

December 7, 2010

Spanish Mountain Provides Clarification on Preliminary Economic Assessment (PEA) for the Spanish Mountain Gold Project

Spanish Mountain Gold Ltd. (the “Company”) (SPA-TSXV) and AGP Mining Consultants (“AGP”) hereby provide clarification of details with respect to the National Instrument 43-101 (“NI 43-101”) compliant Preliminary Economic Assessment (“PEA”) study for its 100%-owned Spanish Mountain project in south-central British Columbia. The results of the study were initially disclosed by the Company in the news release issued on November 23, 2010.

As a precursor to the PEA study, a new global mineral estimate was prepared by AGP, the details of which will be presented in the formal report to be filed under the profile of the Company on SEDAR later this month. A base-case pit design was developed for the purpose of the PEA study using assumptions of a gold price of US\$950 per ounce and on costs derived within the PEA study. The amount of gold contained within such a pit is dependent on the assumptions used and should those assumptions change, the contained gold will also change. This can be seen in the appended Figure 1, which includes the outline of the PEA pit design at US\$950 per ounce gold and the outline of a conceptual pit shell at US\$1,100 per ounce gold.

Figure 1 shows a vertical section oriented north-south through the Main and North Zones of mineralization. The Company believes that some of the mineralized material that currently lies outside of the PEA pit design using the assumption of a US\$950 per ounce of gold may fall into a future pit design as the Company continues to optimize the pit based on a refinement of operating costs and assuming an appreciating gold price. Gold contained within conceptual pits will be presented in the formal report as a sensitivity analysis and will include the pit shell based on a gold price of US\$1,100 per ounce.

In the news release of November 23, 2010, the Company disclosed a statement of a NI 43-101 compliant Inventory of Mineralized Material. This should properly have been referred to by AGP as the Mineral Resource contained within the PEA pit design. That information is reprinted here as Table 1 below:

Table 1
Mineral Resource within the PEA Pit Design– US\$950/oz

Classification	Tonnes	Gold Grade (g/t)	Gold Contained (oz)
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 Company and AGP are working expeditiously to file the formal report during December, 2010. The following information is provided for clarification purposes:

- The term “Mineral Resource” presented in Table 1 now refers to the gold contained within the pit design that is envisaged to be mined and processed in the conceptual mining plan described in the PEA study.
- The Mineral Resource is contained within the base case US\$950 per ounce gold PEA pit and represents the portion of the Inventory of Mineralized Material within the PEA pit above the cut-off grade of 0.2 g/t gold. The Inventory of Mineralized Material will be described fully in the formal report. This Inventory refers to mineralization both inside and outside of the PEA pit boundary. Some of this material may be re-classified as a Resource should further optimization of pit designs include such material.
- The Mineral Resource in Table 1 was calculated at a cut-off of 0.2 g/t gold, which is based on all mining and processing costs contained within the PEA. This cut-off grade was determined to be the breakeven point for the inclusion of mineralization in the Mineral Resource using a gold price assumption of US\$950 per ounce.
- The news release issued on November 23, 2010 also presented details of the process used by Michael Waldegger, P.Geo to arrive at the new resource estimate. Specific references to gold grade shells of 0.6 g/t relate to a modeling methodology employed by Mr. Waldegger to identify areas that demonstrate consistent lateral continuity within the total resource model. The reference to a grade shell of 0.6 g/t gold does not refer to a gold cut-off grade for the project as a whole.

The updated resource was estimated 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. Waldegger of AGP Mining Consultants of Barrie, Ontario is a Qualified Person within the meaning of NI 43-101. The methodology employed by Mr. Waldegger in preparing the updated resource estimate was previously disclosed by the Company on November 23, 2010.

Areas of Opportunity

The PEA results provide clear drill targets for the Company to potentially enhance the project’s Mineral Resources and project economics. The focus of the drilling program in early 2011 will include:

- targeting mineralized material located below and outside of the base case PEA pit design that are considered to be areas of high potential to supplement the current Mineral Resource,
- improving the level of confidence in areas of gold mineralization that currently fall into the inferred resource category and
- additionally, generating drilling targets on the Cedar Creek property which was acquired earlier this year and commencing drilling on these targets early in 2011.

In addition, refinement of operating cost estimates will be ongoing and any reduction in these costs may expand the conceptual pit boundaries with an attendant increase in the Mineral Resources within the pit shell.

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

Mr. Waldegger and Mr. Zurowski 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

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This news release contains forward-looking information, which involves known and unknown risks, uncertainties and other factors that may cause actual events to differ materially from current expectation. Important factors - including the availability of funds, the results of financing and exploration activities, the interpretation of drilling results and other geological and metallurgical data, risks associated with the estimation of mineral resources and the geology, grade and continuity of mineral deposits, project cost overruns or unanticipated costs and expenses -- that could cause actual results to differ materially from the Company's expectations are disclosed in the Company's documents filed from time to time on SEDAR (see www.sedar.com). Forward-looking statements can often be identified by the use of words such as "plans", "expects", "is expected", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "believes" or variations (including negative variations) of such words and phrases. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this press release. The company disclaims any intention or obligation, except to the extent required by law, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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

Figure 1: Spanish Mountain Gold Project—vertical section oriented north-south through the Main and North Zones of mineralization

