

# SAN GOLD: Exploration on the Grid

## *Shears and pathway trends reveal Rice Lake as a system of interconnected veins*

While San Gold Corporation (TSX: V: SGR – OTCQX: SGRCF) continues to post exceptional exploration results, the company may still only be seeing the tip of the iceberg, says lead exploration geologist Bill Ferreira.

“It’s like the Energizer bunny – our model just keeps going and going,” says Ferreira with a quick grin from his new 3,000+ square foot core shack in Bissett, Manitoba.

The model, first developed in

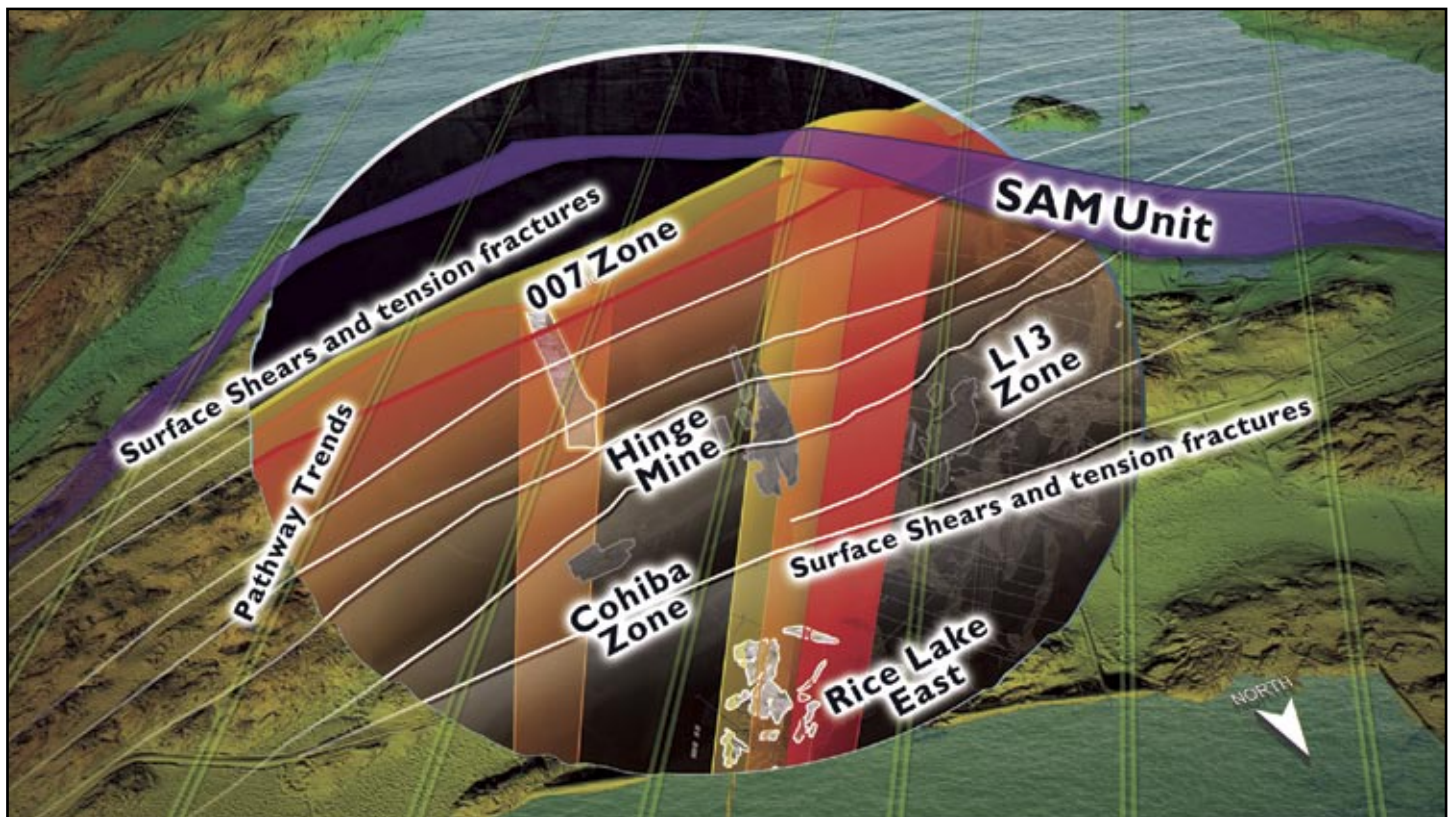
2007, is already responsible for two incredible strikes in the past three years – the Hinge and 007 Zones.

Two additional named zones are showing excellent promise, at Cohiba and L13, and many more targets are on deck awaiting further exploration.

When San Gold took over from Harmony Gold in March 2004, the exploration team started by diamond drilling at the edges of the existing exploration zone.

Textbook geology had always suggested that the bulk of the resource would lie in the thickest part of the San Antonio Mine (SAM) unit. This was the area the previous owners had focused on and that had been paying dividends for more than seven decades.

San Gold’s geologists, however, thought higher grades might be found along the SAM unit’s thinner portions.



**TRENDS AND SHEARS** – A surface view of the exploration region showing the intersections between the pathway trend lines (running top-bottom) and the shears and tension fracture lines (running from bottom left to top right).

Before long, San Gold had three new established resource zones at Cartwright, SG1 and SG2&3.

While the company scrambled to capitalize on these impressive results, Ferreira found something even better.

One day while hiking, Ferreira saw an alteration zone he recognized from the Cartwright lying where he had not seen it before – outside both the Cartwright zone and the SAM unit itself.

He immediately knew the significance of the find and started a radical re-think of where the San Gold resource could be found.

Ferreira soon realized that along the thinner portions of the unit, the bulk of the gold-rich veins and the highest grades were actually forced outside the SAM unit into nearby shears and tension fractures.

### Rock Solid Exploration Model

After thousands of core samples, many hours of map work, and one exceptional LiDAR study, the exploration team says this new model, developed as a result of Ferreira's find, will continue to bear new exploration targets for years to come.

The model builds on the idea that extremely high grades can be found at regular intervals outside the thinner portions of the SAM unit and that these deposits are most likely to occur near the intersections of two key sets of structures that intersect with each other.

Structural pathway trends make up the first key set of structures. These pathways cross the region at regular five-hundred metre (1,500 foot) intervals and connect current San Gold strikes and old mine bulkheads. They even cross some old prospecting trenches.

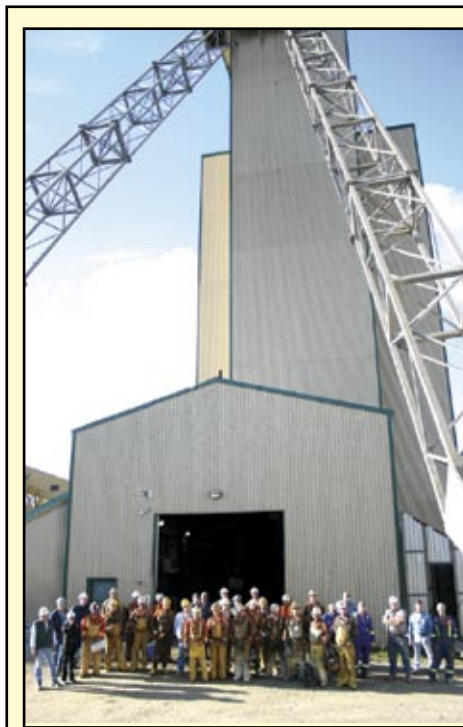
Ferreira says these pathways result from the natural characteristics of the rock in relation to the forces that were acting on it when the mineralization occurred.

Looking down dip, these trends also cross through known mined out resources in the Rice Lake Mine.

Shears and tension fractures make up the other key set of structures.

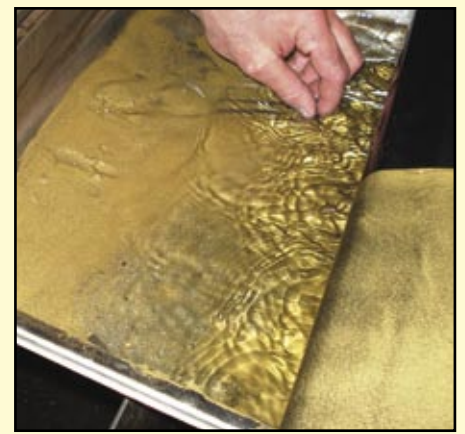
These shears and tension fractures were identified by a 2009 LiDAR study that analyzed the region's surface rock formations.

"When we saw the results, they just jumped right out at us," said



## 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.



Ferreira.

Shears and fractures are breaks in the volcanic rock that act as natural hosts for gold-bearing quartz deposits.

Understanding where the structures were located alongside the SAM unit helped the exploration team determine where to look along the pathway trend lines.

Since then, the results have been spectacular.

"It's been like shooting fish in a barrel," says Ferreira.

Not only has the exploration team had remarkable success in striking

gold.

The grades have been impressive. In the 76 years the Rice Lake Mine has been in operation, grades have traditionally hovered around a respectable 0.21 to 0.31 ounces per ton.

Then the Hinge Zone was found, posting Measured resources at 0.53 oz/ton, with 007 following close behind with an unbelievable 2.58 oz/ton for its Indicated Resource.

By venturing beyond the main SAM unit exploration area, not only has San Gold's exploration team vastly improved the region's ore potential,

they've also found grades 50 times more concentrated than previously thought possible.

But the story doesn't end there.

## Connecting Down Deep

For 76 years, miners have been working the Rice Lake Mine, building out more than 33 levels to a depth of more than 5,500 feet.

As these new deposits trace down dip, San Gold's exploration team is also realizing there is a potential that these new near-surface deposits may be extensions of veins already being mined down deep.

For instance, the 98 Vein on 26 Level appears to share the same structures that control the 007 deposit.

The two deposits also share similar geologies, which strengthens the chance there is a relationship between them.

The next step is to cut a drift from 16 Level, the level reaching closest to the space between them, to begin exploration on the 2,600 foot unexplored gap between 007 and the 98 Vein.

While this is the most well-developed example of the relationship between the near-surface and underground discoveries, it is by no means the only one.

The surface grid formed by the pathway lines and shears/fractures opens up dozens of potential places to look, all of which could reach as deep as the bottom of the Rice Lake Mine workings, and beyond.

## So Much More Than Just An Exploration Company

As one of Canada's most exciting new gold exploration companies, it is easy to forget San Gold is also a gold producer.

Production has been steadily improving at the company's 1,200 ton per day mill.

San Gold expects to reach capacity

in 2010 and to increase its mill capacity in 2011.

This production capacity provides many benefits to San Gold and its shareholders.

Mill production provides the most reliable form of bulk sampling while generating revenue to fund operations and minimize the need for new funds.

San Gold operates in Manitoba, one of the planet's most politically safe and stable mining regions. Manitoba consistently ranks among the Top 10 global mining jurisdictions by The Fraser Institute. This stability continues to attract a growing list of some of the world's largest institutional

investment groups.

San Gold's assets are impressive. San Gold owns 12,000 hectares of mining claims along the Rice Lake Greenstone Belt of southeast Manitoba; has established multiple high-grade deposits in close proximity to the company's mill; has an extremely successful exploration program; is fully permitted; has highly developed infrastructure; and employs skilled personnel led by an experienced team of mine builders.

San Gold also has ample cash, no debt, real and growing gold production, an expanding gold reserve, and tremendous blue sky potential.

RESOURCES	OUNCES	TONS	OUNCES/TON
<b>Rice Lake Mine<sup>1</sup></b>			
Total Measured and Indicated Resources	275,300	964,100	0.29
Inferred Mineral Resources	551,620	1,879,500	0.29
<b>Hinge Mine<sup>2</sup></b>			
Total Measured and Indicated Resources	239,180	612,600	0.39
Total Inferred Resources	538,700	1,375,200	0.39
<b>007 Zone<sup>2</sup></b>			
Indicated Mineral Resources	193,695	74,960	2.58
Inferred Mineral Resources	522,857	293,740	1.78
<b>San Gold #1 Mine<sup>1</sup></b>			
Total Measured and Indicated Resources	62,430	283,200	0.22
Inferred Mineral Resources	206,900	936,500	0.22
<b>Cartwright Zone<sup>1</sup></b>			
Indicated Mineral Resources	29,830	136,200	0.22
Inferred Mineral Resources	388,940	1,761,200	0.22
<b>San Gold #2-3 Zones<sup>1</sup></b>			
Indicated Mineral Resources	35,320	173,100	0.2
Inferred Mineral Resources	50,210	195,600	0.26

1 – Source: National Instrument 43-101 compliant technical report dated December 1, 2006 entitled "Mineral Resource and Mineral Reserve Estimates as of December 1, 2006" prepared by A.C.A. Howe International Limited, Mining and Geological Consultants.

2 – Source: National Instrument 43-101 compliant technical report dated April 12, 2010 entitled "Technical Report Mineral Resource Estimate Hinge and 007 Zones" with an effective date of Dec. 31, 2009 prepared by Peter George of GeoEx Limited.

NOTE: Resources that are not mineral reserves do not have demonstrated economic viability. Some but not all of the resources listed in this table are mineral reserves.

NOTE: A full discussion of the key assumptions used to generate these estimates and the economic environment in which they exist can be found in the San Gold 2009 annual report.

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# San Gold Corporation

Canada's Newest  
Gold Producer

## SAN GOLD CORPORATION

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Web Site: [www.sangoldcorp.com](http://www.sangoldcorp.com)

Shares Outstanding:

275.9 million

52 Week Trading Range:

U.S.: Hi: \$4.93 • Low: \$1.75

Canada: Hi: C\$5.00 • Low: C\$2.03



## 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 update on the Hinge and 007 zones to a depth of approximately 1,300 vertical feet. The two zones contain approximately 1,500,000 ounces in rock that grades 0.63 oz/t. The total San Gold ore resource now stands at approximately 3,000,000 ounces.

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
- 3 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
- 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