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Spanish Mountain Gold Provides Project Update and Announces 2025 Exploration Drill Program

Vancouver, B.C., January 21, 2025 - Spanish Mountain Gold Ltd. (the "**Company**" or "**Spanish Mountain Gold**") (TSX-V: **SPA**) (FSE: **S3Y**) (OTC: **SPAZF**) is pleased to provide an update on its Spanish Mountain Gold project ("**SMG Project**"), located in the Cariboo Gold Corridor, British Columbia, Canada.

The Company's strategy remains focused on optimizing, derisking and advancing the SMG Project towards a build decision by 2027. The Company anticipates completing a new Mineral Resource Estimate ("**New MRE**") and Preliminary Economic Assessment ("**New PEA**") before the end of the first half of 2025 ("**H1 2025**"). Based on positive conclusions and recommendations of the New PEA, the Company anticipates beginning a Pre-feasibility Study ("**PFS**") or Feasibility Study ("**FS**") in 2025 and is well positioned to fast-track to a build decision by 2027. In addition to optimizing and derisking the project, the rework and re-interpretation of historical geological information has led to the identification of new exploration drill targets that could expand the mineral endowment, affect the project footprint, and reduce existing pit constrained resource risks. An exploration drill program (5,590 metres "**m**") was completed on September 26, 2024 (see press release dated December 18, 2025, "Spanish Mountain Gold Intercepts Continuous Mineralization"), and the Company plans to conduct follow-up drilling beginning in the first quarter of 2025 ("**Q1 2025**"). A private placement financing to support the 2025 exploration and drill program closed on November 15th, 2024, and the Company is sufficiently funded to advance its plans with respect to the SMG Project.

Status of the New MRE

Equity Exploration Consultants Ltd., alongside the Company's geology team, have completed a new three-dimensional geological model, incorporating new data from the 2024 exploration drill program, the relogging of 174,228 m of historical diamond drill core, a structural geology assessment, and a geochemical analysis of historical data. The New MRE is currently under third-party review by Apex Geoscience Ltd., for inclusion in the New PEA.

HIGHLIGHTS

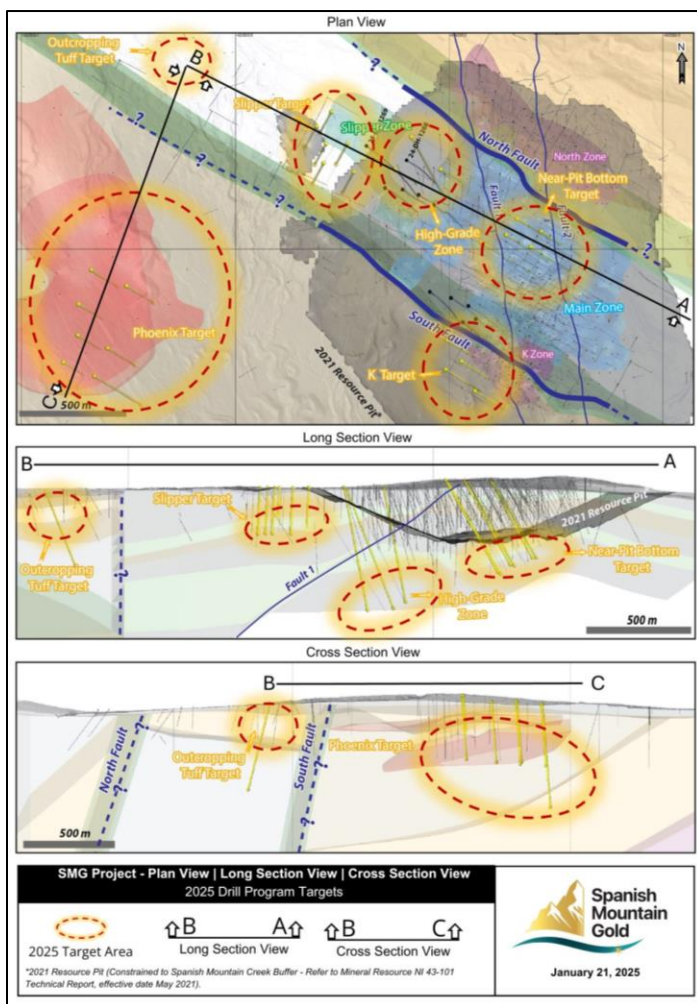
- The **New PEA** remains on track to complete during H1 2025.
- **The New MRE** will incorporate 5,590 m of diamond drilling from the 2024 exploration program (the "**2024 Drill Program**").

- **The Whittle Optimization** is progressing and will be completed in H1 2025 to assist in determining the optimal operation, scale, and minimized carbon footprint over the proposed mine life.
- **Partnered with International Technology Group ANDRITZ** (“ANDRITZ”, see *press release dated [May 24, 2024](#)*), and BCH to assess optimal power scenarios for various comminution equipment options and circuits ranging from 10,000-50,000 tonnes per day (“tpd”). A draft report with recommendations has been received and is under review by the project team.
- **2025 Exploration Drill Program** is expected to commence in Q1 2025 targeting 10,000 m of diamond drilling utilizing oriented core.

2025 Exploration Drill Program

During Q1 2025, the Company will commence its 2025 exploration drill program (“**2025 Drill Program**”), targeting 10,000 m of drilling. The targets identified in the 2025 Drill Program (see Figure 1 – 2025 Drill Program Targets), will focus on extending mineralization near surface along strike, and deeper high grade intercepts discovered in the 2024 Drill Program. Drilling also aims to expand geological knowledge for specific mineralized areas such as the Slipper Zone, the K Zone, a new third argillite horizon, and the Phoenix Target.

Figure 1 – 2025 Drill Program Targets (Plan View and Long Sections)



The Phoenix Target (“Phoenix”) is an area where quartz vein mineralization was previously identified through drilling. The geological model of Phoenix was further refined following the core relogging campaigns conducted in 2024, which warranted follow-up. Mineralization at Phoenix is predominantly associated with quartz veins of varying orientations, including both high and low angles. Additionally, coarse gold associated with quartz veins has been observed, guiding the focus of future drilling. Drilling efforts will concentrate around the historic drill hole 11-CCR-023, which returned an interval of 203.9 m at 0.4 g/t Au and ended in anomalous Au values.

New PEA

After extensive review of the 2021 mineral resource and reserve estimate and PFS (, the “**2021 PFS**”), refer to the Spanish Mountain Gold Project - Prefeasibility Study (PFS) and Mineral Resource Estimate, and associated NI 43-101 Technical Report, effective date May 10, 2023, available on the Company’s website or under the Company’s profile on Sedarplus.ca), the Company determined that certain elements of the SMG Project may benefit from being redesigned. Additionally, during this review, management identified further data requirements that would assist in evaluating various redesign options. The collection and modelling of this information is ongoing to better understand the geochemical and geologic characteristics that impact the project. During this process, several opportunities were also identified such as the potential for extensions of the mineralization endowment beneath or near the project area, scale optimization, improved flowsheet options considering coarse ore floatation, reduction of carbon intensity such as the electrification of the mine and a staged construction/expansion approach that could derisk the time and cost to first production.

Phase 2 metallurgical testing was completed in the third quarter of 2024, which supports coarse ore flotation, and therefore a new flowsheet will be incorporated in the New PEA. The results of the metallurgical testing have supported new solutions for tailings and water management systems that could positively affect the project’s production scale, costs, sustainability and permitting requirements. A high-level review of plans integrating tailings, water and waste management has been completed by BGC Engineering, and recommendations are currently being incorporated into the New PEA. The particle and bulk ore sorting amenability test programs have been completed and an economic trade-off analysis is currently being conducted to determine the potential viability of ore sorting for an enhanced feed grade and gold production, offsetting potential mineralization losses due to the ore sorting process. Results of the optimization and derisking improvement initiatives will be incorporated in the Whittle Optimization on the new resource model. The Company intends to use the results of the Whittle Optimization to propose a sustainable, permissible and executable business case for the SMG Project to ultimately advance towards development.

Summary of the New PEA Anticipated Improvements

In August of 2024, the Company awarded Ausenco as lead consultant for a NI 43-101 technical report incorporating the New MRE and New PEA. As discussed above, the New PEA is targeting several improvements and benefits over the 2021 PFS, with a summary of those targeted benefit improvements highlighted in the table below.

Factor	2021 PFS	2025 New PEA Target	Target Benefit
SCALE	<ul style="list-style-type: none"> 20 ktpd 	<ul style="list-style-type: none"> Assessing range of 20ktpd – 50ktpd 	Larger scale provides greater efficiency, lower costs and NPV uplift

PIT SELECTION	<ul style="list-style-type: none"> • <i>Sub-optimal Pit Selected</i> 	<ul style="list-style-type: none"> • Larger Optimized Pit • Lower Strip Ratio 	Pit selection optimized with larger pit and lower strip ratio; detailed mine plan options underway
MINING	<ul style="list-style-type: none"> • <i>Diesel</i> 	<ul style="list-style-type: none"> • Electrification (mine fleet and equipment) 	Electrification to increase productivity; lower carbon intensity & operating costs
PROCESSING	<ul style="list-style-type: none"> • <i>Conventional Flotation with Gravity</i> 	<ul style="list-style-type: none"> • Coarse Ore Flotation with Gravity 	Improved gold production at low capex, power and operating costs
WASTE ROCK MANAGEMENT	<ul style="list-style-type: none"> • <i>Moderate Strip Ratio</i> 	<ul style="list-style-type: none"> • Lower Strip Ratio 	Enhanced sustainability by using mine waste for tailings
WATER MANAGEMENT	<ul style="list-style-type: none"> • <i>Large Volumes in Valley</i> 	<ul style="list-style-type: none"> • New location would be High & Dry 	Lower volumes to minimize treatment, risks & closure costs; Targeting innovation towards zero discharge
GEOTECHNICAL	<ul style="list-style-type: none"> • <i>Valley less suitable for TMF (high water run-off with overly conservative pit slope angles)</i> • <i>Higher Risk</i> 	<ul style="list-style-type: none"> • New Location (TMF requires less water) • Improved Pit Slope Design • Lower Risk 	Lowers safety, environmental, and geotechnical risk; avoids valley bottom infrastructure construction
TAILINGS MANAGEMENT FACILITY (TMF)	<ul style="list-style-type: none"> • <i>Conventional Slurry Containment</i> • <i>Higher Risk</i> 	<ul style="list-style-type: none"> • Clean Coarse Gangue rejection from coarse ore floatation • Free Draining vs Filtered Tails • Lower Risk 	Stable landforms utilizing mine-waste; New location avoids borrow-pit costs; Eliminates starter dyke with expensive borrow pit material
NEW POWER LINE	<ul style="list-style-type: none"> • <i>30 MW</i> 	<ul style="list-style-type: none"> • 60 MW 	Increased to enable electrification and support a larger scale
CARBON INTENSITY	<ul style="list-style-type: none"> • <i>High</i> 	<ul style="list-style-type: none"> • Lower 	Leverage clean renewable power source
PERMIT & EXECUTION	<ul style="list-style-type: none"> • <i>Higher risk</i> 	<ul style="list-style-type: none"> • Lower risk 	Use state of the art commercially available solutions

RELENTLESS PURSUIT FOR BETTER GOLD

- **Lowering Carbon Intensity and Green-House Gas Emissions** – Through collaboration with BC Hydro, there are several opportunities that may potentially reduce capital and operating costs, carbon intensity and green-house gas emissions.
- **Renewable Diesel** – The Company utilized alternative non fossil based fuel sources for its 2024 Drill Program and achieved a 72% reduction in emissions or a 63,653 kilogram decrease of CO₂e (see press release dated [October 16, 2024](#), “Spanish Mountain Gold

Provides 2024 Drill Program Update with Initial Results that Confirm Mineralization Extensions”).

- **Upcycled Sample Crates (“Sample Crates”)** – The Company completed a small upcycling project utilizing un-safe trees to create Sample Crates for shipping core samples achieving a Triple Bottom Line win with a 54% cost savings, environmental and sustainable best practices, and employing local contractors.

About Spanish Mountain Gold Ltd.

Spanish Mountain Gold Ltd. is focused on advancing its 100%-owned Spanish Mountain Gold Project towards construction of the next gold mine in the Cariboo Gold Corridor, British Columbia. We are conducting an integrated Whittle Enterprise Optimization to identify the highest potential value-add improvements while increasing the understanding of the high-grade geologic controls and associated drill targets that could upgrade and expand the gold resource. We are striving to be a leader in community and Indigenous relations by leveraging technology and innovation to build the 'greenest' gold mine in Canada. The Relentless Pursuit for Better Gold means seeking new ways to achieve optimal financial outcomes that are safer, minimize environmental impact and create meaningful sustainability for communities. Details on the Company are available on www.sedarplus.ca and on the Company's website: www.spanishmountaingold.com.

On Behalf of the Board,

“Peter Mah”

President, Chief Executive Officer and Director
Spanish Mountain Gold Ltd.

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