

# San Gold's Rice Lake Gold Discoveries Just Keep On Coming and Coming

*Developing New High-Grade Gold Deposits with Low Operating Costs*

When looking for a “pure gold play”, there isn’t a much better candidate than San Gold Corporation (OTC: SGRCF; TSX: SGR). The company’s highly seasoned management team does not waste time hedging its bet on gold – it gets right down to business and digs the stuff up. With two producing mines, a raft of new gold discoveries, and growing control of what can only be described as a significant new gold district, San Gold is the essence of a successful gold mining company.

“We are finding lots of gold everywhere,” says San Gold CEO Dale Ginn. “If you look at just our most recent four discoveries, we have strong potential for millions of ounces of additional gold near our current mines.”

The company’s geologists believe they know why San Gold has been so successful in finding new gold deposits – each deposit is part of a geologic structure, a 10-km faulted fold axis extending eastward from Horseshoe Lake to the San Gold #1 deposit. The axis itself appears to be the conduit for the gold that, over time, seeped out perpendicular to the axis, creating a network of large gold veins.

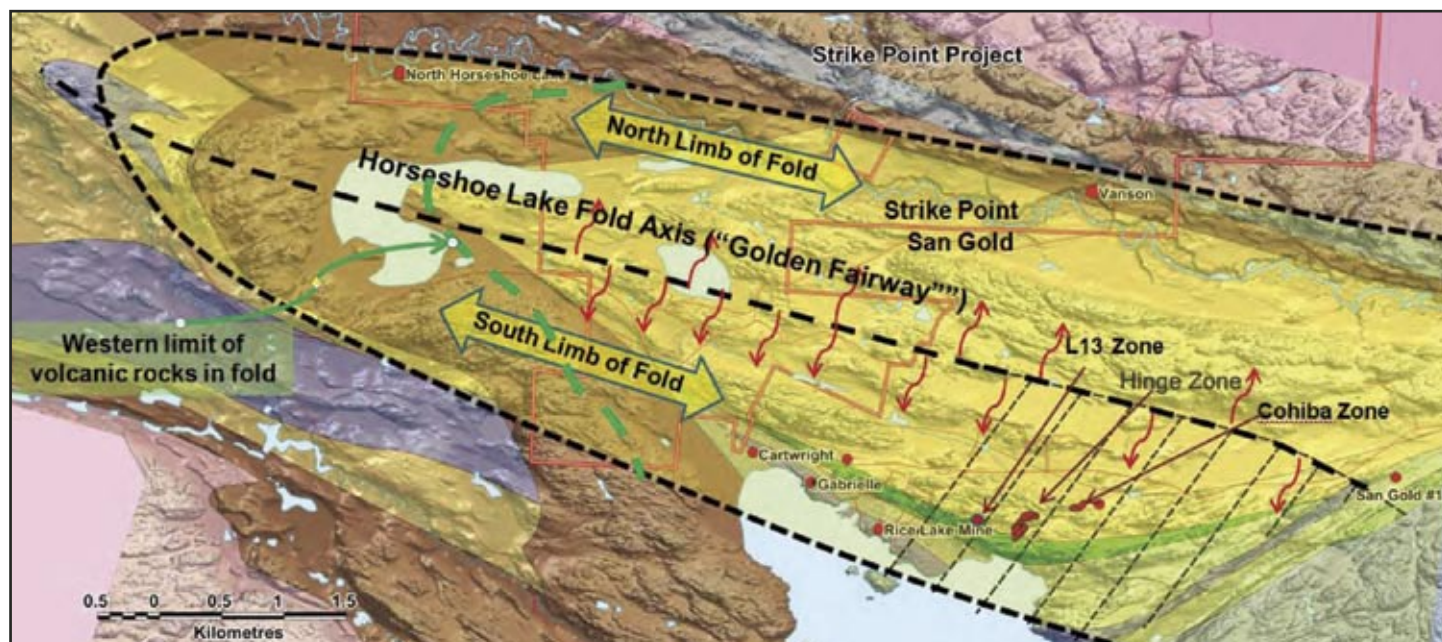
San Gold’s Hinge, Cohiba, L13 and the recently discovered Fire Break Zone are all along the southern side of the fold but may be mirrored on the northern side as well. Company geologists are so convinced that their geologic model portends that even more high-grade gold zones remain to be found, San Gold has positioned multiple drill rigs both above and

below ground.

“We found the Fire Break zone in early November. It is massive with substantial amount of gold,” said Ginn. The “Fire Break” is located just south of the Hinge and Cohiba Zones.

In addition, San Gold recently secured control of most this “Golden Fairway” source area – and the entire western end of the fold – through an earn-in agreement with StrikePoint Gold. According to the agreement, San Gold can earn a 50% undivided interest in StrikePoint’s 8,883-acre property, which is adjacent and to the north and northwest of San Gold’s Rice Lake Mine, Cartwright deposit and the high-grade gold Hinge Mine and Cohiba Zones.

Significantly, the StrikePoint property’s geology is similar, if not



San Gold geologists believe Horseshoe Lake Fold Axis is the source of multiple high-grade gold vein systems.

identical, to the hanging wall volcanic rocks hosting San Gold's Hinge and Cohiba zones.

"As a result of this joint venture, all of the hanging wall volcanics that host the high-grade Hinge deposits, together with their important structural elements, are now accessible to San Gold, at surface as well as within possible important western and northern extensions."

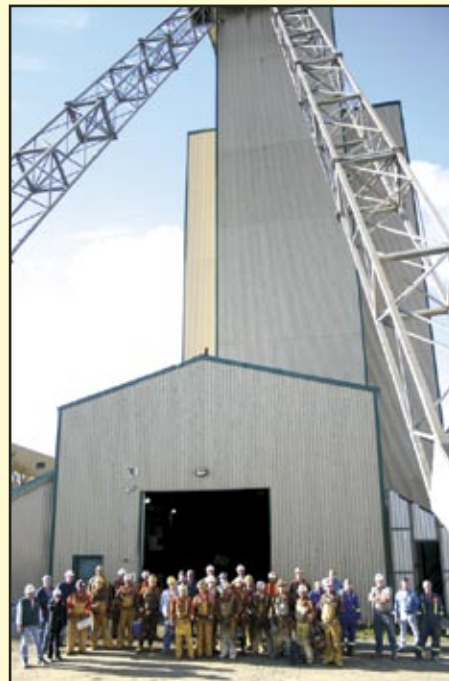
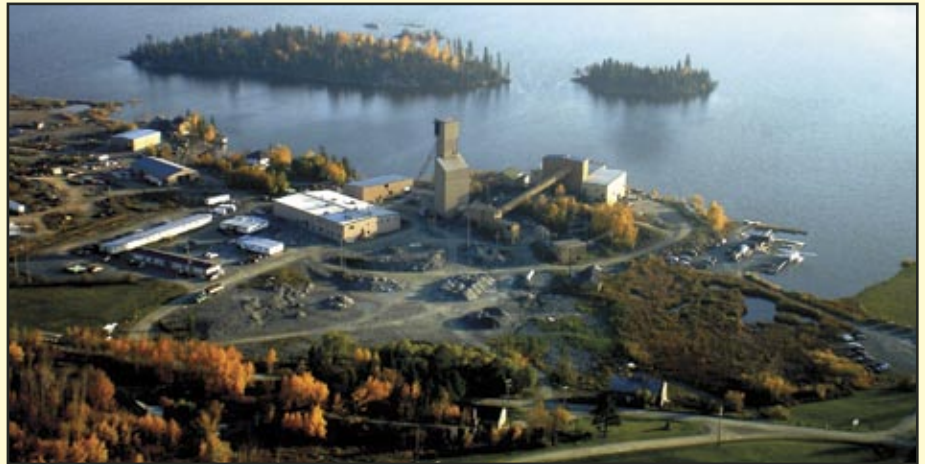
StrikePoint Gold will be the operator of the joint venture project. "This agreement consolidates the Central Rice Lake Belt structural domain that has hosted over 95% of the Rice Lake Belt's recent and historic gold production," says StrikePoint Gold CEO Richard Boulay.

### **Exploration Confirms Multiple High-Grade, Low Cost Gold Deposits**

San Gold's Rice Lake Gold Project includes the deep underground, high-grade Rice Lake mine and the nearby near-surface, ramp that accesses the company's new high-grade Hinge Deposit. The richly mineralized Hinge Zone is currently undergoing production development, while San Gold is simultaneously conducting intense surface and underground exploration to rapidly develop new high-grade gold zones. Direct mining operations are now at the 5,000-foot level, while deep exploration drilling has reached almost 8,000 feet into bedrock.

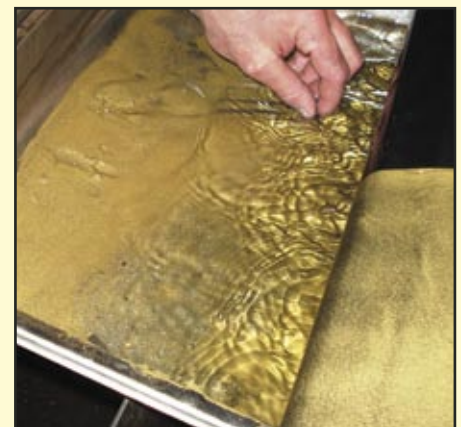
A bulk sample taken from the Hinge Zone earlier this year confirmed the abundant presence of high-grade, low cost mineralization. Sample assays established a production grade of 26.3 g/tonne (0.77 oz/t), a development grade of 21.2 g/tonne (0.62 oz/t), and a mill recovery rate of 96%. San Gold spent only C\$6.5 million to develop the Hinge Mine to the completion of the bulk sample and over 90% of that cost was recovered by selling the 5,900 ounces of gold produced during the bulk test. Astoundingly it cost only \$158 an ounce to extract the gold. Given that gold's price is now well above \$1,000 an ounce, San Gold has a wide enough profit margin to continue developing the nearby "hinge-like" deposits with proceeds from the new mining.

Currently, San Gold owns or controls nearly 35,000 acres of exploration lands along the Rice Lake Greenstone Belt of southeast Manitoba. Given the rapid discovery of major new



### **Rice Lake Gold Mine**

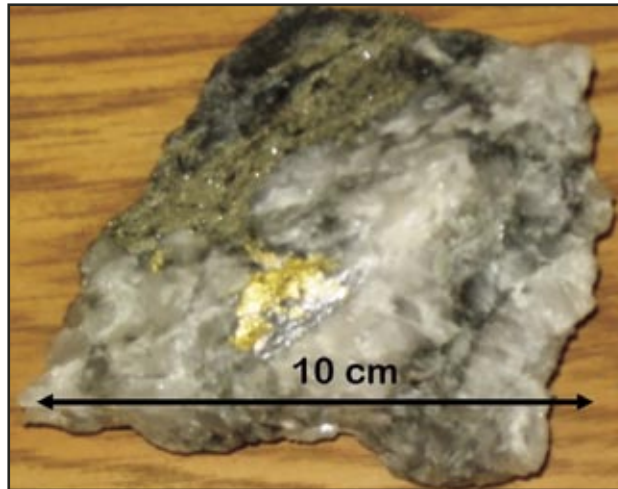
The Rice Lake Mine is over a mile deep and produces gold ore through a two-shaft system – the A-shaft penetrates to 4,200 feet below surface, with a 5000-foot railway crosscut connecting to the D-shaft which descends an additional 1,200 feet. The mill pours doré gold bricks on-site and which then are transported to refineries to refine it to LSE grades of gold bars.



gold zones, the company's official ore resources and reserves of over 1.6 million ounces of gold established in 2006 are woefully inadequate to describe the company's future mining potential. Substantial discoveries made in 2007 and 2008 will be included in a new 43-101 resource report that is now being prepared. But even that will fall far short of the true value of San Gold's steadily increasing mineral assets since new discoveries are being made so rapidly.

After last year's discovery of the gold-rich Hinge Zone and Cohiba Zone just a half-kilometer away, San Gold changed its exploration strategy to better find other examples of the thick quartz veins of pure gold typical in the two zones. Because of the unusual geology of the thick hanging wall volcanics, the company's geologists could not use standard exploration tools (magnetic, electromagnetic and resistivity) to find hidden gold vein systems. Instead, the company joined with StrikePoint Gold to conduct a 560-sq.km. high resolution LiDAR (Light Detection and Ranging) survey which can detect detailed structures, even in swampy terrain. The result is proving to be a highly accurate exploration tool to pinpoint gold-bearing structures.

The new near surface zones are outstanding and in the spotlight but there is more to the expanding San Gold story. Deep in the Rice Lake mine, new exploration drilling pierced a unique massive sulphide unit within a broader zone of mineralized quartz-carbonate-chlorite alteration. San Gold geologists report this type of mineralization has not been seen before or recorded by previous mine operators dating back to the 1930s. One drill hole intersected mineralization grading 2.6 oz/ton over a nine-foot width, including an extremely high-grade section grading 6.1 oz/ton over a three foot width. The new high-grade



Extensive visible gold found in wide quartz veins.

gold zone (Deep West) is located 5,500 feet below ground and just to the west of the Rice Lake Mine's currently known mineralization zone.

"The Deep West zones are nearby existing mine workings and are much higher grade than the historical Rice Lake average. Deep West will be developed in the near term," says Ginn.

### **New Gold Property Acquired in Ontario's Famed Timmins Gold Camp**

Even though San Gold's Rice Lake gold properties remain the prime focus of the company's production and exploration efforts, San Gold recently diversified its mineral portfolio. The company intends to acquire an 1,150-acre, advanced stage exploration property in the Timmins mining camp in Ontario. The Tinsdale township properties include 31.5% of the Davidson-Tinsdale gold deposit and a 100% interest in the North Tinsdale property. The remainder of the Davidson-Tinsdale deposit is owned by VG Gold Corp. and will be explored by San Gold following a joint venture development agreement with VG Gold.

"The proposed acquisition is a valuable addition to our expanding exploration and development campaign

in the Timmins gold camp," says Ginn.

Meanwhile, San Gold recently announced it plans to spin off other mineral properties it holds in the Timmins area to its wholly-owned subsidiary, SGX Resources Inc. The new company will focus on exploring and developing high-grade gold deposits in Canadian gold camps. San Gold Corporation will retain an equity position in SGX.

### **Investment Considerations**

In just six years, this aggressive gold producer/explorer has discovered six high-grade gold zones and begun development of three new mines virtually within walking distance of its two existing producing mines. San Gold expects to be reporting additional high-grade gold discoveries both at surface and at depth in the near future.

As Canada's newest gold producer, San Gold is presently producing gold at a rate of 670 tpd, moving output from its modern 1250 ton per day Rice Lake mill to 62% capacity. The company expects to expand mill production to 1800 tpd by the end of 2011.

For shareholders, including a growing list of some of the largest institutional investment groups, San Gold operates in one of the most politically stable, safe and mining-friendly areas of the world – Canada – and offers a high degree of investment safety.

San Gold's assets are impressive: multiple high-grade deposits in close proximity to the company's mill; extremely successful exploration programs; full permitting; a highly developed infrastructure; and skilled personnel led by an experienced team of mine builders. San Gold has \$30-million in cash, no debt, real and growing gold production, an expanding gold reserve, and tremendous blue sky potential.

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# San Gold Corporation

Canada's Newest  
Gold Producer

## SAN GOLD CORPORATION

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Shares Outstanding:

258.9 million

52 Week Trading Range:

U.S.: Hi: \$3.026 • Low: \$0.555

Canada: Hi: C\$3.31 • Low: C\$0.71



## Quick **FACTS**

San Gold Corporation is an emerging gold producer focused on exploration and mining in the Rice Lake Greenstone Belt in southeast Manitoba, Canada. The company's 100%-owned Rice Lake Gold Project encompasses nearly 35,000 acres and includes two operating mines: the deep underground, high-grade Rice Lake Mine and the near-surface, very high grade, ramp-accessed Hinge Zone. Both mines feed the 1250 tpd Rice Lake mill which will be expanded to 1900 tpd.

Since 1932, the Rice Lake Mine has produced a total of 1,430,000 ounces of gold and currently has approximately 1,600,000 ounces of gold resources. A new 43-101 resource report is in preparation to incorporate the substantial discoveries made from 2007 to 2009.

In 2006, the Cartwright gold deposit was discovered 2 kilometers west of the Rice Lake mine. In early 2008, the high-grade Hinge zone was discovered one kilometer east of the Rice Lake Mine. A bulk sample taken from the Hinge Zone earlier this year confirmed the abundant presence of high-grade, low cost mineralization. Sample assays established a production grade of 26.3 g/tonne (0.77 oz/t), a development grade of 21.2 g/tonne (0.62 oz/t), and a mill recovery rate of 96%. The Cartwright mine will likely be developed in 2010 or 2011. The portal for both the Hinge and Cartwright deposits is located only 200 metres from San Gold's Rice Lake mill.

### San Gold Corporation Highlights:

- Extensive property holdings in prolific Rice Lake Gold Belt
- 1.6 MM ounce gold resource that is building rapidly
- Multiple deposits in close proximity to operating mill
- High-grade, low cost mineralization confirmed at Hinge Zone
- Joint venture with StrikePoint Gold secures control of Horseshoe Lake gold trend.
- Over \$400 million in current infrastructure with full access to paved and all-weather gravel roads
- Lowest power costs in the world at 2.5 cents per kw/hr
- Fully permitted for mining, including the new high grade gold Hinge deposit
- Low mining tax rate, large cost deduction base against future tax payable, no royalties
- Operating in politically safe environment with skilled mine and technical labour available locally
- Ongoing, aggressive, and successful exploration program