



January 19, 2010

## **Spanish Mountain Gold Reports Drill Results from Spanish Mountain Project**

**Spanish Mountain Gold Ltd.** (“the Company”) (SPA-TSXV) is pleased to announce diamond drilling results from its Spanish Mountain gold project which have delivered the highest gold grade near surface interval yet seen in the main zone. Step out drilling has discovered and confirmed the continuation of gold mineralization northward towards the flanks of Black Bear Mountain. The Company has previously disclosed (March, 2009) a NI 43-101 compliant resource estimate for the Main Zone of gold mineralization at Spanish Mountain.

### **Main Zone Highlights**

- Hole 09-DDH-889 has confirmed the presence of a shallow zone of higher grade gold mineralization within the Main Zone and returned the widest intercept in excess of 2 g/t gold yet reported on the property - **85.0 m of 2.12 g/t gold** including **41.0 m of 3.54 g/t gold** and including **1.50 m of 46.80 g/t gold**.
- Hole 09-DDH-865 returned three distinct mineralized intercepts with the top 106 m comprised of **11.5 m of 1.42 g/t gold** then **22.25 m of 1.16 g/t gold** and then **12.5 m of 3.78 g/t gold**
- Hole 09-DDH-866 returned **47.5 m of 1.24 g/t gold** including **13.5 m of 2.38 g/t gold**

### **Step Out Drilling Highlights**

- Holes 09-DDH-860 and 862 were drilled in an area from 100 metres to 300 metres to the north and west of the current boundary of the resource estimate and across the valley to the flanks of Black Bear Mountain.
- The two holes conclusively demonstrate that gold mineralization extends into this new area and presents an opportunity for expansion of the existing resource.
- 09-DDH-862 intersected **57.0 m of 0.83 g/t gold** including **28.5 m of 1.06 g/t gold**
- 09-DDH-860 returned **26.5 m of 1.07 g/t gold**

### **Program Review and Discussion**

This release covers data received from sixteen diamond drill holes, comprised of twelve NQ diameter and four larger diameter HQ holes completed in 2009. The holes were drilled both within and to the north of the Main Zone.

Seven holes are reported from within the Main Zone. Three NQ holes were designed to test for gold mineralization below the Main Zone. The remaining four holes were HQ diameter, drilled as part of a 50 metre grid pattern in an area where higher grade gold mineralization has previously been defined at shallow depths.

Examples of these previously reported intercepts can be found in all phases of drilling in this area and include:

- RC Hole 235 reporting **94.50 m of 1.81 g/t gold** including **65.5 m of 2.35g/t gold** which includes **22.90 m of 5.04 g/t gold**,
- DDH Hole 265 reporting **135.5 m of 1.00 g/t gold** including **19.0 m of 1.92 g/t gold** and,
- DDH Hole 268 reporting **72.0 m of 1.22 g/t gold** including **31.0 m of 2.13 g/t gold**

The remaining nine holes were all NQ diameter and were drilled outside the Main Zone resource area. Two holes DDH 884 and DDH 890 were drilled to evaluate the limits of gold mineralization to the east and west of the North Zone resource area and Hole 864 was lost in overburden.

Of the remaining 6 step out holes, Holes 09-DDH-860, 861, and 862 were drilled in an area across the valley and from 100 metres to 300 metres north and west of the known resource. The objective of these holes was to evaluate possible extensions of the Main Zone resource. The confirmation of gold mineralization intersected in these holes indicates that gold mineralization does extend northward across the valley towards Black Bear Mountain. A detailed review of all geological data will be initiated by the Company.

A complete table of results is included below:

|            | Zone     | Core size | From  | To                    | Width(m)     | Gold g/t    |
|------------|----------|-----------|-------|-----------------------|--------------|-------------|
| 09-DDH-858 | Step out | NQ        |       | weakly anomalous      |              |             |
| 09-DDH-859 | Step out | NQ        | 119   | 120.5                 | 1.5          | 3.99        |
|            |          | and       | 217   | 223                   | 6            | 1.07        |
| 09-DDH-860 | Step out | NQ        | 149.5 | 176                   | <b>26.5</b>  | <b>1.07</b> |
| 09-DDH-861 | Step out | NQ        | 232.5 | 241.5                 | 9            | 1.06        |
| 09-DDH-862 | Step out | NQ        | 127   | 184                   | <b>57</b>    | <b>0.83</b> |
|            |          | including | 127   | 155.5                 | <b>28.5</b>  | <b>1.06</b> |
| 09-DDH-863 | Step out | NQ        |       | no significant values |              |             |
| 09-DDH-865 | MZ       | HQ        | 34.5  | 46                    | <b>11.5</b>  | <b>1.42</b> |
|            |          | and       | 64    | 86.25                 | <b>22.25</b> | <b>1.16</b> |
|            |          | and       | 94    | 106.5                 | <b>12.5</b>  | <b>3.78</b> |
| 09-DDH-866 | MZ       | HQ        | 66    | 72                    | 6            | 1.32        |
|            |          | and       | 81    | 128.5                 | <b>47.5</b>  | <b>1.24</b> |
|            |          | including | 84    | 97.5                  | <b>13.5</b>  | <b>2.38</b> |
| 09-DDH-867 | MZ       | HQ        | 51    | 61.5                  | <b>10.5</b>  | <b>2.62</b> |
|            |          | and       | 84    | 97.5                  | <b>13.5</b>  | <b>1.6</b>  |
|            |          | and       | 126   | 129                   | <b>3</b>     | <b>3.02</b> |
| 09-DDH-868 | MZ       | HQ        | 21.5  | 26.5                  | 5            | 1.07        |
|            |          | and       | 46    | 49                    | 3            | 1.19        |
| 09-DDH-877 | MZ       | NQ        | 223.5 | 243.5                 | <b>20</b>    | <b>1.65</b> |

|   |           |           |       |       |            |              |
|---|-----------|-----------|-------|-------|------------|--------------|
| 09-DDH-884  | NZ - east | NQ        | 65.5  | 73    | 7.5        | 1.33         |
| 09-DDH-885  | MZ        | NQ        | 264.5 | 266   | <b>1.5</b> | <b>6.95</b>  |
|   |           | and       | 288   | 289.5 | 1.5        | 2.48         |
| 09-DDH-889  | MZ        | NQ        | 36.5  | 121.5 | <b>85</b>  | <b>2.12</b>  |
|   |           | including | 72.5  | 113.5 | <b>41</b>  | <b>3.54</b>  |
|   |           | including | 89    | 93.5  | <b>4.5</b> | <b>17.23</b> |
|   |           | including | 90.5  | 92    | <b>1.5</b> | <b>46.8</b>  |
|   |           | and       | 133.5 | 139   | <b>5.5</b> | <b>10.28</b> |
|   |           | and       | 205.5 | 214   | 8.5        | 1.18         |
| 09-DDH-890  | NZ - west | NQ        | 208   | 214.5 | 6.5        | 1.92         |
|   |           | and       | 284   | 288.5 | 4.5        | 1.11         |
|   |           |           |       |       |            |              |
| * MZ = Main Zone, NZ = Main Zone north                            |           |           |       |       |            |              |
| 09-DDH-864 - lost in overburden                                   |           |           |       |       |            |              |
| 09-DDH-869-876, 879-883,886,887,891-891-198 are held for analysis |           |           |       |       |            |              |

An additional twenty four HQ holes were drilled within the main zone in an area where higher grade gold mineralization has previously been defined at shallow depths. The core from these new twenty four HQ holes is awaiting analysis including assaying and additional metallurgical and geotechnical test work

### **About Spanish Mountain Gold**

Spanish Mountain Gold Ltd is focused on advancing its flagship Spanish Mountain gold project in central southern British Columbia. The Company is well funded with a current cash position of \$2.6 million and has applied for Mineral Exploration Tax Credit refund from the Province of British Columbia totaling \$1.9 million. These funds are expected to be received in the first quarter of 2010.

Assay analyses were conducted by ALS Chemex, an ISO accredited laboratory in North Vancouver B.C. All samples were analyzed using standard 1kg metallic screen fire assay for gold and near total digestion ICP for other elements. The Company routinely inserts controls samples (blanks, duplicates and certified standards) into the sample stream to maintain quality control.

Robert Darney, P.Geo. and R. Bob Singh P.Geo are the qualified persons (as defined in NI 43-101) who have reviewed this news release.

On Behalf of the Board,  
**SPANISH MOUNTAIN GOLD LTD**

**Brian Groves**

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