

VANCOUVER, BC--(Marketwired - January 31, 2017) - Spanish Mountain Gold Ltd. (the "Company") (TSX VENTURE: SPA) is pleased to report on findings from its targeted metallurgical program for the Spanish Mountain Gold Project (the "Project") located in central British Columbia, Canada.

The Company previously announced (October 12, 2016 and November 22, 2016) that it had commissioned Met Solve Laboratories to conduct additional metallurgical testwork in order to evaluate the simplification of the process flowsheet through the elimination of gravity concentration and the prefloat circuit. The resulting flowsheet is a standard grind-float-regrind-concentrate leach flowsheet used throughout the industry.

Test results received by the Company successfully demonstrate that both these unit operations can be eliminated from the flowsheet used in the 2012 Preliminary Economic Assessment without any detrimental effect on either gold recovery or concentrate quality. The most recent tests achieved a gold recovery to the concentrate in open circuit batch tests as high as 86.8% with an organic carbon content of 0.17 to 0.31%, well below the target value of 0.5% for optimal gold recovery. Recirculation of the cleaner circuit tailings within the process is expected to result in a flotation recovery in excess of 90%. Furthermore, the reagent required for carbon control to the concentrate has been significantly reduced from the 122 g/t assumed for the 2012 PEA to 68 g/t.

Previous testwork has demonstrated gold recovery by cyanidation of such concentrates to be 95% to 97% for an overall gold recovery of approximately 89%. The Company is satisfied that the process simplifications have been adequately supported and will proceed with further evaluation of the deposit on the basis of a simplified flowsheet.

Larry Yau, CEO, commented: "Our investigative studies have now successfully demonstrated that our project can be advanced on the bases of a lower throughput and a simplified flowsheet. They both highlighted the prospects of lower capital and operating costs in our new two-zone project approach. We look forward to incorporating all the identified benefits in a new PEA in the near future."

About Spanish Mountain Gold

[Spanish Mountain Gold Ltd.](http://www.spanishmountaingold.com) is focused on advancing its flagship Spanish Mountain gold project in southern central British Columbia. The positive economics of the multi-million ounce Mineral Resource have been demonstrated in a previous Preliminary Economic Assessment. The Company is currently investigating a two-zone project approach in which the resource's high grade core (the First Zone) is expected to sustain a profitable standalone operation exceeding 20 years. 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.

Larry Yau,  
Chief Executive Officer

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