

# Spanish Mountain Gold Provides Project Update

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[Spanish Mountain Gold Ltd.](#) (the "Company") (TSX-V: SPA) is pleased to report the progress on several initiatives and the Company's plans for 2013.

## Strategic Review

On January 23, 2013, the Company announced the appointment of Rothschild as financial advisor to review strategic financing options for the advancement of the Spanish Mountain gold project (the "Project"). The Company has been investigating a number of avenues with Rothschild that could potentially enhance shareholder value.

## Infill Drilling Program

In the latest resource statement published in September 2012, the Company reported a Measured and Indicated ("M&I") resource for the Project totaling 3.18 million ounces of gold and an inferred resource of 3.6 million ounces of gold (at a cut-off grade of 0.20 gram per tonne). The Company intends to initiate an infill drilling program to reclassify part of the inferred resource within the conceptual pit into the M&I category. Any increase of ounces of gold in the M&I category will be incorporated in future economic studies for the Project. The Company's exploration team in conjunction with Giroux Consultants Ltd. is currently refining the drilling program that will allow for the reclassification of part of the inferred resource into the M&I category in an effective, cost efficient manner.

## Project Study & Development

Following the release of the positive Preliminary Economic Assessment (the "PEA") for the Project in December 2012, the Company's project team is currently evaluating multiple scenarios and trade-off studies with the objective of further improving the overall economics of the Project. Among other things, the project team is continuing a critical evaluation of major project parameters such as potential mining rate, resulting life of mine, cut-off grade, capital cost and operating cost based on the data contained in the PEA in order to define the most attractive potential project for further studies.

## Review of Resource Grade

The Project's latest resource statement contained in the Technical Report completed by Giroux Consultants Ltd. and Discovery Consultants and filed on SEDAR (the results of which were presented in a news release issued by the Company on July 24, 2012) summarized the results of reverse circulation drilling (RC) and core drilling and demonstrated a negative bias for the core results, upon which the resource estimate is based. The Company has subsequently evaluated the results obtained by analyzing entire core intervals and comparing the results obtained with those obtained for sub-samples taken from the core according to the standard sample preparation protocol. The results of this comparison appear to support the RC results by indicating that the existing diamond drill grade estimates are potentially understated by a material amount. The Company is currently evaluating additional RC drilling requirements in order to confirm the expected grades during the initial phase of the Project as defined by the PEA. A report authored by Dr. Morris Beattie, P. Eng, Chief Operating Officer of the Company, summarizing the results of the comparisons of assays from diamond drilling and RC and the results of analyzing entire drill intervals, including a recommended work program, will be filed under the profile of the Company on SEDAR within 45 days.

## The Phoenix Zone

In July 2012, the Company completed the acquisition of the Acrex property which lies contiguous to the north of the Phoenix Zone, first defined by the Company in December 2011. Following the acquisition, the Company evaluated the geological potential for the entire area that is approximately two kilometers west of the Project's Main Zone. The analysis of the results from the 2011 and 2012 drilling program at the Phoenix Zone as well as the historical data on the Acrex property suggests that there is a broad trend of gold mineralization that is not primarily associated with an argillite layer (as is the case in the Main Zone) extending through this area and that the gold mineralization is structurally controlled.

While the reinterpretation of the current data continues, the Company is encouraged that work thus far has confirmed significant additional exploration potential for the Phoenix Zone area. Further drilling to the northwest of the most recent Phoenix holes is being evaluated in order to establish whether there is continuity between the areas drilled to date which span a strike length of just over 2.5 kilometers.

As previously reported, preliminary metallurgical testwork has been carried out on samples from several of the Phoenix drill holes. The test results indicate that the Phoenix material is amenable to processing using the same flowsheet as has been developed for the Main Zone under the PEA.

The highlights of the results for the 2011 and the 2012 drill holes are as follows:

-92.46 metres (m) grading 0.58 gram per tonne (g/t) gold including 7.50m grading 4.12 g/t gold in Hole 11-CCR-030.

-55.40 m grading 0.82 g/t gold and a second interval of 47.50 m grading 0.35 g/t gold in Hole 11-CCR-023.

-56.71 m grading 0.50 g/t gold in Hole 11-CCR-021.

-15.75 m grading 0.48 g/t gold at bottom of hole in Hole 11-CCR-003.

-9.1m grading .67 g/t gold including 2.87m grading 1.62 g/t gold in Hole 12-CCR-036

-60m grading .48 g/t gold in Hole 12-CCR-037

-34.8m grading .35 g/t gold in Hole 12-CCR-038

There is 50 to 100 meters of glacial overburden in the Phoenix area so that for several of the drill holes, grades from the rock interface down are above the PEA cut-off grade of 0.2 g/t gold. A table showing more details of the holes and a map showing the locations of drill holes are available on the Company's website. Certain observations were made in several drill holes. For Hole 11-CCR-003, drilling was stopped at 102.72 meters at which point it was still in material above 0.2 g/t Au. For hole 11-CCR-023 the bottom 10 meters of the hole averaged 2.7 g/t Au. Similarly, holes 12-CCR-037 and 12-CCR-038 ended in gold mineralization. All holes to date are relatively widely spaced with 100 to 200 meters between drill holes.

All core samples were fire assayed at ALS Chemex Laboratory in Vancouver, B.C.

### Communities and Permitting

Ongoing discussions with First Nations and local communities will continue to be one of the Company's primary concerns throughout 2013 and will reaffirm the Company's commitment to broad community consultation. Since the beginning of this year, the Company has already participated in community meetings with First Nations bands to discuss the project development outlined in the PEA. It is anticipated that community open house meetings as required during the Environmental Assessment process will be organized later in 2013. Management also recently met with several federal and provincial government officials in Ottawa, Ontario and Victoria, BC, respectively to provide an overview of proposed development of the Project as summarized in the recent PEA.

Dr. Morris Beattie, P. Eng, the Company's Chief Operating Officer and a "qualified person" under NI 43-101, has approved the scientific and technical information contained in 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 four gold properties all 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,

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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 "Preliminary Economic Assessment for the Spanish Mountain Project" (the "PEA") referred to herein is preliminary in nature and 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. There is no certainty that the PEA will be realized. Mineral resources are not mineral reserves and do not have demonstrated economic viability. The PEA effective November 15, 2012 was prepared was completed by TetraTech, an internationally recognized engineering firm.

#### Cautionary Note Regarding Mineral Resources and Mineral Reserves

Readers are advised that National Instrument 43-101 of the Canadian Securities Administrators requires that each category of mineral reserves and mineral resources be reported separately. Readers should refer to the Company's current technical reports and other continuous disclosure documents filed by the Company, available on SEDAR at [www.sedar.com](http://www.sedar.com) for further information regarding the mineral resource estimates of the Company's projects, which are subject to the qualifications and notes set forth therein, as well as for additional information relating to the Company more generally.

Mineral resources, which are not mineral reserves, have a great amount of uncertainty as to their existence and do not have demonstrated economic or legal viability. Inferred mineral resources have insufficient confidence to allow the meaningful application of technical and economic parameters or to enable an evaluation of economic viability suitable for public disclosure. Neither the Company, nor readers, should assume that all or any part of an inferred mineral resource will be upgraded to indicated or measured mineral resources. Most projects at the inferred mineral resource stage do not ever form the basis of feasibility or other economic studies, or achieve successful commercial production. Each stage of a project is contingent on the positive results of the previous stage and that there is a significant risk that the results may not support or justify moving to the next stage.

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