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**November 23, 2010**

## **Spanish Mountain Announces Results of the Preliminary Economic Assessment (PEA) for the Spanish Mountain Gold Project**

**Spanish Mountain Gold Ltd.** ( the “Company”) (SPA-TSXV) is pleased to announce that the Preliminary Economic Assessment (“PEA”) for its 100%-owned Spanish Mountain project in south-central British Columbia has recently been completed by AGP Mining Consultants Inc, in conjunction with BGC Engineering Inc, Knight Piesold Consulting and SRK Consulting.

The completed National Instrument 43-101 (“NI 43-101”) report, including a new resource estimate and mineralized inventory, will be available under the profile of the Company on SEDAR within 45 days.

All monetary values are references to Canadian dollars unless otherwise stated.

### **Highlights of the Project’s Economics and Development Assumptions**

The following are highlights of the PEA, which assumes a gold price of US\$ 1,100 per ounce and an exchange rate of US\$1 to C\$1.10:

- Average annual gold production of 213,800 ounces during the first 5 years
- Life-of-mine (“LOM”) average annual production of 172,400 ounces of gold
- Mine life of 10 years at a maximum production rate of 40,000 tonnes per day
- Estimated initial capital requirement of \$447 million not including leased mining equipment
- Undiscounted pre-tax cumulative net cash flow of \$411 million and an NPV of \$209 million at a discount rate of 5%
- Average total cash costs of US\$ 570 per ounce during the first 5 years of production and US \$625 per ounce LOM
- Pre-tax internal rate of return of 14.7%

Key economic parameters are summarized in Table 1.

**Table 1**

Average Annual Gold Production (Years 1 to 5) (ounces)	213,800
Average annual Gold Production Life of Mine (ounces)	172,400
Total Cash Cost, Years 1 to 5 (US \$ per ounce)	\$570
Total Cash Cost , LOM (US\$ per ounce)	\$625
Operating Cost (\$ per tonne plantfeed)	\$10.14
Mine Life	10 Years
Overall Gold Recovery	90%
Average Gold Grade of Ore Processed	0.51 g/t
Initial Capital Cost (\$ millions)	\$447 M
Pre-tax Undiscounted Cumulative Net Cash Flow	\$411 M
Pre-tax NPV @ 5%	\$209 M
Pre-tax IRR	14.7%
Payback (from start of milling)	5 Years

The initial capital cost and operating costs for the Spanish Mountain Project are presented in Table 2.

**Table 2**

<b>Initial Capital Cost Details</b>	
Mining (equipment to be leased)	\$0 M
Processing	\$213 M
Tailings storage	\$47 M
Infrastructure	\$42 M
Owner Costs	\$8 M
Other indirect costs	\$67 M
Contingency	\$70 M
<b>Total Initial Capital Cost</b>	<b>\$447 M</b>
<b>Operating Cost Details</b>	
Mining Cost (per tonne mined, including lease charges)	\$1.54
Mining Cost (Per tonne milled, including lease charges)	\$4.64
Processing and Tailing Cost	\$5.12
General and Administrative	\$0.38
<b>Total Operating Cost (per tonne milled)</b>	<b>\$10.14</b>

The sensitivity of Project economics to the price of gold is presented in Table 3.

**Table 3**

Gold price (\$US)	\$1,000	\$1,200	\$1,300
Cumulative Net Cash Flow	\$222 M	\$600 M	\$788 M
IRR	8.6 %	20.2 %	25.2 %
Payback(from start of milling)	8 Years	4 Years	3 Years

## **Highlights of Mineral Inventory and Updated Resource Estimate**

- The Mineral Inventory within the two open pit designs (termed the Main Zone and North Zone) contains 77.4 million tonnes at an in-situ gold grade of 0.55 g/t Au in Measured and Indicated categories and 39.5 million tonnes grading 0.48 g/t Au in the Inferred Resource category.
- A total of 1.37 million in-situ ounces of gold is included in the two open pits in the Measured and Indicated categories and 0.61 million in-situ ounces of gold in the Inferred category.
- Gold grades within the model were constrained by 0.6 g/t gold grade shells resulting in four higher grade domains oriented parallel to the local stratigraphy. The previous model also considered stratigraphy while modelling grade envelopes, however a lower grade cut-off was used which resulted in larger domains at a lower grade.
- The new resource model will enable a more practical and cost-effective bulk open pit mine plan to be realized.
- The updated NI 43-101 compliant inventory of mineralized material is presented in Table 4 below. This is based on a cut-off of 0.2 g/t Au.

**Table 4**

<b>Classification</b>	<b>Tonnes</b>	<b>Gold Grade (g/t)</b>	<b>Gold Contained (oz)</b>
Measured	4,875,900	1.05	164,600
Indicated	72,498,800	0.52	1,207,500
Measured + Indicated	77,374,700	0.55	1,372,100
Inferred	39,531,300	0.48	611,100

The resource model was based on 428 diamond drill holes completed between 2005 and 2009. Gold grades within the model were constrained by 0.6 g/t gold grade shells resulting in multiple higher grade domains.

Block grades were interpolated from the drill hole composites. Interpolation parameters included an inverse distance search operator weighted to the second power and applied to blocks inside three of the high grade domains. Ordinary kriging was applied to blocks in one of the high grade domains and to the blocks outside of the high grade domains.

Blocks were interpolated in three passes with search ellipses for sample selection of increasing size. The block size used was 15 m x 15 m x 5m. Blocks were interpolated in the first and second passes using a minimum of 5 composites from at least 3 holes, not more than 12 of the nearest composites and not more than 2 composites were used from a single drill hole. Blocks were interpolated in a third pass using a minimum of 3 composites from at least 2 holes, not more than 12 of the nearest composites and not more than 2 composites were used from a single drill hole.

Hard boundaries were applied during the interpolation of grade. Blocks within the high grade domains were interpolated using only those composites found within their respective domains. Blocks outside of the high grade domains were interpolated using only those composites found outside of the high grade domains. A bulk specific gravity of 2.78 was applied to all blocks based on test work conducted on drill core.

## **Future Activities**

- Drilling in early 2011 to evaluate areas including the recently acquired Cedar Creek property for resource expansion and to improve the level of confidence in areas of gold mineralization that fall into the inferred resource category.
- A review of the detailed tailings storage facility plan and metallurgical testwork to allow the Company to proceed to pre-feasibility and feasibility studies in 2011.
- Submission of the Project description to the Provincial government as the first step in the mine permitting process.

Brian Groves, President and Chief Executive Officer, said today: “The results of the PEA demonstrate that the Spanish Mountain project has no technical issues standing in the way of its development. The reduction in smearing of the gold grades and better confining of the grade distribution will allow us to develop a realistic mine plan using low-cost open pit mining methods.”

Ron Halas, Chief Operating Officer, said: “The very detailed tailing disposal work completed to date in conjunction with the extensive metallurgical testwork and mine optimization gives the Company confidence to proceed quickly to pre-feasibility and feasibility studies for this environmentally responsible project. I am looking forward to being part of the team that can provide hundreds of jobs to the citizens of British Columbia during the next few years.”

## **NI 43-101 Statement in respect of PEA and Qualified Persons**

The company cautions, in accordance with National Instrument 43-101 Standards of Disclosure for Mineral Projects as adopted by the Canadian Securities Regulators, that the PEA referred to herein is preliminary in nature, includes inferred mineral resources that are considered too speculative geologically to have the economic consideration applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the PEA will be realized. Mineral resources are not mineral reserves and do not have demonstrated economic viability.

Mr. Gordon Zurowski, P.Eng and Mr. Michael Waldegger, P.Geo. of AGP Mining Consultants of Barrie, Ontario are Qualified Persons within the meaning of NI 43-101.

The mineral resource estimate was completed by Michael Waldegger, P.Geo., an independent qualified resource evaluator, with an effective date of November 19, 2009 and complies with NI 43-101.

Mr. Zurowski and Mr. Waldegger have reviewed and approve 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. The Company has no debt and owns 100% of all four gold properties located in British Columbia. Additional information about the Company is available on its website: [www.spanishmountaingold.com](http://www.spanishmountaingold.com)

On Behalf of the Board,  
**SPANISH MOUNTAIN GOLD LTD**

Brian Groves,  
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