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Spanish Mountain Announces \$5,000,000 Flow-Through Private Placement

Spanish Mountain Gold Ltd. (“**Spanish Mountain**” or the “**Company**”) (TSX-V:SPA) is pleased to announce that it is undertaking a private placement of 6,410,257 common shares of the Company (“**Shares**”) on a “flow-through” basis at a price of \$0.78 per Share to raise gross proceeds of \$5,000,000 (the “**Offering**”).

Pursuant to transactions expected to occur subsequent to the closing of the Offering, Mr. Ian Watson, a director of the Company, is expected to acquire 1,142,857 of the Offered Shares (the “**Watson Purchase**”) for approximately \$600,000, representing approximately 17.83% of the Offering and 0.88% of the issued and outstanding Shares after the Offering is completed.

As of February 16, 2011, Mr. Watson owns, directly and indirectly, a total of 12,311,640 common shares of the Company (“**Shares**”), representing approximately 9.92% of outstanding Shares (on a non-diluted basis), and also holds options to acquire up to 300,000 Shares and share purchase warrants to acquire up to 10,403,640 Shares (together, the “**Convertible Securities**”). If the Offering and the concurrent Watson Purchase are completed, Mr. Watson will own, directly and indirectly, a total of 13,454,497 Shares representing approximately 10.31% of outstanding Shares (on a non-diluted basis). Should Mr. Watson also exercise his Convertible Securities following the completion of the Offering (including the Watson Purchase), he will own 17.10% of the outstanding Shares on a partially diluted basis (i.e. assuming no other convertible securities are exercised).

While the Watson Purchase constitutes a “related party transaction” as defined in Multilateral Instrument 61-101 *Protection of Minority Securityholders in Special Transactions* (“**MI 61-101**”), exemptions from the formal valuation and minority shareholder approval requirements are available and being relied upon by the Company. The Company intends to file a material change report after the completion of the Offering. The Company believes it is prudent to close the transactions expeditiously and therefore is not filing a material change report 21 days before the closing of the Offering.. The board of directors of the Company has approved the Offering and the Watson Purchase, with Mr. Watson abstaining from voting thereon.

The proceeds from the Offering will be used to advance the development of the Company's Spanish Mountain gold project and to explore the contiguous Cedar Creek claims. In connection with the Offering, a cash finders' fee of up to 6.0% of the gross proceeds of the Offering will be paid to finders, including Oberon Capital Corporation. All of the securities issued in connection with the Offering will be subject to a four-month hold period in accordance with applicable Canadian securities laws.

The terms of the Offering are subject to the acceptance of the TSX Venture Exchange.

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 all 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.