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November 15, 2012

SPANISH MOUNTAIN ANNOUNCES POSITIVE PRELIMINARY ECONOMIC ASSESSMENT ON SPANISH MOUNTAIN PROJECT

Spanish Mountain Gold Ltd. ("the Company") (SPA-TSXV) is pleased to announce the completion of a positive Preliminary Economic Assessment ("PEA") (National Instrument 43-101 compliant) for the wholly owned Spanish Mountain Gold Project (the "Project") in central British Columbia, Canada.

The results of the PEA demonstrate the potential technical and economic viability of establishing a new gold mine and mill complex on the Project.

Mr. Brian Groves, President of Spanish Mountain Gold commented, "This Preliminary Economic Assessment demonstrates robust economics for the Project. The higher grade production during the initial project years provides the potential for rapid capital payback. The PEA provides a solid base from which to advance the Project to full feasibility."

PROPOSED PROJECT HIGHLIGHTS

- A 15 year mine life producing an average of 197,000 ounces per year of gold for the first 14 years and a total life-of-mine (LOM) production of 2.8 million ounces of gold and one million ounces of silver.
- Average gold production over years one through three of 268,000 ounces per year.
- An average feed grade during the first three years of operation of 0.70 g/t Au with a life of mine average grade of 0.48 g/t.
- Cash costs averaging US\$526 per ounce for the first three years of production and US\$774 per ounce over the life of the mine.
- Financial Analysis - base case gold price assumption of \$1462/oz being the Nov.1, 2012 - 36 month trailing average as per US Securities and Exchange Commission guidance.

Gold Price US\$/oz	Pre-tax		
	Net Present Value @ 5% disc. (US\$ millions)	Internal Rate of Return (%)	Payback Period (years)
1350	226	10	7.5
1462 (3-year trailing)	454	15	4.4
1716 (spot Nov.1, 2012)	887	23	2.7

- Initial Capital Cost (Q3 2012) of US\$755.9 million.
- Life of mine average gold recovery of 88%.
- By-product silver production with a silver recovery of 25%.
- On-site operating cost of US\$10.26 per tonne milled plus \$0.42 per tonne off-site costs for a total of \$10.68 per tonne for the life of mine.
- Production Summary:

Year	1	2	3	LOM
Au, g/t	0.758	0.784	0.570	0.481
Au Recovery, %	90	90	90	88
Strip Ratio	1.58	.90	1.55	2.29
Oz Au Produced	212,000	332,000	241,000	2.8 million
Cash Cost, \$US/oz	517	453	634	774

CAPITAL COST

The estimated development capital is based on the third quarter of 2012 and includes a contingency of \$86 million.

The initial capital cost estimate is summarized as follows:

Pre-Production Capital	US\$ (millions)
Overall Site	19.9
Open Pit Mining	127.7
Ore handling	54.3
Process	168.1
Tailings and Water Management	69.7
Environmental	11.9
On-site Infrastructures	56.5
Off-site Infrastructures	16.1
Project Indirects	129.0
Owner's Costs	16.6
Contingencies	86.1
PEA Total	755.9

The life-of-mine sustaining capital is estimated at \$168.1 million.

OPERATING COST

Operating costs were estimated for each area of the project and life-of-mine average costs are summarized as follows:

Operating Cost	US\$/tonne milled
Mining	5.19
Process	4.45
Tailings	0.04
G&A	0.58
Offsite costs (incl. royalty)	0.42
Total	10.68

The process testwork that forms the basis for the plant design was carried out by G&T Metallurgical Services Ltd and SGS Mineral Services, who are independent consultants.

ECONOMIC ANALYSIS

Alternative production rates were considered over the course of the study leading to the selection of 40,000 tonnes per day (tpd) as the chosen case. The pit design was developed using a gold price of US\$1350/oz while the November 1, 2012 three year trailing gold price of \$1462 and a silver price of \$28/oz was used for the financial base case gold price. Payables for gold were 99.5%.

All prices quoted are in Q3 US dollars unless otherwise noted. A three year trailing exchange rate of C\$0.99 to US\$1.00 was used in the study.

The results of the Discounted Cash Flow (DCF) analysis for the 40,000 tpd case indicate that the project has a pre-tax NPV of US\$454 million and an after tax NPV of \$291 million at a discount rate of 5% with a pre-tax IRR of 15% and a post tax IRR of 12%. Payback on the project from the start of commercial production is 4.4 years. The NPV calculations are based on the beginning of the construction period, two years prior to the start of production.

RESOURCE ESTIMATE

An independent NI 43-101 resource estimate was prepared by Giroux Consultants Ltd in July 2012 as first disclosed by the Company in a news release dated July 24, 2012. The estimate at the 0.2 g/t Au cut-off grade established by the PEA is as follows:

	Tonnes	Au, g/t	Ag, g/t	Ounces Au	Ounces Ag
Measured	29,360,000	0.60	0.67	560,000	630,000
Indicated	186,870,000	0.44	0.69	2,620,000	4,150,000
M+I	216,220,000	0.46	0.68	3,180,000	4,730,000
Inferred	316,740,000	0.36	0.65	3,650,000	6,620,000

The PEA includes Inferred mineral resources within a conceptual pit design that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the PEA based on these mineral resources will be realized. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

In total, 670 diamond drill holes (154,368 m) from 2005 to 2012 inclusive have been used in the current resource estimate. A three dimensional geologic model was produced by Spanish Mountain Gold's geologist E.A. Gow using Vulcan 3D mining software. The Main Zone mineralization was modelled into an Upper Argillite unit, an Altered Siltstone unit, a Tuff unit and a Lower Argillite unit. The North Zone Argillite was modelled as a separate unit.

Spanish Mountain Gold Ltd. has been drilling on the Property since 2005. Diamond drilling has identified gold mineralization at Spanish Mountain in an area that extends approximately 1,300 m by 800 m. From drill hole data, elevated gold assay results are observed to be laterally continuous along various stratigraphic sequences. The 2011 and 2012 drill programs in particular have expanded the known mineralization in the North Zone.

The sample security, sample preparation and analytical procedures during the exploration programs by Spanish Mountain Gold Ltd. followed accepted industry practice appropriate for the stage of mineral exploration undertaken in accordance with NI 43-101 requirements.

PROJECT DESCRIPTION

The Spanish Mountain gold project is located in the Cariboo region of central British Columbia, 6 kilometres (km) east of the village of Likely, and 66 km northeast of the City of Williams Lake. The Property is 100% owned by Spanish Mountain Gold Ltd., subject to four separate Net Smelter Return royalties on some of the mineral tenures.

The Property can be reached from Williams Lake via a paved secondary road that leaves Highway 97 at 150 Mile House, approximately 16 km south of Williams Lake, and continues for 87 km to the village of Likely. From Likely, the Property is accessed from the Spanish Mountain Forest Service Road 1300.

The Spanish Mountain gold deposit is a bulk-tonnage, gold system of finely disseminated gold. The largest zone carrying significant gold mineralization is called the Main Zone, which has been traced by drilling over a length of approximately 900 metres (m) north-south and a width of 800 metres.

Gold mineralization occurs predominately as disseminated within the black, graphitic argillite. Gold grain size is typically less than 30 microns, and is often, but not always, associated with pyrite. Gold mineralization also occurs within quartz veins as free, fine to coarse (visible) gold. Although the highest grades have come from coarse gold within quartz veins, disseminated gold within the argillite units is the most economically important type of mineralization. The area of gold enrichment has been traced for over 2 km, occurring in multiple stratigraphic horizons.

The Spanish Mountain gold deposit is classified as sediment-hosted vein (“SHV”) deposit, as it has many of the features common to these deposits, including some of the structural characteristics, regional extent of alteration, alteration mineralogy, mineralization style and gold grade.

The mine is planned to be a conventional truck and shovel open pit operation at 40,000 tonnes per day of mill feed. The life of mine strip ratio is 2.3.

INFRASTRUCTURE CONSIDERATIONS

The project is located in an active mining region of the province with the Mt Polley copper mine and QR gold mine being visible from the project site. An existing highway provides access to within a few kilometres of the project and a Forest Service Road leads from this highway through the area of the project.

Studies are ongoing with BC Hydro for the construction of a 230kV powerline from the main lines in the area of the McLeese Lake Capacitor Station to the project site.

Several alternative locations were considered for the tailings storage facility on the basis of cost and risk analysis. The preferred location upon which the project economic model is based envisages a dam construction approximately 2 km in length in the area just below Nina Lake where seepage control is readily achieved. The man-made structure that created Nina Lake has been proposed for decommissioning by the British Columbia Provincial government due to stability concerns and the storage facility could occupy this area.

CONTINUED DEVELOPMENT

Spanish Mountain Gold is preparing for an additional infill drilling program in order to reclassify Inferred Mineral Resources within the PEA pit to at least an Indicated classification. This infill program will be completed over the winter so that these resources can be incorporated in further economic studies leading to feasibility.

FIRST NATIONS CONSULTATION

Spanish Mountain Gold has entered into Memoranda of Understanding (MOU) with three First Nations in the region. These First Nations are Williams Lake Indian Band, Xat’sūll First Nation and Lhtako Dene Nation. The Project is located within the traditional territories of these First Nations.

PROJECT STUDIES

The PEA is based on an open pit mine development that provides 40,000 tpd of mill feed for a period of 14 years followed by stockpile treatment during year 15. This development includes Inferred Mineral Resources that lie within the open pit and the reader is referred to the cautionary notes at the end of this document. The process plant is conventional in design with crushing and grinding followed by gravity concentration and flotation to produce concentrates that are enriched in gold. The gold is recovered from

the concentrates with a combination of fine grinding and cyanidation. The overall estimated gold recovery over the life of the project is 88%.

The PEA includes Inferred mineral resources within the pit that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the PEA based on these mineral resources will be realized. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

The independent PEA was completed by Tetra Tech, an internationally recognized engineering firm. The PEA was prepared under the supervision of the following independent consultants:

Project Infrastructure –	Hassan Ghaffari, P. Eng of Tetra Tech WEI. Inc.
Project Execution –	Hassan Ghaffari, P.Eng. of Tetra Tech WEI. Inc.
Capital Cost –	Hassan Ghaffari, P. Eng. of Tetra Tech WEI. Inc.
Mineral Processing –	Andre de Ruijter, P.Eng. of Tetra Tech WEI. Inc.
Operating Cost –	Andre de Ruijter, P. Eng. of Tetra Tech WEI. Inc.
Economic Analysis –	Sabry AbdelHafez, P. Eng. of Tetra Tech WEI. Inc.
Resource Estimates –	Gary Giroux, P. Eng. of Giroux Consultants Ltd.
Mine Planning –	Bob Fong, P Eng. of Moose Mountain Technical Services
Geotechnical –	Warren Newcomen, P. Eng. of BGC Engineering Inc.
Environmental –	Ken Brouwer, P. Eng. of Knight Piésold Ltd.
Tailings Facility –	Les Galbraith, P. Eng. of Knight Piésold Ltd.
Power Supply –	Ibro Hadzismajlovic, P. Eng. of Stantec Consulting Ltd.
Tax Model –	PricewaterhouseCoopers LLP

A NI 43-101 PEA Technical Report is currently being prepared by Tetra Tech and will be filed on SEDAR within 45 days 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 a strong cash position with 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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FORWARD LOOKING STATEMENTS: *Certain of the statements and information in this press release constitute "forward-looking statements" or "forward-looking information" Any statements or information that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as "expects", "anticipates", "believes", "plans", "estimates", "intends", "targets", "goals", "forecasts", "objectives", "potential" or variations thereof or stating that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved, or the negative of any of these terms and similar expressions) are not statements of historical fact and may be forward-looking statements or information.*

Forward-looking statements or information relate to, among other things, the timing and scope of NI 43-101 technical reports in respect of the Spanish Mountain Gold Project, including a feasibility study.

Forward-looking statements or information are subject to a variety of known and unknown risks, uncertainties and other factors that could cause actual events or results to differ from those reflected in the forward-looking statements or information, including, without limitation, risks relating to: results from infill and exploration drilling, geotechnical studies, metallurgical studies, planning of tailings facilities, access to power supply, fluctuations in the spot and forward price of gold or certain other commodities; timing of receipt of permits and regulatory approvals; the sufficiency of the Company's capital to finance the Company's operations; geological interpretations and potential mineral recovery processes, changes in national and local government legislation, taxation, controls, regulations and political or economic developments in Canada or other countries in which the Company may carry on business in the future; the uncertainties involved in interpreting geological data; business opportunities that may be presented to, or pursued by, the Company; operating or technical difficulties in connection with mining activities; the speculative nature of gold exploration and development, including the risks of obtaining necessary licenses and permits; diminishing quantities or grades of reserves; and contests over title to properties, particularly title to undeveloped properties. In addition, there are risks and hazards associated with the business of gold exploration, development and mining, including environmental hazards, industrial accidents, unusual or unexpected formations, pressures, cave-ins, flooding and gold bullion losses (and the risk of inadequate insurance, or the inability to obtain insurance, to cover these risks).

This list is not exhaustive of the factors that may affect any of the Company's forward-looking statements or information. Forward-looking statements or information are statements about the future and are inherently uncertain, and actual achievements of the Company or other future events or conditions may differ materially from those reflected in the forward-looking statements or information due to a variety of risks, uncertainties and other factors, including, without limitation, those referred to in the Company's continuous disclosure documents under the heading "Risk Factors". Although the Company has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be as anticipated, estimated, described or intended. Accordingly, readers should not place undue reliance on forward-looking statements or information.

The Company's forward-looking statements and information are based on the assumptions, beliefs, expectations and opinions of management as of the date of this press release, and other than as required by applicable securities laws, the Company does not assume any obligation to update forward-looking statements and information if circumstances or management's assumptions, beliefs, expectations or opinions should change, or changes in any other events affecting such statements or information. For the reasons set forth above, investors should not place undue reliance on forward-looking statements and information.

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 for further information 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.

The TSX Venture Exchange does not accept responsibility for the adequacy or accuracy of this release.