitling him to acquire, upon exercise, 800,000 common shares in the capital of the Corporation. 650,000 options were vested.
- (7) As at December 31, 2020, Mr. MacLean held 550,000 stock options of the Corporation entitling him to acquire, upon exercise, 550,000 common shares in the capital of the Corporation. 362,500 options were vested.
- (8) As at December 31, 2020, Ms. Heston held 550,000 stock options of the Corporation entitling her to acquire, upon exercise, 550,000 common shares in the capital of the Corporation. 287,500 options were vested.

## **Exercise of Compensation Securities by Directors and NEOs**

The following stock options were exercised during the year ended December 31, 2020 by directors and Named Executive Officers.

Name and position	Type of compensation security	Number of underlying securities exercised	Exercise price per security (\$)	Date of exercise	Closing price per security on date of exercise (\$)	Difference between exercise price & closing price on date of exercise (\$)	Total value on exercise date (\$)
Larry Yau Chief Executive Officer, and Corporate Secretary	Stock Options	1,000,000	\$0.16	July 24 2020	\$0.38	\$0.22	\$220,000
Sharon Ng Chief Financial Officer	Stock Options	200,000	\$0.16	July 30, 2020	\$0.43	\$0.27	\$54,000
Morris Beattie Director	Stock Options	200,000	\$0.16	July 31, 2020	\$0.49	\$0.33	\$66,000
	Stock Options	375,000	\$0.08	July 31, 2020	\$0.49	\$0.41	\$153,750
	Stock Options	200,000	\$0.10	July 31, 2020	\$0.49	\$0.39	\$78,000

## **Stock Options and Other Incentive Awards Plan**

The Company has a Stock Option Plan in place for the purpose of attracting and motivating directors, officers, employees and consultants of the Company and advancing the interests of the Company by affording such persons the opportunity to acquire an equity interest in the Company through rights granted under the Stock Option Plan to purchase Common Shares.

The Company has a fixed number Stock Option Plan that reserves a specified number of Common Shares up to a maximum of 20% of the Company's issued Common Shares as at the date of Shareholder approval. The exercise price of any option granted shall not be less than the fair market value of the Common Shares at the time of the grant. The expiry date for each option, set by the Board of Directors of the Company (**the "Board"**) at the time of issue, shall not be more than five years after the grant date. Unless stipulated by the Board, options granted generally vest 25% on date of grant and a further 25% vest every six months. On June 15, 2009, the Shareholders approved a special resolution fixing the number of stock options available for grant at 17,401,903.

The Company does not have any share-based awards in place.

## **Employment, Consulting and Management Agreements**

The Company has initially entered into employment agreements with Larry Yau as Chief Financial Officer and Corporate Secretary effective January 26, 2010 and Ms. Ng as Accounting Manager effective January 1, 2011. Mr. Yau was appointed Chief Executive Officer effective September 29, 2016 after serving as Interim Chief Executive Officer since June 1, 2015. Ms. Ng succeeds Mr. Yau as Chief Financial Officer since June 26, 2019.

As at December 31, 2020, an employment contract with Mr. Yau as Chief Executive Officer has not been finalized. At the discretion of the Board, he may receive a cash bonus reflecting favourable performance of the Company and may also receive incentive options to purchase Common Shares, at the discretion of the Board and subject to the Stock Option Plan.

As at December 31, 2020, an employment contract with Ms. Ng for her current position as Chief Financial Officer has not been finalized. At the discretion of the Board, she may receive a cash bonus reflecting favourable performance of the Company and may also receive incentive options to purchase Common Shares, at the discretion of the Board and subject to the Stock Option Plan.

## **OVERSIGHT AND DESCRIPTION OF DIRECTOR AND NEO COMPENSATION**

### **Objectives of Compensation Strategy**

The objectives of the Company's compensation strategy are:

- to attract, retain and motivate executives with the requisite skills, experience and commitment necessary to achieve the Company's goals and objectives for the exploration and subsequent development of the Spanish Mountain gold project;
- to strengthen the Company's senior management team and structure an independent board to oversee the affairs of the Company by providing fair, competitive and cost-effective compensation to the Company's executives;
- to align the interests of management with those of the Shareholders; and
- to provide rewards for outstanding corporate and individual performance.

The Company has established a Compensation Committee which has been given the authority to assess the performance of the Company's senior executives and determine their compensation. The Compensation Committee also reviews, reports and provides recommendations to the Board.

The Compensation Committee consists of three members, namely Sara Heston, Dale Corman and W. Terry MacLean. None of the members hold an executive position within the Company and all are independent directors of the Board and do not receive any compensation directly or indirectly from the Company. The Company's Board provides oversight to the Compensation Committee's activities and approves all significant actions recommended by the Compensation Committee. The Board of Directors of the Company believe that the members of the Compensation Committee collectively have the knowledge, experience and background required to fulfill their mandate.

### **What the Compensation Strategy is Designed to Reward**

The Compensation Committee endeavours to ensure that the Company's compensation strategy effectively compensates, motivates and rewards senior management of the Company on the basis of individual and corporate performance, both short term and long term, while keeping in mind the duty that the Company owes to its Shareholders. The base salaries of senior management of the Company are set at levels which the Company believes are competitive with the base salaries paid by companies of comparable or similar size within the exploration and mining industry, thereby enabling the Company to compete for and retain executives critical to the long term success of the Company.

### **Each Element of Compensation**

Compensation includes base salary, grants of stock options and bonuses based on available funds. The amount of bonus paid, if any, is based on individual performance and achievement of corporate responsibilities, accountabilities and overall contribution to the Company.

### **Why the Company Chooses to Pay Each Element**

The components of executive compensation are based on pay structures that the Company considers to be reasonable for similar exploration and mining companies in terms of size, asset and stage of development. It provides the Company the ability to retain qualified and experienced individuals to achieve the Company's short and long term goals. Ultimately this provides the Company with established executives able to provide leadership and able to execute strategies consistent with the Company's corporate objectives.

## **How the Company Determines the Amount for Each Element**

The Compensation Committee is responsible for making recommendations to the Board for compensation levels. Compensation levels have been determined through informal consultation that compares compensation levels of similar exploration and mining companies. The Company has not conducted a formal survey or benchmarking for each element of executive compensation during the most recently completed fiscal year as it believed that the current compensation arrangements remain competitive and accordingly requires no significant re-evaluation or adjustment to the elements or levels of the compensation.

When determining compensation policies and individual compensation levels for the Named Executive Officers, the Compensation Committee takes into consideration a variety of factors. These factors include the overall financial and operating performance of the Company, the Committee and the Board's overall assessment of each executive's individual performance and his contribution towards meeting corporate objectives, levels of responsibility, length of service, and available industry comparables.

The Board of Directors and the Compensation Committee have not systematically evaluated the implications of the risks associated with the Company's compensation program. However, the Board believes that the Company's current compensation practice will not encourage Named Executive Officers to expose the Company to undue risks that will adversely impact the long term performance of the Company.

**Salary:** The salary for each Named Executive Officer is primarily determined having regard to his position, responsibilities, the assessment of such individual's performance and overall corporate performance as presented by management to the Board and the Compensation Committee. The base salaries of executive officers are reviewed annually and adjusted when considered appropriate. Base salary is intended to provide the Named Executive Officer with a compensation level competitive with base salaries within the mining industry.

**Bonuses:** The Compensation Committee will consider whether it is appropriate and in the best interests of the Company to award a discretionary cash bonus to the Named Executive Officers and if so, in what amount. A cash bonus may be awarded to reward extraordinary performance that has led to increased value for Shareholders through property acquisitions or divestitures, the formation of new strategic or joint venture relationships, capital raising efforts or achieving satisfaction of predetermined and agreed upon performance criteria. Demonstrations of extraordinary personal commitment to the Company's interests, the community and the industry may also be rewarded through a cash bonus.

**Stock Options:** The Compensation Committee may from time to time recommend the grant of stock options to the Company's executive officers under the Stock Option Plan. All grants of options are reviewed and approved by the Board. Grants of stock options are intended to enforce and encourage the executive officer's commitment to the Company's growth and the enhancement of share value and to reward executive officers for the Company's performance. The grant of stock options, as a key component of the executive compensation package, enables the Company to attract and retain qualified executives. The Compensation Committee reviews option balances and recommends grants to newly hired executive officers at the time of their employment, and considers further grants to executive officers from time to time thereafter to such executive officers. The amount and terms of outstanding options held by an executive are taken into account when determining whether and how new option grants should be made to the executive. The number of Common Shares which may be subject to option in favour of any one individual is limited under the terms of the Stock Option Plan. The Company does not have a formal policy prohibiting the purchase of financial instruments designed to hedge or offset a decrease in market value of equity based securities granted as compensation or held, directly or indirectly, by the Named Executive Officers or directors. However, the Company does not believe such hedging instruments are readily available and is not aware of any hedging strategies currently employed by any Named Executive Officers.