

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

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

**(for the year ended December 31, 2022)**

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 30, 2023. 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;

“**Company**” means Spanish Mountain Gold Ltd.;

“**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

During the financial year ended December 31, 2022, based on the definitions above, the NEOs of the Company were Larry Yau, Sharon Ng, and Judy Stoeterau. The table below provides a summary of compensation paid, payable, awarded, granted, given, or otherwise provided, directly or indirectly, by the Company or a subsidiary of the Company to each Named Executive Officer during the fiscal years ended December 31, 2022 and 2021.

The Directors of the Company who were not NEOs during the financial year ended December 31, 2022 were Christopher Lattanzi, Donald Coxe, Lembit Janes<sup>(3)</sup>, Brent Bergeron<sup>(4)</sup>, Peter Mah<sup>(5)</sup>, Garnett Dawson<sup>(6)</sup>, and Richard Oraziotti<sup>(7)</sup>. No compensation was paid, payable, awarded, granted, given, or otherwise provided, directly or indirectly, by the Company or a subsidiary of the Company to any of the foregoing directors during the fiscal years ended December 31, 2022 and 2021.

Name and position	Year	Salary, Consulting Fee, Retainer or Commission (\$)	Total Compensation (\$)
Larry Yau <sup>(1)</sup> Chief Executive Officer, Corporate Secretary and Director	2022 2021	\$240,000 \$240,000	\$240,000 \$240,000
Sharon Ng Chief Financial Officer	2022 2021	\$130,000 \$96,000	\$130,000 \$96,000
Judy Stoeterau <sup>(2)</sup> VP Geology	2022 2021	\$156,000 \$156,000	\$156,000 \$156,000

**Notes:**

- (1) Mr. Yau ceased to be CEO and Corporate Secretary effective March 6, 2023. Under the terms of his employment agreement, he was paid a \$240,000 termination benefit.
- (2) Ms. Stoeterau ceased to be VP Geology effective May 15, 2023.
- (3) Mr. Janes was appointed to the Board of Directors August 19, 2022.
- (4) Mr. Bergeron was appointed to the Board of Directors October 13, 2022.

- (5) Mr. Mah was appointed to the Board of Directors October 20, 2022 and was subsequently appointed as interim CEO March 6, 2023 and as CEO May 4, 2023.
- (6) Mr. Dawson was appointed to the Board of Directors October 13, 2022.
- (7) Mr. Orazietti was appointed to the Board of Directors October 20, 2022.

### **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, 2022. 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 Company and its subsidiaries as at December 31, 2022:

Name and Position	Type of Compensation Security	Number of Compensation Securities & Number of Underlying Securities (Percentage of Class)	Date of Issue or Grant	Exercise Price (\$)	Closing Price of Security on Date of Grant (\$)	Closing Price of Security at Year End (\$)	Expiry Date
Larry Yau <sup>(1)</sup> Chief Executive Officer, Corporate Secretary and Director	Stock Options	500,000 (0.15%)	January 24, 2022	\$0.21	\$0.21	\$0.16	January 24, 2027
Sharon Ng <sup>(2)</sup> Chief Financial Officer	Stock Options	250,000 (0.07%)	January 24, 2022	\$0.21	\$0.21	\$0.16	January 24, 2027
Judy Stoeterau <sup>(3)</sup> VP Geology	Stock Options	250,000 (0.07%)	January 24, 2022	\$0.21	\$0.21	\$0.16	January 24, 2027
Donald Coxe <sup>(4)</sup> Director	Stock Options	250,000 (0.07%)	January 24, 2022	\$0.21	\$0.21	\$0.16	January 24, 2027
Christopher Lattanzi <sup>(5)</sup> Director	Stock Options	250,000 (0.07%)	January 24, 2022	\$0.21	\$0.21	\$0.16	January 24, 2027
Lembit Janes <sup>(6)</sup> Director	Stock Options	300,000 (0.09%)	September 13, 2022	\$0.15	\$0.15	\$0.16	September 13, 2027
Brent Bergeron <sup>(7)</sup> Director	Stock Options	300,000 (0.09%)	October 12, 2022	\$0.14	\$0.14	\$0.16	October 12, 2027
Peter Mah <sup>(8)</sup> Director	Stock Options	300,000 (0.09%)	October 19, 2022	\$0.13	\$0.13	\$0.16	October 19, 2027
Garnet Dawson <sup>(9)</sup> Director	Stock Options	300,000 (0.09%)	October 12, 2022	\$0.14	\$0.14	\$0.16	October 12,2027
Richard Orazietti <sup>(10)</sup> Director	Stock Options	300,000 (0.09%)	October 19, 2022	\$0.13	\$0.13	\$0.16	October 19, 2027

**Notes:**

- (1) As at December 31, 2022, Mr. Yau held 2,000,000 stock options of the Company entitling him to acquire, upon exercise, 2,000,000 common shares in the capital of the Company. 1,750,000 options were vested.
- (2) As at December 31, 2022, Ms. Ng held 950,000 stock options of the Company entitling her to acquire, upon exercise, 950,000 common shares in the capital of the Company. 825,000 options were vested.
- (3) As at December 31, 2022 Ms. Stoeterau held 850,000 stock options of the Company entitling her to acquire, upon exercise, 850,000 common shares in the capital of the Company. 725,000 options were vested.
- (4) As at December 31, 2022, Mr. Coxe held 850,000 stock options of the Company entitling him to acquire, upon exercise, 850,000 common shares in the capital of the Company. 725,000 options were vested.

- (5) As at December 31, 2022, Mr. Lattanzi held 500,000 stock options of the Company entitling him to acquire, upon exercise, 500,000 common shares in the capital of the Company. 375,000 options were vested.
- (6) As at December 31, 2022, Mr. Janes held 300,000 stock options of the Company entitling him to acquire, upon exercise 300,000 common shares in the capital of the Company, 75,000 options were vested.
- (7) As at December 31, 2022, Mr. Bergeron held 300,000 stock options of the Company entitling him to acquire, upon exercise, 300,000 common shares in the capital of the Company. 75,000 options were vested.
- (8) As at December 31, 2022, Mr. Mah held 300,000 stock options of the Company entitling him to acquire, upon exercise, 300,000 common shares in the capital of the Company. 75,000 options were vested.
- (9) As at December 31, 2022, Mr. Dawson held 300,000 stock options of the Company entitling him to acquire, upon exercise, 300,000 common shares in the capital of the Company. 75,000 options were vested.
- (10) As at December 31, 2022, Mr. Oraziotti held 300,000 stock options of the Company entitling him to acquire, upon exercise, 300,000 common shares in the capital of the Company. 75,000 options were vested.

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

The following stock options were exercised during the year ended December 31, 2022 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 (\$)
Christopher Lattanzi Director	Stock Options	200,000	\$0.10	Jan 19, 2022	\$0.21	\$0.11	\$22,000
		200,000	\$0.08	Jan 19, 2022	\$0.21	\$0.13	\$26,000

### **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 of the Company's issued Common Shares as at the date of Shareholder approval. . On June 15, 2009, the Shareholders approved a resolution fixing the number of Common Shares available for grant of stock options at 17,401,903.

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.

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

Mr. Yau was terminated as the CEO and Corporate Secretary effective March 6, 2023, and was paid a \$240,000 in respect of his termination.

As at June 21, 2023 the Chief Financial Officer, Sharon Ng is on leave.

Ms. Stoeterau consulting engagement was terminated on May 15, 2023.

## **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.

During 2022, the Compensation Committee consisted of three members, Chris Lattanzi, Don Coxe and Lembit Janes, all of whom are independent directors. 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 option 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.