

August 4, 2011

Spanish Mountain Provides Update on Environmental Assessment, Permit Progress and Project Scope

Spanish Mountain Gold Ltd. (the “Company”) (SPA-TSXV) is pleased to announce that the Project Description for the Spanish Mountain gold project (the “Project”) has been accepted by both the British Columbia Environmental Assessment Office and the Canadian Environmental Assessment Agency. The Project Description describes the technical, economic, social, environmental, heritage and health components of the construction and operation of the proposed gold mine located in central British Columbia, Canada.

The acceptance of the Project Description means that the Project has now entered the ‘Pre-Application’ phase of the Environmental Assessment and Permitting process. It is expected that public meetings will be scheduled shortly in connection therewith. The Company has already held initial public meetings in the communities of Likely, Big Lake and Williams Lake and has held several meetings with both the Williams Lake Indian Band and Soda Creek Indian Band. The Company signed a Protocol Agreement with the former in March, 2011, as further described in the new release dated March 17, 2011.

The Company also expects the formal commissioning of a pre-feasibility study (“PFS”) for the Project to begin in September, 2011. The PFS will refine the estimates of capital and operating costs that form the basis for the Preliminary Economic Assessment (“PEA”) completed by the Company in 2010. The Company currently has ongoing geotechnical, metallurgical and power supply studies underway, the results of which will be incorporated in the PFS.

The Company anticipates that the PFS will also examine the optimal mill throughput at the beginning of potential commercial production from the Project. One alternative the Company is now considering entails a smaller milling capacity at project commencement of 25,000 tonnes per day (tpd) for the first 3 years of production, with an expansion to 40,000 tpd for the remaining mine life. The PEA was based on a 40,000 tpd capacity for the entire mine life. The Company believes that an initial, smaller mill throughput of near surface higher gold head grade material from starter pits may have minimal impact on ounces of gold produced per year, reduce initial capital expenditures and improve project economics. A more detailed review of gold grade distribution within the Project’s Main and North Zones of mineralization will be undertaken as part of the analysis of this alternative.

For further details on the Environmental Assessment and Permitting processes, please refer to the Government websites listed below.

British Columbia Environmental Assessment Office: <http://www.eao.gov.bc.ca/>

Canadian Environmental Assessment Agency: <http://www.ceaa.gc.ca>

Government of Canada Major Projects Management Office: <http://www.mpmo-bggp.gc.ca>

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 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,

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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.