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Spanish Mountain Gold Announces Updated Resource Estimate: Increase Reported in all Categories

Spanish Mountain Gold Ltd. (“the Company”) (SPA-TSXV) is pleased to announce an updated resource estimate (National Instrument 43-101 compliant) for the wholly owned Spanish Mountain Gold Project (the "Project") in central British Columbia, Canada. This resource estimate is an update to the previous estimate disclosed by the Company in a news release dated November 23, 2010, following the completion of a Preliminary Economic Assessment (“PEA”) for the Project.

The updated resource at selected gold cut-off grades is as follows:

Spanish Mountain updated resources (at a 0.30 g/t gold cut-off)

Classification	Tonnes	Gold grade (g/t)	Silver grade (g/t)	Gold (ounces)	Silver (ounces)
Measured	11,390,000	0.81	0.60	300,000	220,000
Indicated	79,710,000	0.59	0.65	1,510,000	1,670,000
Measured plus Indicated	91,090,000	0.62	0.64	1,820,000	1,870,000
Inferred	170,470,000	0.50	0.67	2,740,000	3,670,000

The PEA had established an economic cut-off of 0.2 g/t gold based on assumptions of operating costs for a potential open pit operation. These assumptions will be refined within the pre-feasibility study which is currently underway. The following table presents the updated resource at a cut-off grade of 0.2 g/t gold.

Spanish Mountain updated resources (at a 0.20 g/t gold cut-off)

Classification	Tonnes	Gold grade (g/t)	Silver grade (g/t)	Gold (ounces)	Silver (ounces)
Measured	14,950,000	0.68	0.61	330,000	290,000
Indicated	123,070,000	0.47	0.64	1,860,000	2,530,000
Measured plus Indicated	138,030,000	0.49	0.64	2,170,000	2,840,000
Inferred	339,630,000	0.37	0.65	4,040,000	7,100,000

Tonnages and contained ounces presented above may not total as shown due to rounding. Readers are cautioned that mineral resources, which are not mineral reserves, do not have demonstrated economic viability.

Highlights

- A significant increase in Inferred resource has occurred within the North Zone. A revised geological model for the North Zone now portrays a near vertical or steeply south dipping orientation for this zone.
- There are clearly defined areas for future in-fill drilling to aid in re-classification of inferred ounces within the resource.
- Mine planning for extraction of higher grade near-surface gold mineralization within potential starter pits will be optimized during the pre-feasibility study.
- The schedules for completion of the pre-feasibility and feasibility studies remain unchanged.

Brian Groves, President and CEO said today: "The updated resource estimate has identified a significant increase in inferred resources on the Property. Our current understanding of the North Zone represents a distinct change from the previous assumptions regarding the orientation of mineralization within this zone. In addition, the data from the recently completed infill drilling program have revealed improved continuity in this mineralized body. While work continues towards the completion of the Prefeasibility Study, we will now also focus on the objective of drilling within this zone and adjacent to the Main Zone to enable a re-classification of inferred resources to the measured and indicated categories."

Details of the parameters used in the resource estimate are as follows:

- Out of a total of 674 drill holes provided, 528 diamond drill holes penetrated the various geologic solids. Missing or unsampled intervals were filled with 0.001 g/t gold. Samples not analyzed for silver from earlier drill campaigns were left blank.
- A three dimensional geologic model was produced by the Company's geologist using Vulcan 3D mining software. The main zone mineralization was modelled into an upper argillite unit, an altered siltstone unit, a tuff unit and a lower argillite unit. The North zone argillite was a separate solid. All material outside of these domains was considered waste.
- The gold grade distributions within the mineralized domains were examined to determine if capping was required. In each case the distribution for gold was strongly skewed. A lognormal cumulative frequency plot was produced for gold in each domain and in all cases showed multiple overlapping lognormal populations. Capping levels were determined to reduce the effect of small high grade populations that can be considered erratic. A similar procedure was used to cap silver values.
- Gold and silver were modelled separately for each geologic domain using pairwise relative semivariograms.
- A block model with blocks 15 x 15 x 5 meters in dimension was superimposed over the mineralized geologic solids.

- Ordinary kriging was used to interpolate grades into blocks within the mineralized solids. In all cases, the kriging exercise was completed in a series of four passes with the search ellipse for each pass being a function of the semivariogram ranges.

The completed National Instrument 43-101 compliant report will be available under the profile of the Company on SEDAR within 45 days.

Future Plans

The Company will now focus on the completion of additional in-fill drilling, principally within the North Zone and adjacent to the Main Zone with the objective of enabling a re-classification of part of the inferred resource to the measured and indicated categories.

This drilling will not affect the ongoing Prefeasibility Study for the Project, which is scheduled for completion in April 2012. The Company also expects to have the in-fill drilling and an updated resource estimate completed in April 2012, at which time it intends to commence a Feasibility Study for the Project.

All core samples were fire assayed at ALS Chemex Laboratory in Vancouver, BC.

Independent resource estimate consultant Gary Giroux MASc, P.Eng. (BC) of Giroux Consultants Ltd. has authorized the release of this estimate. Mr. Gary Giroux is a qualified person by virtue of education, experience and membership in a professional association. He is independent of both the Company and ALS Chemex, applying all of the tests pursuant to section 1.5 of NI 43-101. Mr. Giroux visited the property on June 29, 2011.

Judy Stoeterau, P.Geo, the Company's Vice President, Geology, is a qualified person (as defined under NI 43-101) and has reviewed the contents of this news release.

About Spanish Mountain Gold

Spanish Mountain Gold Ltd is focused on the responsible development of its flagship Spanish Mountain gold project in southern central British Columbia, Canada. The Company has more than \$19 million in working capital, has no debt and owns 100% of four gold properties located in British Columbia. Additional information about the Company is available on its website: www.spanishmountaingold.com

On Behalf of the Board,
SPANISH MOUNTAIN GOLD LTD

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This News Release contains forward-looking statements. Forward looking statements are statements which relate to future events. In some cases, you can identify forward-looking statements by terminology such as "may", "should", "expects", "plans", "anticipates", believes", "estimates", "predicts", "potential", or "continue" or the negative of these terms or other comparable terminology. These statements are only predictions and involve known and unknown risks, uncertainties and other factors that may cause our actual results, level of activity, performance or achievements to be materially different from any future results, levels of activity, performance, or achievements expressed or implied by these forward-looking-statements. Management has assumed that these will be our major projects going forward. Risks include that we are unable to satisfy environmental or other regulators, that we determine that our resources are not commercially viable, or that we have difficulties due to unavailability of labour or equipment.

While these forward-looking statements, and any assumptions upon which they are based, are made in good faith and reflect our current judgment regarding the direction of our business, actual results will almost always vary, sometimes materially, from any estimates, predictions, projections, assumptions or other future performance suggests herein. Except as required by applicable law the Company does not intend to update any forward-looking statements to conform these statements to actual results.

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