WINNIPEG, March 30, 2015 /CNW/ - San Gold Corp. (TSX-V: SGR) today reported its 2014 annual and fourth quarter financial and operating results.

The Company made significant progress in 2014 toward optimizing its Rice Lake operations, eliminating significant inefficiencies and implementing a revised 1,000 ton per day mine plan under the leadership of a renewed management team.

Substantial definition drilling was carried out during the year within the higher grade 710-711 zones and development is now nearly complete in these zones ahead of mining operations. The 710-711 zones are expected to contribute approximately 60% of the mine's future mill feed.

As of the date of this report, the Company continues to operate under creditor protection while pursuing its Sales and Investor Solicitation Process (SISP) pursuant to its filing of a Notice of Intent to Make a Proposal under Part III, Division I of the Bankruptcy and Insolvency Act (Canada). The SISP provides the Company with a means of restructuring the Company's finances to a level more appropriate to the optimal run rate established for the Rice Lake gold deposit over the past year. Development has been suspended and mining operations curtailed until the completion of the SISP when the Company will have a clearer understanding of the financial resources available to the Rice Lake mine as it prepares its operational plans for the second half of 2015.

The Company recognized a non-cash impairment charge of $71.8 million in the third quarter of 2014 and of $8.4 million in the fourth quarter. These charges are in addition to the non-cash impairment of $83.1 million recognized in 2013. The reduced carrying value of the Company's assets reflects lower gold prices and difficult market conditions within the sector.

Loss from operations in the fourth quarter of 2014 was $9.1 million and $90.6 million for the year. Excluding the non-cash impairment charges, operating loss was $0.7 million during the fourth quarter and $10.4 million for the year.

Total and comprehensive loss in the fourth quarter of 2014 was $16.4 million and $109.2 million for the year. Excluding the non-cash impairment charges, total and comprehensive loss was $8.0 million during the fourth quarter and $29.0 million for the year.

"Turning around the Rice Lake mine required considerable effort and expense in 2014 and we've now addressed the most critical issues. Our job over the next few months is to demonstrate the value of the deposit to potential investors so that we can complete the creditor protection process in anticipation of finally commencing profitable operations at this property," said Greg Gibson, San Gold's President and Chief Executive Officer.

Full Year Financial and Operating Summary

- Produced 41,890 ounces of gold.
- Mill throughput of 1,070 tons per day.
- Recognized revenue of $59.0 million on gold sales of 42,149 ounces of gold at a realized price of $1,400 per ounce.
- Recognized an operating loss of $10.4 million and net loss of $29.0 million for the year before non-cash impairment charges of $71.8 million and $8.4 million recognized at the end of the third and fourth quarters of 2014, respectively. Including the non-cash impairment, the operating loss was $90.6 million and the net loss was $109.2 million for the year.
- Generated cash flow from operations of $10.4 million. Before changes to non-cash working capital the Company used $9.4 million.
- Cash and cash equivalents balance of $0.5 million as at December 31, 2013.
- Completed approximately 65,600 metres of underground definition diamond drilling focused on the higher grade 710-711 zones.
- Initiated a turnaround process in March to establish improved operational efficiencies.
- Closed debt financing for gross proceeds of US$26.3 million.
- Filed a Notice of Intent to Make a Proposal on December 22, 2014, the first stage of a creditor protection process that permits the Company to pursue a restructuring of its financial affairs through a formal proposal.

Fourth Quarter Financial and Operating Summary

- Quarterly production of 8,407 ounces of gold.
- Mill throughput of 849 tons per day.
- Recognized revenue of $11.3 million on gold sales of 8,341 ounces at a realized price of $1,359 per ounce.
- Recognized an operating loss of $0.7 million and a net loss of $8.0 million.
- Generated cash flow from operations of $8.3 million. Before changes to non-cash working capital the Company used $1.0 million.
- Recognized a non-cash impairment charge of $8.4 million on the Company's mining claims and options.

Subsequent Events

- Approved to list on the TSX Venture Exchange. Shares and debentures resumed trading March 24, 2015.
- Closed debt financing for gross proceeds of US$5.4 million.

- Obtained an order granting an extension to April 27 for the Company's proposal trustee to file a proposal to creditors.
- Suspended mine development activities pending completion of Sales and Investor Solicitation Process.
- Announced on March 25, 2015, that the Company will not be funding the $2 million interest payment due March 31 in respect of its subordinated unsecured convertible debentures currently traded on the TSX Venture Exchange.

About San Gold

San Gold is an established Canadian gold producer, explorer, and developer that owns and operates the Rice Lake Mining Complex near Bissett, Manitoba. San Gold is listed on the TSX Venture Exchange under the symbol "SGR".

This press release should be read in conjunction with the Company's consolidated financial statements for the quarter ended December 31, 2014 and associated Management's Discussion and Analysis ("MD&A"), which are available from the Company's website (www.sangold.ca), in the "News & Reports" section under "Financial Statements", and on SEDAR (www.sedar.com).

Cautionary Non-IFRS Statements

The Company believes that investors use certain indicators to assess gold mining companies. They are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared with International Financial Reporting Standards ("IFRS"). "Total cash operating costs" as used in this analysis is a non-IFRS term typically used by gold mining companies to assess the level of gross margin available to the Company per ounce of gold by subtracting these costs from the unit price realized during the period. This non-IFRS term is also used to assess the ability of a mining company to generate cash flow from operations. There may be some variation in the method of computation of "total cash operating costs" as determined by the Company compared with other mining companies. In this context, "total cash operating costs" reflects the per ounce cash costs allocated from in-process and dore inventory associated with ounces of gold sold in the period and net royalties. "Total cash operating costs" may vary from one period to another due to operating efficiencies, quantity of ore processed, grade of ore processed, and gold recovery rates.

Cautionary Note Regarding Forward Looking Statements

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.

Cautionary Note to United States and Other Investors Concerning Estimates of Measured, Indicated and Inferred Mineral

Resources:

This press release uses the terms "Measured", "Indicated", and "Inferred" resources. United States investors are advised that while such terms are recognized and required by Canadian regulations, the United States Securities and Exchange Commission does not recognize them. "Inferred Mineral Resources" have a great amount of uncertainty as to their existence, and as to their economic and legal feasibility. It cannot be assumed that all or any part of an Inferred Mineral Resource will ever be upgraded to a higher category. Under Canadian rules, estimates of Inferred Mineral Resources may not form the basis of feasibility or pre-feasibility studies. United States investors are cautioned not to assume that all or any part of Measured or Indicated Mineral Resources will ever be converted into Mineral Reserves. United States investors are also cautioned not to assume that all or any part of a Mineral Resource is economically or legally mineable.

Table 1: 2014 Income Statement

SAN GOLD CORPORATION

CONSOLIDATED STATEMENTS OF NET LOSS AND COMPREHENSIVE LOSS

FOR THE YEARS ENDED DECEMBER 31

	2014	2013
REVENUE	$ 59,026,472	$ 106,264,073
OPERATIONS		
Operations (Note 19)	69,415,111	106,384,190
Impairment charge (Note 20)	80,200,025	83,100,000
LOSS FROM OPERATIONS	(90,588,664)	(83,220,117)
Exploration	361,858	16,407,573
General and administrative (Note 21)	9,038,173	11,343,016
LOSS BEFORE OTHER INCOME AND EXPENSES	99,988,695	110,970,706
OTHER INCOME AND EXPENSES		
Finance income - net (Note 22)	215,615	(271,014)
Finance costs (Note 22)	(11,570,375)	(5,498,679)
Equity loss of associate (Note 9)	(317,550)	-
Change in fair value of derivative in convertible debentures (Note 14)	3,783,519	-
Foreign exchange loss	(1,302,617)	(42,303)
LOSS BEFORE INCOME TAX	109,180,103	116,782,702
Income tax recovery on flow-through shares (Note 23)	-	5,455,981
NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	$ 109,180,103	$ 111,326,721
NET LOSS PER COMMON SHARE: (Note 26)		
Basic	$ (0.29)	$ (0.32)
Diluted	$ (0.29)	$ (0.32)

Table 2: Financial Highlights

	YTD 2014	YTD 2013
Total and comprehensive income (loss) (000)	($109,180)	($111,327)
Items not affecting cash (000)	$99,828	$117,904
Cash provided (used) by operating activities before changes in non-cash working capital (000)	($9,352)	$6,577
Net change in non-cash working capital (000)	$19,788	($4,547)
Cash provided by operating activities (000)	$10,435	$2,031
Earnings (loss) per share		
- basic	($0.29)	($0.32)
- diluted	($0.29)	($0.32)
Weighted average number of common shares outstanding		
- basic	373,390,981	346,585,944
- diluted	373,390,981	346,585,944

Table 3: Production Summary and Statistics

	YTD 2014	YTD 2013	Change (#)	Change (%)
Ore milled (tons)	390,564	641,710	(251,146)	-39%
Head grade (g/tonne Au)	4.03	4.32	(0.29)	-7%
Contained gold (ounces)	44,196	80,828	(36,632)	-45%
Ounces of gold produced	41,890	75,218	(33,328)	-44%
Ore mined (tons)	388,946	629,311	(240,365)	-38%
Ore milled per day (tons)	1,070	1,758	-688	-39%
Ore mined per day (tons)	1,066	1,724	-659	-38%
Mill recovery (%)	95%	93%	2%	2%

Table 4: Quarterly Production Summary and Statistics

	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013
Ore milled (tons)	78,117	76,649	115,802	119,996	148,042	175,311	162,344	156,013
Head grade (g/tonne Au)	3.77	4.63	4.18	3.67	3.78	4.24	5.05	4.15
Contained gold (ounces)	8,763	10,488	12,115	12,830	16,308	21,672	23,964	18,884
Ounces of gold produced	8,407	10,025	11,375	12,083	15,118	20,220	22,526	17,354
Ore mined (tons)	79,663	73,397	112,018	123,868	144,165	167,937	173,350	143,859
Ore milled per day (tons)	849	833	1,273	1,333	1,609	1,906	1,784	1,733
Ore mined per day (tons)	866	798	1,231	1,376	1,567	1,825	1,905	1,598
Mill recovery (%)	96%	96%	94%	94%	93%	93%	94%	92%

NOTE: Final refinery settlements, or the effects of rounding, may have resulted in increases or decreases to reported gold production.

SOURCE San Gold Corp.

Contact

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