

Spanish Mountain Gold Reports Results on Environmental Assessment & Project Optimization; Sets Tangible Targets for 2022

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Vancouver, January 25, 2022 - [Spanish Mountain Gold Ltd.](#) (TSXV: SPA) (the "Company") is pleased to report encouraging results based on significant progress achieved on a number of value-added initiatives for the Spanish Mountain Gold Project (the "Project") located in British Columbia, Canada. As announced on September 9, 2021, the work programs underway build on the successful completion of the Project's Pre-feasibility study (PFS filed in June 2021) in which a multi-million ounce Mineral Reserve has been delineated along with robust economics and a 14-year mine plan.

Environmental Assessment

The Company continues to execute its stated strategy of fast-tracking its multi-million ounce Resource through the process for environmental assessment/ permitting. In addition to ongoing technical analyses and comprehensive field surveys, the Company has launched multiple initiatives to intensify ongoing engagements with all three Indigenous Nations whose traditional territories include the project area. Significant progress has been made as follows:

- Indigenous Nations Engagement - the Company signed an Engagement Protocol Agreement with Xat'kehl First Nation in October 2021 and Lhtako Dené Nation in December 2021 formalizing the engagement process between the Nations and the Company; and proceeded with the process of completing a Life-of-Mine relationship agreement with Williams Lake First Nation. Management has also initiated pre-submission review of the draft Initial Project Description (see details below) with all three First Nations. Continuous engagement with Indigenous Nations will remain an integral part of the Project.
- Initial Project Description (IPD) - the draft Initial Project Description for the Project is now in pre-submission review with all three First Nations. Management has adopted an engagement practice in which the First Nations communities will have opportunities to address their interests and concerns throughout the EA process. The Company expects to submit the IPD to the B.C. Environmental Assessment Office and Impact Assessment Agency of Canada within the first quarter of the year and thereby formalize the first stage of both the provincial and the federal EA processes.
- Site-wide Water Balance - the Company commenced a field program in September 2021 to study groundwater flows in the area of the planned open pit and Tailings Storage Facility. In spite of challenging operating environment caused by extreme weather events and the pandemic, the field staff successfully completed the targeted drill holes over a wide area where monitors will be installed. The drilling crew was demobilized in December. The field work resumed in mid-January to perform pump test in order to monitor and gather ground water data needed for the development of the site-wide water balance for the Project. The water balance model is a critical tool for formulating effective water management strategy and cost optimization.

The Company has targeted ambitious environmental assessment milestones to be achieved within 2022 as follows:

- submission of the Initial Project Description to the provincial and federal agencies
- submission of Detailed Project Description to the provincial and federal agencies
- signing of Life-of-Mine relationship agreement with all three First Nations
- launching open houses and consultations with surrounding communities to the extent allowed by pandemic restrictions
- formulating critical environmental strategies based on comprehensive data collected and the Best Practice in Environmental, Social & Governance.

Project Optimization

The Company has initiated a number of optimization exercises with the objective of front- identifying areas where enhancement of project economics and process improvements are potentially achievable. In due course, the feasibility study is expected to capture the full benefit of these exercises without causing delays in its delivery.

Gold Recovery

The Company has engaged Ausenco as an independent expert consultant to conduct a targeted metallurgical program to further optimize the milling process incorporated in the PFS. The current flowsheet is characterized by low input costs for reagents and power as well as an average gold recovery of 90%.

The Company is pleased to announce that preliminary testing has demonstrated the viability of incorporating Direct Flotation Reactor technology in the milling process, which has the potential to lead to savings in capital and operating costs. Building on the results of the latest metallurgical work, the Company expects to commence Phase 2 of the program later in the year which will include a number of trade-off studies and variability testing on fresh bulk samples. Once the program is complete, the optimized flowsheet and the detailed processing configuration will be the basis for ore processing and the recovery of gold in the definitive feasibility study.

Water Management & Treatment

The Project's sustainability strategy is formulated to ensure effective protection for local surface and ground waters around the project area. Baseline water quality monitoring is continuing; adding to the expansive database for the project area.

The Company has engaged Linkan Engineering to develop preliminary designs for the passive treatment systems concept presented in the PFS and to conduct a study of measures to potentially inhibit sulphide oxidation and any associated neutral metal leaching from the non-acid generating waste rock.

Site-wide water balance and water quality models are expected to be completed by the end of the year, which will allow the development of comprehensive water management methodology. The water models are also critical for completing the Project's environmental assessment process/ permitting.

Power Line

As detailed in the PFS, the Project's location is supported by excellent infrastructure including an abundance of connectivity to the provincial power grids supplied with low-cost, renewable hydro power. There is also an established right-of-way between various substations and the proposed mine site.

The Company has commissioned a study investigating the routing for a power line to the proposed mine that may have the potential combined benefits of utilizing existing route corridors and traversing more accommodating terrains over a shorter distance. If successful, the selected route is expected to result in lower permitting risks and construction costs.

The Company is pleased to report that the technical team has completed the LIDAR survey for reviewing the route alternates and has not identified any significant constructability issues for a power line from the substation to the proposed mine. The technical team will continue to work with consultants and BC Hydro to refine the parameters for the new power line and address technical and permitting issues.

Resource Expansion

While the Company's current priority is to de-risk and optimize the Project through the environmental

assessment/ permitting phase, the technical team will continue to advance the objective of resource expansion.

The geological model for the deposit suggests that the Mineral Resource is open at depth and along strike. The latest drill program (results of which were announced in July, 2021) has identified four broad areas near the proposed pit boundary that could potentially expand the overall Mineral Resource.

In addition, the geological team conducted a grassroots exploration program last fall testing targets as far as two kilometres northwest of the pit boundary. The results for this program are pending and could demonstrate the potential extent of the deposit's mineralized trend. Areas with the best prospect for adding ounces to the overall Mineral Resource will be prioritized for drilling in due course.

Acquisition of Placer Claims

The Company has recently staked and acquired a contiguous block of placer claims covering an area of approximately 220 hectares. These claims overlay the Company's existing mineral claims and cover an area where critical infrastructures for the proposed mine are planned.

Larry Yau, Chief Executive Officer, commented: "As we have seen multiple cases of disruptions in other BC mining operations caused by recent weather events and the pandemic, we are indebted to our employees and consultants for their diligence in keeping our work place safe and our project work on track without any noticeable disruptions. We look forward to delivering on our 2022 project milestones to further de-risk and optimize our multi-million ounce gold resource."

Annual Stock Option Grant

The Board of Directors has authorized granting of incentive stock options to acquire an aggregate of 2,450,000 common shares of the Company to employees, consultants and directors. The options, which will be vested in accordance with the Company's Incentive Stock Option Plan, have an exercise price of \$0.21 per share expiring January 24, 2027. The foregoing is subject to regulatory acceptance.

About Spanish Mountain Gold

[Spanish Mountain Gold Ltd.](http://www.spanishmountaingold.com) is focused on advancing its 100%-owned Spanish Mountain gold project in southern central British Columbia. The Company is simultaneously pursuing the dual objectives of delivering critical project milestones for the multi-million ounce Mineral Reserve and further expanding the overall Mineral Resource. The Pre-Feasibility Study (2021) demonstrates the Project's potential to be a mining operation with a robust production profile (>150,000 oz per year) and profitability (AISC \$801 per oz) over a mine life of 14 years. Details on the Project and the Company are available on www.sedar.com and on the Company's website: www.spanishmountaingold.com.

On Behalf of the Board,
[Spanish Mountain Gold Ltd.](http://www.spanishmountaingold.com)

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