

March 27, 2012

Spanish Mountain Gold and Soda Creek Indian Band Announce Signing of Protocol Agreement for Spanish Mountain Project

Spanish Mountain Gold Ltd. ("SMG") (TSX VENTURE: SPA) is pleased to announce the signing of a Protocol Agreement (the "Agreement") with Soda Creek Indian Band ("Xat'sūll"). The Agreement addresses the involvement of Xat'sūll 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 Xat'sūll's asserted aboriginal rights and title in the area of the Spanish Mountain gold project and the Xat'sūll 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 Xat'sūll for continued engagement in a respectful and collaborative manner.

The Agreement provides capacity support to Xat'sūll for its ongoing involvement in the Project 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.

Xat'sūll Chief Bev Sellars states:

"We appreciate the respectful and candid manner in which Brian Groves and Spanish Mountain Gold Ltd. have dealt with our community. This agreement gives us the opportunity to have an impact on the environmental assessment process and the construction, operation and reclamation of the mine, should the project proceed to development."

Brian Groves, President and CEO of SMG remarks:

"We are very pleased to have signed this agreement with Xat'sūll. Spanish Mountain Gold Ltd. views the building and maintaining of strong functional relationships as a priority with those First Nations in whose Traditional Territories we operate. This Agreement formalizes our emerging relationship with Xat'sūll and provides a strong framework for open communication, consultation and discussion at each stage of the ongoing development of the Spanish Mountain Project. We are also pleased that this agreement is comparable to the one reached between Spanish Mountain Gold Ltd. and the Williams Lake Indian Band, the signing of which was announced last year."

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 this Protocol 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 a strong cash position with 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.

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