San Gold Provides Update on Rice Lake Activities: Resource Estimation, Mine Development and Production, Guidance and Exploration

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WINNIPEG, MANITOBA -- (Marketwire) -- 02/08/13 -- San Gold Corporation (the "Company") (TSX: SGR) (OTCQX: SGRCF) announces an updated mineral resource and mineral reserve estimate, 2012 production results with guidance for 2013 & 2014 and an exploration update for the Company's 100% owned Rice Lake Mining Complex (the "Property") located in Bissett, approximately 235 kilometres northeast of Winnipeg, Manitoba, Canada. The Property has a permitted, modern gold mill currently processing ore at a capacity of 2,500 tons per day, as well as modern surface infrastructure, including a licensed tailings management facility and is connected to the Manitoba power grid system.

Highlights

- Proven and Probable mineral reserves of 253,000 ounces, an increase of 21% from March 31, 2012 (an increase of 75% after accounting for mined ounces).

- Measured and Indicated mineral resources of 655,000 ounces, an increase of 17% from March 31, 2012 (an increase of 32% after accounting for mined ounces).

- Highest ever production in 2012 of 86,506 ounces of gold, an increase of 17% over 2011.

- Milling capacity was significantly increased during the year to 2,500 tons per day from 2,000 tons.

- Continued exploration success along the depth extension of the 007 zone that returned 12.6 g/t gold over 6.0 metres and 15.5 g/t gold over 11.1 metres.

Development Outlook for 2013

The objective of the development program, from 2013 onwards, is to increase mine production to match the current mill capacity. Development will take place within the Property in four main areas, on 26 Level, 16 Level, A-Shaft of the Rice Lake mine and within other active mining areas of the 007, Hinge, Cohiba and L13 deposits. (refer to Figures 1&2 on projected timelines)

- On 26 Level of the Rice Lake mine, the Company is driving a 150 metre drift, to begin definition drilling of the 007 deposit, and a 300 metre access drift to allow mining of the 710 deposit. Mining in this region is targeted to begin in early 2014.

- On 16 Level of the Rice lake mine, the Company is constructing a new A- Shaft ore handling system and 1,200 metres of tracked haulage drifts to access the Hinge district from 720 metres below surface. Development work will continue in 2014 to access the 007 deposit. Mining is targeted to begin in early 2014 in the Hinge district, with operations commencing in the 007 deposit later in the year.

- A-Shaft is being reconfigured with new ropes, guides, drum, and skips in anticipation of increased production from the 16 and 26 levels. Once complete, A-Shaft is expected to have up to 2,500 tpd capacity from 26 Level and 3,000 tpd capacity from 16 Level.

- Within the active mining regions, the Company is planning 6,800 metres of development to provide access for mining operations, drill stations, services, and ventilation.

Once the development is complete, the operations team will have access to multiple faces, which will lead to significantly higher production rates and lower cash costs per ounce.

2012 Preliminary Operating Results

The Company is also pleased to announce highest ever production in 2012 of 86,506 ounces of gold with approximately 16,370 tons of ore remaining in surface stockpiles at year end. Overall, the Company produced 17% more gold in 2012 compared with the 74,280 ounces of gold produced in 2011. Production levels decreased marginally during the fourth quarter and lower than planned grades were realized in several stoping blocks at the 007 mine. Additionally, grades were lower due to an increased focus during the quarter on ore development work.

Gold production was 19,019 ounces during the fourth quarter resulting in gold production of 86,506 ounces for the year. For the quarter, 168,088 tons were milled resulting in a total of 629,279 tons for the year. 171,351 tons were mined during the quarter resulting in a total of 615,142 tons mined for the year. Average feed grade during the quarter was 4.22 grams per tonne gold (0.123 opt) resulting in an average feed grade of approximately 5.07 grams per tonne gold (0.148 opt) for the year. Mill recovery during the quarter was 92.6% resulting in an average recovery of 93.1% for the year.

MINERAL RESOURCE AND RESERVE ESTIMATE

The following table provides a detailed summary of the Company's mineral resources and mineral reserves, as of December 31, 2012. A detailed technical report has been filed on SEDAR.

Mineral Reserves				
	Tons	Gold Grade oz/ton	(g/tonne)	Insitu ounces
Rice Lake Mine				
Proven Reserves	47,400	0.20	(6.90)	9,500
Probable Reserves	327,300	0.18	(6.26)	59,800
Proven and Probable	374,700	0.18	(6.34)	69,300
Hinge District				
Proven Reserves	37,800	0.14	(4.87)	5,400
Probable Reserves	344,800	0.11	(3.78)	38,000
Proven and Probable	382,600	0.11	(3.88)	43,400
007 Zone				
Proven Reserves	254,200	0.18	(6.24)	46,200
Probable Reserves	478,800	0.13	(4.58)	63,900
Proven and Probable	733,000	0.15	(5.15)	110,100
Hanging Wall Zones (Cohiba, Cartwright L13)				
Proven Reserves	37,600	0.14	(4.69)	5,200
Probable Reserves	171,200	0.14	(4.93)	24,600
Proven and Probable	208,800	0.14	(4.89)	29,800
Normandy Shear (SG1, SG2, SG3)				
Proven Reserves	-	-	-	-
Probable Reserves	-	-	-	-
Proven and Probable	-	-	-	-
Total Project				
Proven and Probable	1,699,200	0.15	(5.10)	252,600

Mineral Resources	Tons	Gold Grade oz/ton	(g/tonne)	Insitu ounces
Rice Lake Mine				
Measured Resource	226,300	0.24	(8.21)	54,200
Indicated Resource	770,200	0.24	(8.07)	181,200
Measured and Indicated	996,500	0.24	(8.10)	235,400
Inferred Resource	1,709,800	0.29	(9.80)	488,500
Hinge District				
Measured Resource	96,200	0.16	(5.65)	15,900
Indicated Resource	480,900	0.13	(4.50)	63,000
Measured and Indicated	577,100	0.14	(4.69)	78,900
Inferred Resource	1,564,300	0.13	(4.48)	204,500
007 Zone				
Measured Resource	225,000	0.24	(8.18)	53,700
Indicated Resource	868,800	0.15	(5.11)	129,600
Measured and Indicated	1,093,800	0.17	(5.75)	183,300
Inferred Resource	8,513,300	0.14	(4.89)	1,214,700
Hanging Wall Zones (Cohiba, Cartwright L13)				
Measured Resource	39,100	0.16	(5.57)	6,400
Indicated Resource	336,100	0.19	(6.55)	64,200
Measured and Indicated	375,200	0.19	(6.45)	70,600
Inferred Resource	3,508,900	0.19	(6.64)	679,700
Normandy Shear (SG1, SG2, SG3)				
Measured Resource	-	-	-	-
Indicated Resource	387,300	0.22	(7.70)	86,900
Measured and Indicated	387,300	0.22	(7.70)	86,900
Inferred Resource	1,220,800	0.22	(7.44)	265,000
Total Project				
Measured and Indicated	3,429,900	0.19	(6.55)	655,100
Inferred Resource	16,517,100	0.17	(5.92)	2,852,500

NOTES TO MINERAL RESOURCE AND MINERAL RESERVE ESTIMATE TABLE:

- Mineral resource and mineral reserve estimates are in accordance with the CIM Definition Standards on Mineral Resources and Mineral Reserves adopted by CIM Council, 2010.

- Tonnage and in situ ounce estimates have been rounded to the nearest hundred.

- Proven and probable mineral reserves are included in the measured and indicated mineral resources.

- The mineral reserve estimate is based on a 2.7m (9ft.) minimum mining width, a SG 2.7 to 2.8 (tonnage factor of 11.4 ft3/ton), a gold price of US$1,300 - US$1,500 per ounce (100% exchange) and a 93% mill recovery.

- A 3.55-4.09 g/tonne (0.10-0.12 ounce/ton) cut-off grade has been applied to deposits accessed from the Rice Lake mine shaft, while a 3.00-3.47 g/tonne (0.09-0.10 ounce/ton) cut-off grade has been applied to deposits accessed via the Hinge/007 ramp.

- Assays were capped at 102.9 g/tonne (3.0 ounces/ton) for drill holes and chip samples.

- Inferred mineral resources are not in the current mine plan and therefore do not have demonstrated economic viability.

- The mineral resource and mineral reserve estimate as of December 31, 2012 was prepared under the

supervision of Dale Ginn, P.Geo., and Michael Michaud, P.Geo., Qualified Persons within the meaning of National Instrument 43-101.

- The data in this table was prepared by the Company's geology and engineering teams led by: Chief Geologist, Doug Berthelsen (P.Geo); Chief Engineer, Joe Hunter (P.Eng); Senior Resource Geologist, Shawn Horte and Resource Geologist, Jonna Deutscher.

Outlook

The Company is providing preliminary guidance of between 85,000 to 95,000 ounces of gold with cash costs of under $800 an ounce for 2013; 95,000 to 105,000 ounces of gold for 2014 and 105,000 to 115,000 ounces of gold for 2015. The Company continues to focus on its higher margin, near surface mines with minimal production from its Rice Lake mine where development activities are taking precedence. The Rice Lake mine is scheduled to recommence normal production levels in late 2014 to early 2015; when it is expected to become an important contributor to production growth. Historically, the Rice Lake mine has accounted for 20% of overall production. The Company is forecasting annual capital development costs in the range of $45-$55 million for the years 2013 and 2014.

"2013 will mark another significant step forward in the evolution of the Rice Lake Mining Complex by extending operational access beneath the current mining areas at the 007 and Hinge mines, which have combined resources capable of sustaining production for the next ten to fifteen years. This development will provide the drill platforms we need to increase mineral reserves for long-term mine planning and will also provide access for continued exploration of targets located along strike from known deposits at depth. We continue to be excited about the resource potential at depth as recent drill results below 26 Level confirms continuity of the geological structures," said San Gold President and Chief Executive Officer, George Pirie.

2013 Exploration Program

Exploration activities in 2013 will continue to focus on definition and extension at the known zones and exploration drilling at other advanced targets on the mineral lease and in the surrounding Rice Lake area with a planned budget of $17 million that includes approximately 130,000 metres of core drilling. The highlights of the 2013 exploration program are as follows:

- Surface drilling at the Normandy Creek, SG1 and SG3 zones located east of the 007 zone to better define the mineral resource and possible extensions that have the potential to add to the current mineral resource base and provide incremental feed to the mill at some future time;

- Continue to refine geologic model and complete follow-up exploration on recent drill results from the 710 lens of the 007 zone near the 26 level that returned 12.6 g/t gold over 6.0 metres and 15.5 g/t gold over 11.1 metres (see press release dated November, 26, 2012) that indicates that zone extends up and down dip considerable distances and there remains many isolated drill intersections that require follow-up drilling;

- Surface drilling at more conceptual property and regional-scale targets, in particular in areas where east-west trending shear zones intersect more mafic volcanics and gabbroic rocks that are known to host the majority of the gold mineralization at the Rice Lake mine and 007 mine, and where limited drilling has returned anomalous gold values;

- Commence initial regional surveys and first phase of drilling at the recently acquired Atikwa Lake project (recently purchased from Opawica Explorations Inc. - see press release dated June 19, 2012), where 2011 drilling returned 309 metres grading 0.59 g/t gold; and

- Continue to support SGX Resources Inc. (31.5% ownership) that has experienced exploration success at their Timmins South - Edleston Zone (high-grade underground and open pit potential) and Timmins North - Tully Township (established mineral resources and remains open in all directions).

The Company currently has five drills operating at the Rice Lake Mining Complex and will be providing drilling results from these exciting projects throughout the year.

About San Gold

San Gold is an established Canadian gold producer, explorer, and developer that owns and operates the Hinge, 007, and Rice Lake mines near Bissett, Manitoba, approximately 235 kilometres northeast of

Winnipeg, Manitoba, Canada. The Rice Lake Project has a permitted, modern gold mill currently processing ore at a capacity of 2,500 tons per day, modern surface infrastructure including a licensed tailings management facility, and is connected to the Manitoba power grid system. The Company employs more than 400 people and is committed to the highest standards of safety and environmental stewardship. San Gold is on the Toronto Stock Exchange under the symbol "SGR" and on the OTCQX under the symbol "SGRCF".

Dale Ginn, P.Geo., the Qualified Person for San Gold under National Instrument 43-10, has reviewed and approved the press release.

For further information on the Company, please visit www.sangold.ca.

Cautionary Note

No stock exchange, securities commission or other regulatory authority has approved or disapproved the information contained herein. This news release includes certain "forward-looking statements". All statements, other than statements of historical fact included in this release, including, without limitation, statements regarding forecast gold production, gold grades, recoveries, cash operating costs, potential mineralization, mineral resources, mineral reserves, exploration results, and future plans and objectives of the Company, are forward-looking statements that involve various risks and uncertainties. These forward-looking statements include, but are not limited to, statements with respect to mining and processing of mined ore, achieving projected recovery rates, anticipated production rates and mine life, operating efficiencies, costs and expenditures, changes in mineral resources and conversion of mineral resources to proven and probable mineral reserves, and other information that is based on forecasts of future operational or financial results, estimates of amounts not yet determinable and assumptions of management.

Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as "expects" or "does not expect", "is expected", "anticipates" or "does not anticipate", "plans", "estimates" or "intends", or stating that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved) are not statements of historical fact and may be "forward-looking statements." Forward-looking statements are subject to a variety of risks and uncertainties that could cause actual events or results to differ from those reflected in the forward-looking statements.

There can be no assurance that forward-looking statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from the Company's expectations include, among others, the actual results of current exploration activities, conclusions of economic evaluations and changes in project parameters as plans continue to be refined as well as future prices of precious metals, as well as those factors discussed in the section entitled "Other MD&A Requirements and Additional Disclosure and Risk Factors" in the Company's most recent quarterly Management's Analysis and Discussion ("MD&A"). 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 or intended. There can be no assurance that such statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

Exploration results that include geophysics, sampling, and drill results on wide spacings may not be indicative of the occurrence of a mineral deposit. Such results do not provide assurance that further work will establish sufficient grade, continuity, metallurgical characteristics, and economic potential to be classed as a category of mineral resource. A mineral resource that is classified as "inferred" or "indicated" has a great amount of uncertainty as to its existence and economic and legal feasibility. It cannot be assumed that any or part of an "indicated mineral resource" or "inferred mineral resource" will ever be upgraded to a higher category of resource. Investors are cautioned not to assume that all or any part of mineral deposits in these categories will ever be converted into proven and probable reserves.

To view figure 1, please visit the following link:
http://media3.marketwire.com/docs/SGRfig1.pdf

To view figure 2, please visit the following link:
http://media3.marketwire.com/docs/SGRfig2.pdf

Contacts:

San Gold Corporation

Dale Ginn, P.Geo, Qualified Person and Executive Vice Chairman
Toll Free: 1 (855) 585-4653
info1@sangold.ca

San Gold Corporation
George Pirie, President and CEO
Toll Free: 1 (855) 585-4653
info1@sangold.ca

San Gold Corporation
Manish Grigo, Director Investor Relations
Toll Free: 1 (855) 585-4653
info1@sangold.ca
www.sangold.ca

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