



Suite 920 – 1055 West Hastings St.

Vancouver, BC V6E 2E9

Tel (604) 601 3651

September 12, 2012

Spanish Mountain Gold and Lhtako Dene Nation Announce Signing of Cooperation Agreement for Spanish Mountain Project

Spanish Mountain Gold Ltd. ("SMG") (TSX VENTURE: SPA) is pleased to announce the signing of a Cooperation Agreement (the "Agreement") with Lhtako Dene Nation ("Lhtako Dene"). The Agreement addresses the involvement of Lhtako Dene during the environmental assessment and permitting review process in relation to the development of SMG's Spanish Mountain gold project (the "Project") located near Likely, British Columbia.

Under the Agreement, SMG recognizes and respects Lhtako Dene's asserted aboriginal rights and title in the area of the Spanish Mountain gold project and Lhtako Dene recognizes and respects SMG's rights and interests in the exploration and development of the Project. The Agreement also reflects a commitment by both SMG and Lhtako Dene for continued engagement in a respectful and collaborative manner.

The Agreement provides capacity support to Lhtako Dene for its ongoing involvement in the environmental assessment and permitting review process as well as training, employment, and business opportunities. Additionally, the Parties have committed to negotiate a more detailed agreement regarding the impacts and benefits associated with the construction, operation and reclamation of a large scale mine development.

Lhtako Dene Chief Clifford LeBrun states:

"Lhtako Dene Nation is pleased with the relationship that has been initiated with Spanish Mountain Gold in respect of our shared territories. It is extremely important to the Lhtako people that there is an honest and transparent relationship that is developed between us, with consistent communications and substantive consultation. We look forward to future production and anticipate that our interest will be recognized and the benefits shared equitably."

Brian Groves, President and CEO of SMG remarks:

"We are pleased to have signed this agreement and to formalize our developing relationship with Lhtako Dene. The company places a high priority on the building and maintaining of positive working relationships with those First Nations in whose Traditional Territories we operate. This agreement provides a framework for open communication, consultation and discussion at each stage of the ongoing development of the Spanish Mountain Project."

The Company wishes to acknowledge the support of Catana Consulting, a Vancouver-based consultancy specializing in First Nation engagement activities, whose assistance was instrumental in the successful completion of the Agreement.

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 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.

Brian Groves,
President and CEO

Contact:
Colin Clancy
(604) 601-3651

info@spanishmountaingold.com

www.spanishmountaingold.com

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.

The TSX Venture Exchange does not accept responsibility for the adequacy or accuracy of this release.