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Spanish Mountain Gold Announces Updated Resource Estimate: Increased Measured and Indicated Category Reported

Spanish Mountain Gold Ltd. (“the Company”) (SPA-TSXV) is pleased to announce an updated resource estimate (National Instrument 43-101 compliant) for the Main Zone at the wholly owned Spanish Mountain Gold Project (the "Project") in central British Columbia, Canada. This resource estimate is an update to the previous estimate disclosed by the Company in a news release dated November 15, 2011. The updated resource was based on all drill data, including data from the 24,000 metre (142 drill holes) in-fill drilling program completed by the Company within the Main Zone during the first half of 2012.

The updated resource at selected gold cut-off grades is as follows:

Spanish Mountain updated resources (at a 0.30 g/t gold cut-off) effective July, 2012

Classification	Tonnes	Gold grade (g/t)	Silver grade (g/t)	Gold (ounces)	Silver (ounces)
Measured	21,240,000	0.73	0.64	500,000	440,000
Indicated	113,230,000	0.56	0.69	2,040,000	2,510,000
Measured plus Indicated	134,470,000	0.59	0.68	2,540,000	2,950,000
Inferred	147,830,000	0.49	0.67	2,320,000	3,180,000

The Company completed a Preliminary Economic Assessment as disclosed in a news release dated November 23, 2010. That assessment established an economic cut-off of 0.2 g/t gold based on assumptions of operating costs for a potential open pit operation. The following table presents the updated resource at a cut-off grade of 0.2 g/t gold.

Spanish Mountain updated resources (at a 0.20 g/t gold cut-off) effective July, 2012

Classification	Tonnes	Gold grade (g/t)	Silver grade (g/t)	Gold (ounces)	Silver (ounces)
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
Measured plus Indicated	216,220,000	0.46	0.68	3,180,000	4,780,000
Inferred	316,740,000	0.36	0.65	3,650,000	6,620,000

Tonnages and contained ounces presented above may not total as shown due to rounding. Readers are cautioned that mineral resources, which are not mineral reserves, do not have demonstrated economic viability.

Highlights

The latest infill drilling program has been successful in increasing the Project's resource in the Measured and Indicated categories at a gold cut-off grade of 0.2 g/t when compared to the previous resource estimate by the following amounts:

- An increase of 69% in contained gold ounces within the Measured category.
- An increase of 40% in contained gold ounces within the Indicated category.
- An increase of 46% in contained gold ounces within the Measured and Indicated categories.

Brian Groves, President and CEO said today: "We are very pleased by the success of the infill drilling in yielding such an increase in the Measured and Indicated resource categories for the Main Zone. The Company will now focus completely on the timely completion of a Pre-Feasibility Study for this zone."

Details of the parameters used in the resource estimate are as follows:

- Out of a total of 816 drill holes provided, 670 diamond drill holes penetrated the various geologic solids. Missing or unsampled intervals were filled with 0.001 g/t gold. Samples not analyzed for silver from earlier drill campaigns were left blank.
- A three dimensional geologic model was produced by the Company's geologist using Vulcan 3D mining software. The main zone mineralization was modeled into an upper argillite unit, an altered siltstone unit, a tuff unit and a lower argillite unit. The North zone argillite was a separate solid. All material outside of these domains was considered waste.
- The gold grade distributions within the mineralized domains were examined to determine if capping was required. In each case the distribution for gold was strongly skewed. A lognormal cumulative frequency plot was produced for gold in each domain and in all cases showed multiple overlapping lognormal populations. Capping levels were determined to reduce the effect of small high grade populations that can be considered erratic. A similar procedure was used to cap silver values.
- Gold and silver were modeled separately for each geologic domain using pairwise relative semivariograms.
- A block model with blocks 15 x 15 x 5 meters in dimension was superimposed over the mineralized geologic solids.
- Ordinary kriging was used to interpolate grades into blocks within the mineralized solids. In all cases, the kriging exercise was completed in a series of four passes with the search ellipse for each pass being a function of the semivariogram ranges.

The completed National Instrument 43-101 compliant report will be available under the profile of the Company on SEDAR within 45 days.

Independent resource estimate consultant Gary Giroux MASc, P.Eng. (BC) of Giroux Consultants Ltd. has authorized the release of this estimate. Mr. Gary Giroux is a qualified person by virtue of education, experience and membership in a professional association. He is independent of both the Company and ALS Chemex, applying all of the tests pursuant to section 1.5 of NI 43-101.

All core samples were fire assayed at ALS Chemex Laboratory in Vancouver, BC. Mr Giroux determined that drilling by Spanish Mountain has been conducted under industry best practice with regard to QA/QC controls for sampling and sample preparation. The Company has retained Discovery Consultants of Vernon, BC, to monitor independently the quality control and quality assurance (QC/QA) data on the Spanish Mountain Gold Project. Analytical precision and accuracy were measured and monitored by the use of duplicate core, prep and pulp samples and by standards (reference material). Possible contamination during the sampling and processing procedures was monitored by the insertion of blank samples.

Future Plans

The Company will now focus on the completion of a Pre-Feasibility Study (“PFS”) for the Main Zone which is expected to be completed in October, 2012.

Exploration drilling of the Phoenix Zone will be deferred allowing activities currently underway on the Project to focus on the collection of geotechnical, groundwater and infrastructure site testing data to expedite the timely completion of the PFS for the Main Zone.

Judy Stoeterau, P.Geo, the Company's Vice President, Geology, is a qualified person (as defined under NI 43-101) and has reviewed and approved 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 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 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 prefeasibility study and subsequent 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.