

December 7, 2011

Spanish Mountain Gold Announces Discovery of New Gold Zone

Spanish Mountain Gold Ltd. (“the Company”) (SPA-TSXV) is pleased to announce that assay results from the northern Cedar Creek area indicate the presence of a new zone of gold mineralization. This zone, the Phoenix Zone, is currently defined over a strike extent of at least 1,000 metres (m) and is located in an area that is approximately two kilometres west of the Main Zone within the Company’s Spanish Mountain Gold Project (the “Project”).

Highlights

- 92.46 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.

The Project’s Preliminary Economic Assessment completed by the Company in 2010 indicated an economic cut-off grade at 0.2 g/t gold. A table of significant assays for the Phoenix Zone (Table 1) and a map showing the location of drill holes (Figure 1) are appended to this release.

Discussion of Results

The assay results from the holes reported above define a northwesterly trending zone of gold mineralization. This new zone is located along the northeastern boundary of the area proposed by the Company for tailings storage from potential mining of the Project’s Main and North Zones. The discovery of the Phoenix Zone will not require relocation of the proposed tailings facility but may entail re-scheduling of the proposed development of the tailings facility.

Brian Groves, President and CEO stated: "The discovery of the Phoenix Zone in the Cedar Creek area is a very positive development for the Spanish Mountain Gold Project. Drilling in this area was initiated to investigate the source of gold in the overburden which contained gold up to 7 g/t in soil samples. The overburden was not assayed in the recent drill program. Further drilling will be required to fully evaluate the gold potential of the zone and the attendant implications for the overall economics of the Project. At this early stage, the nature of the mineralization in the Phoenix Zone appears to be similar to that of the mineralization within the North Zone. The Company will now begin the planning for further drilling and metallurgical testing to be completed in 2012."

Future Plans

The Company will now focus on the planning for additional drilling within the Phoenix Zone to establish the extent and tenor of gold mineralization. This drilling will commence in early 2012 upon the completion of the in-fill drilling program in the Main and North Zones as previously outlined in the news release issued by the Company on November 15, 2011.

The drilling within the Phoenix Zone will not affect the timing of the ongoing Prefeasibility Study for the Project, which is scheduled for completion at the end of the first quarter in 2012. The drilling will need to be completed so that it can be incorporated in the Feasibility Study being initiated in 2012.

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

Judy Stoeterau, P.Geo, the Company's Vice President, Geology, is a qualified person (as defined under NI 43-101) and has reviewed the contents of 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, Canada. The Company has more than \$18 million in working capital, has 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.

Table 1: Significant Assay Results—Phoenix Zone

| Hole | From | To | Length (m) | Au (g/t) | Ag (g/t) |
|-------------------|--------|--------|------------|------------|----------|
| 11-CCR-003 | 0.00 | 74.68 | 74.68 | overburden | |
| 11-CCR-003 | 86.97 | 102.72 | 15.75 | 0.48 | 0.33 |
| including | 88.50 | 93.00 | 4.50 | 0.91 | 0.39 |
| 11-CCR-021 | 0.00 | 75.29 | 75.29 | overburden | |
| 11-CCR-021 | 75.29 | 132.00 | 56.71 | 0.50 | 0.92 |
| including | 103.00 | 105.80 | 2.80 | 3.06 | 2.70 |
| 11-CCR-023 | 0.00 | 48.77 | 48.77 | overburden | |
| 11-CCR-023 | 74.00 | 121.50 | 47.50 | 0.35 | 4.25 |
| including | 86.50 | 88.00 | 1.50 | 2.61 | 4.10 |
| and | 112.00 | 113.50 | 1.50 | 0.44 | 90.90 |
| and | 118.00 | 120.00 | 2.00 | 1.06 | 3.90 |
| 11-CCR-023 | 145.00 | 170.00 | 25.00 | 0.34 | 1.93 |
| 11-CCR-023 | 198.50 | 253.90 | 55.40 | 0.82 | 1.20 |
| including | 202.25 | 204.00 | 1.75 | 3.18 | 1.30 |
| and | 219.00 | 220.50 | 1.50 | 1.46 | 0.80 |
| and | 243.00 | 244.50 | 1.50 | 14.65 | 2.00 |
| and | 244.50 | 246.00 | 1.50 | 1.45 | 5.60 |
| and | 251.50 | 252.50 | 1.00 | 1.54 | 0.70 |
| 11-CCR-030 | 0.00 | 85.04 | 85.04 | overburden | |
| 11-CCR-030 | 85.04 | 177.50 | 92.46 | 0.58 | 1.01 |
| including | 145.50 | 153.00 | 7.50 | 4.12 | 6.52 |
| and | 150.00 | 151.50 | 1.50 | 12.15 | 23.80 |

Figure 1: Drill Hole Location—Northern Cedar Creek Area

