

SAS reports 2015 second quarter results - strong operating cash flow and operational performance at Holloway

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TORONTO, Aug. 12, 2015 /CNW/ - [St Andrew Goldfields Ltd.](#) (T-SAS), ("SAS" or the "Company") reports \$9.2 million or \$0.03 per share, in operating cash flow for Q2 2015. Net income attributable to shareholders for Q2 2015 was \$3.5 million or \$0.01 per share, as compared to net income of \$0.6 million, or nil, on a per share basis, in Q2 2014. Excluding marked-to-market adjustments on derivative financial instruments, adjusted net earnings (1) for Q2 2015 was \$3.3 million or \$0.01 per share as compared to an adjusted net loss (1) of \$0.2 million or nil, on a per share basis for Q2 2014.

Q2 2015 HIGHLIGHTS

Gold production – Produced 23,533 ounces of gold from Holt and Holloway (17% increase from Q2 2014 for the two mines); and on track to meet the top end of the Company's 2015 production guidance.

Gold sold - Sold 23,319 ounces of gold at an average realized price (1) of US\$1,201 per ounce for revenues of \$34.4 million (9% increase from Q2 2014).

Total cash cost per ounce of gold sold (1) – US\$739 per ounce (15% decrease from Q2 2014). Mine site cash cost of US\$641 (1) for Q2 2015 is 14% below the Company's mine cash cost guidance of between US\$750 and US\$800 per ounce.

All-in sustaining cost (AISC) (1) – US\$966 per ounce of gold sold (12% or US\$132 per ounce decrease from Q2 2014).

Cash margin from operations (1) - \$13.2 million (\$3.3 million or 33% increase from Q2 2014).

Operating cash flow - \$9.2 million or \$0.03 per share. For Q2 2015, SAS generated \$1.8 million in net cash flow (1) as compared to a \$2.6 million cash outflow in Q2 2014.

OUTLOOK FOR 2015

The Company's 2015 production guidance for Holt and Holloway remains between 85,000 – 95,000 ounces of gold at a mine cash costs target of between US\$750-US\$800 per ounce of gold sold (1). The Taylor production will be included in the Company's production guidance once the timing of the commencement of commercial production is more certain. It is anticipated that commercial production could commence in Q4 2015 and if that occurs, it is anticipated that Taylor would contribute between 10,000 and 12,000 ounces of commercial production in 2015.

SAS is focused on bringing Taylor into commercial production in 2015 and is continuing its cost containment initiative at all of its operations, with the objective of maximizing cash margin from mine operations while exploration programs remain focused on the near-mine targets. SAS is sufficiently funded to achieve its near-term objectives.

Conference Call Information

A conference call will be held Thursday, August 13, 2015 at 10:00 a.m. (EST) to discuss the second quarter 2015 results. Participants may join the call via webcast at www.sasgoldmines.com or call in toll free at 1-866-212-4491. A playback of the conference call will be available via the website and will be posted within 24 hours of the call.

Mine Operations Review

Holt (see Operating and Financial Statistics – Holt Mine on page 12)

Production increased by 5% from Q2 2014 as a result of an increase in ore grade due to mining sequence. For Q2 2015, mine cash cost improved by US\$52 per ounce of gold sold from Q2 2014, due to the increased strength of the US dollar relative to the Canadian dollar.

Cash margin from mine operations in Q2 2015 improved by \$1.6 million or 19% when compared to Q2 2014 due to an 11% increase in revenue, in conjunction with a 4% reduction in royalty costs.

Holloway (see Operating and Financial Statistics – Holloway Mine on page 13)

Both throughput and ore grade increased by 22% and 26%, respectively, from Q2 2014, resulting in a 55% increase in production from 4,893 ounces of gold in Q2 2014 to 7,582 ounces in Q2 2015.

In Q2 2015, cash margin from mine operations increased 3 times or by \$2.1 million over Q2 2014 as a result of the increased throughput and ore grade.

Taylor Project

Underground development activities started at Taylor during Q1 2015 after the decision was made to advance the project into commercial production by the end of 2015. During Q2 2015, the Company commenced with the procurement of \$7.2 million of mining equipment and initiated a recruitment campaign for miners to replace the current mine contractors for the project late this quarter. It is anticipated that ore mined during the pre-production period will be stockpiled and processed upon the receipt of the production closure plan. Applications for all permitting requirements, including the mine production closure plan, are currently underway.

Exploration Programs

Exploration activities during Q2 2015 continued to focus on the near mine targets, specifically exploring for strike and depth extensions of the known mineralized zones and also exploring for potential repetitions and satellite zones situated near the operations. In Q2 2015, SAS drilled a total of 11,400 metres of surface core and an additional 10,000 metres of underground drilling. The majority of surface drilling activities were focused on Phase 2 evaluation of Zone 4 West Extension, on the Tousignant West and Mattawasaga west pit extensions on the Holt property. At Holloway surface drilling targeted the down-dip extension of Blacktop mineralization and at Hislop North drilling continued to target the southerly strike extension of the "147 Zone style" mineralization. The majority of the underground drilling took place on the 710m and 925m Sub-levels at Holt targeting the Zone 6 extension, and on the 945m Sub-level at Holloway to evaluate the easterly strike potential of Smoke Deep (See press release dated August 5, 2015 available under the Company's profile on www.sedar.com or on the Company's website at www.sasgoldmines.com.).

Capital Resources

SAS generated \$1.8 million in net cash flow in Q2 2015 as compared to a cash outflow of \$2.6 million in Q2 2014, despite a 7% decline in gold price. Working capital at the end of quarter was \$17.2 million, an increase of \$7.5 million from working capital of \$9.6 million at the end of 2014. The Company maintained a cash position of \$26.8 million at the end of the quarter and also has a US\$10.0 million revolving credit facility available and a \$7.0 million capital lease facility to be used for the procurement of mining equipment for use at Taylor. In conjunction with the expected cash flows from operations, the Company is well positioned to finance its planned sustaining capital programs, the growth capital required for Taylor and to conduct its planned exploration programs for 2015.

Qualified Person

Production at Holt and Holloway, processing at the Holt Mill, and mine development at Taylor are conducted under the supervision of Marc-Andre Pelletier, P.Eng., the Company's Vice-President and General Manager of Operations.

Exploration activities on the Company's various mineral properties, including the drilling program at Taylor are under the supervision of Mr. Doug Cater, P. Geo., the Company's Vice-President of Exploration.

Messrs. Pelletier and Cater are qualified persons as defined by NI 43-101, and have reviewed and approved this news release.

The following abbreviations are used to describe the periods under review throughout this release.

Abbreviation	Period	Abbreviation	Period
Q1 2015	January 1, 2015 – March 31, 2015	Q1 2014	January 1, 2014 – March 31, 2014
Q2 2015	April 1, 2015 – June 30, 2015	Q2 2014	April 1, 2014 – June 30, 2014
Q3 2014	July 1, 2014 – September 30, 2014	Q3 2013	July 1, 2013 – September 30, 2013
Q4 2014	October 1, 2014 - December 31, 2014	Q4 2013	October 1, 2013 - December 31, 2013
YTD 2015	January 1, 2015 – June 30, 2015	YTD 2014	January 1, 2014 – June 30, 2014
FY 2015	January 1, 2015 – December 31, 2015	FY 2014	January 1, 2014 – December 31, 2014

Non-GAAP Measures

The Company has included the following non-GAAP performance measures: adjusted net earnings; operating cash flow per share; net cash flow; average realized price per ounce of gold sold; total cash cost and all-in sustaining cash costs per ounce of gold sold; cash margin from mine operations; cash margin per ounce of gold sold; and mine-site cost per tonne milled throughout this press release, which do not have standardized meanings prescribed by International Financial Reporting Standards ("IFRS") and are not necessarily comparable to other similarly titled measures of other companies due to potential inconsistencies in the method of calculation. The Company believes that, in addition to conventional measures prepared in accordance with IFRS, the Company and certain investors use this information to evaluate the Company's performance. Accordingly, it is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. Refer to pages 6 –11 of this press release for a discussion and the reconciliation of these non-GAAP measurements to the Company's Unaudited Q2 2015 Condensed Interim Financial Statements ("Financial Statements").

The unaudited Balance Sheets, Statements of Operations and Statements of Cash Flows for the Company for the three months and six months ended June 30, 2015, can be found on pages 14 – 16 of this press release.

To review the complete unaudited Condensed Interim Financial Statements and the Q2 2015 Management's Discussion and Analysis, please see the Company's SEDAR filings under the Company's profile at www.sedar.com or the Company's website at www.sasgoldmines.com.

About SAS

SAS (operating as "SAS Goldmines"), is a gold mining and exploration company with an extensive land package in the Timmins mining district, north-eastern Ontario, which lies within the Abitibi greenstone belt, the most important host of historical gold production in Canada.

SAS owns and operates the Holt and Holloway mines and is also advancing its Taylor Project into commercial production. The Company is conducting various exploration programs across 120km of land straddling the Porcupine-Destor Fault Zone.

FORWARD-LOOKING INFORMATION

This news release contains forward-looking information and forward-looking statements (collectively, "forward-looking information") under applicable securities laws, concerning the Company's business, operations, financial performance, condition and prospects, as well as management's objectives, strategies, beliefs and intentions. Forward-looking information is frequently identified by such words as "may", "will", "plan", "expect", "estimate", "anticipate", "believe", "intend" and similar words referring to future events and results, including the Company's production and cash cost guidance for 2015; the advancement of Taylor towards production, the timing thereof, and Taylor's potential 2015 production level; the Company's exploration programs in 2015; and the sufficiency of the Company's capital resources to carry out its planned

objectives. Also, Mineral Reserves and Mineral Resources are considered to be forward-looking information as they involve the assessment, based on certain estimates and assumptions, that such Mineral Reserves and Resources can be economically produced in the future.

This forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those expressed or implied by the forward-looking information. Factors that may cause actual results to vary materially include, but are not limited to, uncertainties relating to the interpretation of the geology, continuity, grade and size estimates of the mineral reserves and resources; unanticipated operational or technical difficulties which could escalate operating and/or capital costs and reduce anticipated production levels; the Company's dependence on key employees and changes in the availability of qualified personnel; fluctuations in gold prices and exchange rates; insufficient funding or delays or inability to raise additional financing on satisfactory terms if required; operational hazards and risks, including the inability to insure against all risks; changes in laws, regulations and the risks of obtaining necessary licenses and permits; changes in general economic conditions and changes in conditions in the financial markets. Such forward looking information is based on a number of assumptions, including but not limited to the level and volatility of the price of gold, the accuracy of reserve and resource estimates and the assumptions on which such estimates are based, the ability to achieve capital and operating cost estimates, the ability of the Company to retain and attract qualified personnel, the sufficiency of the Company's cash reserves and operating cash flow to complete planned development and exploration activities, the availability of additional financing on acceptable terms if and as required and the level of stability of general business and economic conditions. Should one or more risks and uncertainties materialize or should any assumptions prove incorrect, then actual results could vary materially from those expressed or implied in the forward-looking information and accordingly, readers are cautioned not to place undue reliance on this forward-looking information. SAS does not assume the obligation to revise or update this forward-looking information after the date of this release or to revise such information to reflect the occurrence of future unanticipated events, except as may be required under applicable securities laws. A description of these risks and uncertainties are can also be found in the Company's Annual Information Form obtained on SEDAR at www.sedar.com.

SUMMARIZED OPERATING AND FINAL INFORMATION

Amounts in thousands of Canadian dollars, except per share

	Q2 2015	Q2 2014	YTD 2015	YTD 2014
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and per unit amounts

SAS Operating Results

Gold production (ounces) ²	23,533	22,505	47,260	46,866
Commercial gold production sold (ounces) ²	23,319	22,850	48,270	46,350

Per ounce data (US\$)

Average realized price ⁽¹⁾	\$ 1,201	\$ 1,285	\$ 1,209	\$ 1,289
Mine cash costs	\$ 641	\$ 761	\$ 624	\$ 750
Royalty costs	\$ 98	\$ 111	\$ 104	114
Total cash cost ⁽¹⁾	\$ 739	\$ 872	\$ 728	\$ 864
Cash margin ⁽¹⁾	\$ 462	\$ 413	\$ 481	\$ 425
All-in sustaining costs ⁽¹⁾	\$ 966	\$ 1,098	\$ 951	\$ 1,094

SAS Financial Results

Gold sales and total revenue (3)	\$ 35,388	\$ 31,934	\$ 73,226	\$ 65,415
Cash margin from mine operations (1)	\$ 13,207	\$ 9,948	\$ 27,750	\$ 21,223
Net income (loss)	\$ 3,503	\$ 553	\$ 6,546	\$ (1,253)
Adjusted net earnings (loss) (1)	\$ 3,255	\$ (186)	\$ 6,915	\$ (2,049)
Operating cash flow	\$ 9,238	\$ 5,461	\$ 18,724	\$ 14,929
Net cash flow (1)	\$ 1,759	\$ (2,647)	\$ 6,611	\$ (1,166)

Per share information:

Basic and diluted income (loss)	\$ 0.01	\$ 0.00	\$ 0.02	\$ 0.00
Adjusted net earnings (loss) (1)	\$ 0.01	\$ 0.00	\$ 0.02	\$ 0.00
Operating cash flow (1)	\$ 0.03	\$ 0.01	\$ 0.05	\$ 0.04

	June 30, December 31,	
	2015	2014
SAS Financial Position		
Cash and cash equivalents	\$ 26,805	\$ 21,485
Working capital	\$ 17,161	\$ 9,634
Total assets	\$ 198,406	\$ 191,553
Total non-current financial liabilities	\$ 344	\$ 1,284

Notes:

Average realized price per ounce of gold sold, Total cash costs and All-in sustaining cash cost per ounce of gold sold, adjusted

net earnings (loss), Net cash flow and Operating cash flow per share are non-GAAP measures. Refer to pages 6–11 hereof for

(1)

a discussion and the reconciliation of these non-GAAP measurements to reported gold sales and production costs per the

Financial Statements.

Gold production and commercial production sold in YTD 2015 excludes 2,427 ounces (none in YTD 2014) of gold poured from

(2) processing 7,756 tonnes of material extracted from the Taylor bulk sample program; and 628 ounces of gold recovered from

processing 3,800 tonnes of material from Taylor in Q2 2015.

Gold sales and total revenue includes \$1.1 million of toll milling revenue earned in Q1 2015 and \$1.0 million in Q2 2015 (none in

(3) Q1 2014 and \$0.3 million in Q2 2014).

NON-GAAP MEASURES

Adjusted net earnings (loss)

Adjusted net earnings (loss) is a non-GAAP performance measure and does not constitute a measure recognized by IFRS and does not have a standardized meaning defined by IFRS, and may not be comparable to information in other gold producers' reports and filings. Adjusted net earnings (loss) is calculated by removing the gains and losses, resulting from the mark-to-market revaluation of the Company's gold-linked liabilities and foreign currency derivative contracts, one-time gains or losses on the disposition of non-core assets, periodic adjustments to the Company's asset retirement obligations, and expenses, asset impairment gains or losses and significant tax adjustments not related to current period's earnings, as detailed in the table below. The Company discloses this measure, which is based on its Financial Statements, to assist in the understanding of the Company's operating results and financial position.

Amounts in thousands of Canadian dollars, except per share

	Q2 2015	Q2 2014	Q1 2015	YTD 2015	YTD 2014
amounts					

Net income (loss) per Financial Statements	\$ 3,504	\$ 553	\$ 3,043	\$ 6,546	\$ (1,253)
Mark-to-market loss (gain) on gold-linked liabilities	(62)	(56)	177	115	400
Mark-to-market loss (gain) on foreign currency derivatives	(269)	(1,128)	646	377	(883)
Loss on disposal of fixed assets	-	149	-	-	149
Net change in provision	-	-	-	-	(777)
Tax effect of above items	83	296	(206)	(123)	315
Adjusted net earnings (loss)	\$ 3,256	\$ (186)	\$ 3,660	\$ 6,915	\$ (2,049)

Weighted average number of shares outstanding (000s)

Basic	368,274	368,296	368,274	368,274	368,296
Diluted	368,314	368,237	368,296	368,306	368,296
Adjusted net earnings (loss) per share - basic and diluted	\$ 0.01	\$ 0.00	\$ 0.01	\$ 0.02	\$ (0.01)

Total cash cost per ounce of gold sold

Total cash cost per ounce of gold sold is a non-GAAP performance measure, which does not have a standardized meaning defined by IFRS and may not be comparable to information in other gold producers' reports and filings. The Company has included this non-GAAP performance measure throughout this document as the Company believes that this generally accepted industry performance measure provides a useful indication of the Company's operational performance. The Company believes that, in addition to conventional measures prepared in accordance with IFRS, certain investors use this information to evaluate the Company's performance and ability to generate cash flow. Accordingly, it is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. The following table provides a reconciliation of total cash costs per ounce of gold sold to production expenses per the Financial Statements for Q2 2015, Q2 2014 and Q1 2015; and YTD 2015 and 2014:

Amounts in thousands of Canadian dollars, except where

	Q2 2015	Q2 2014	Q1 2015	YTD 2015	YTD 2014
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indicated

Mine site operating costs per Financial Statements	\$ 19,367	\$ 19,228	\$ 19,888	\$ 39,255	\$ 38,417
Less: Toll milling revenue	(987)	(269)	(1,083)	(2,070)	(269)
Production royalties per Financial Statements	2,814	2,758	3,407	6,221	5,775
Total cash costs	\$ 21,194	\$ 21,717	\$ 22,212	\$ 43,406	\$ 43,923
Divided by gold ounces sold	23,319	22,850	24,951	48,270	46,350
Total cash cost per ounce of gold sold (Canadian dollars)	\$ 909	\$ 950	\$ 890	\$ 899	\$ 948
Average 1 USD ?CAD exchange rate	\$ 1.23	\$ 1.09	\$ 1.24	\$ 1.24	\$ 1.10
Total cash cost per ounce of gold sold (US\$)	\$ 739	\$ 872	\$ 717	\$ 728	\$ 864

All-in sustaining cost per ounce of gold sold

All-in sustaining cost per ounce of gold sold is a non-GAAP performance measure, which does not have a standardized meaning defined by IFRS and may not be comparable to information in other gold producers' reports and filings. The Company has included this non-GAAP performance measure throughout this document as the Company believes that this generally accepted industry performance measure provides a useful indication of the Company's operational performance. To report on this performance metrics, the Company uses the all-in sustaining definition as set out in the guidance note released by the World Gold Council on June 27, 2013. All-in sustaining costs include mine-site operating costs and production royalties incurred at the Company's mining operations (net of toll milling revenue), sustaining capital expenditures, corporate administration expense, mine-site exploration costs, and reclamation cost accretion. The Company believes that this measure represents the total costs of producing gold from current operations, and provides the Company and other stakeholders with additional information that illustrates the Company's operational performance and ability to generate cash flow. This cost measure is reported on a consolidated level and on a per-ounce of gold sold basis. As the measure seeks to reflect the full cost of gold production from current operations, new project capital is not included. Certain other cash expenditures, including tax payments and financing costs are also not included.

The Company determines sustaining capital as those capital expenditures that are necessary to maintain current gold production and execute the current mine plan. Capital expenditures to develop new operations, or related to projects at existing operations where these projects will enhance gold production or Mineral Reserves, are considered development capital. For Q2 2015, all capital expenditures at Holt and Holloway

are classified as sustaining; and the capital expenditures incurred to bring Taylor, net of bulk sample gold sales, are classified as development capital.

Amounts in thousands of Canadian dollars, except where

	Q2 2015	Q2 2014	Q1 2015	YTD 2015	YTD 2014
indicated					
Mine site operating costs per Financial Statements	\$ 19,367	\$ 19,228	\$ 19,888	\$ 39,255	\$ 38,417
Less: Toll milling revenue	(987)	(269)	(1,083)	(2,070)	(269)
Production royalties per Financial Statements	2,814	2,758	3,407	6,221	5,775
 Add (less):					
Sustaining mine capital	4,021	3,921	4,460	8,481	8,270
Mine site exploration	343	207	605	948	434
Mine reclamation obligation	49	104	102	151	208
Corporate administration	2,083	1,402	1,634	3,717	2,764
All-in sustaining costs	\$ 27,690	\$ 27,351	\$ 29,013	\$ 56,703	\$ 55,599
 Divided by gold ounces sold	23,319	22,850	24,951	48,270	46,350
 All-in sustaining cost per ounce of gold sold (Canadian dollars)	\$ 1,187	\$ 1,197	\$ 1,163	\$ 1,175	\$ 1,200
 Average 1 USD ?CAD exchange rate	\$ 1.23	\$ 1.09	\$ 1.24	\$ 1.24	\$ 1.10
 All-in sustaining cost per ounce of gold sold (US\$)	\$ 966	\$ 1,098	\$ 937	\$ 951	\$ 1,094

Mine-site cost per tonne milled

Mine-site cost per tonne milled is a non-GAAP performance measure, which does not have a standardized meaning defined by IFRS and may not be comparable to information in other gold producers' reports and filings. As illustrated in the table below, this measure is calculated by adjusting Production Costs, as shown in the statements of operations for toll milling revenue and inventory level changes and then dividing by tonnes processed through the mill. Since total cash cost per ounce of gold sold data can be affected by fluctuations in foreign currency exchange rates, Management believes that mine-site cost per tonne milled provides additional information regarding the performance of mining operations and allows management to monitor operating costs on a more consistent basis as the per tonne milled measure reduces the cost variability associated with varying production levels. Management also uses this measure to determine the economic viability of mining blocks. As each mining block is evaluated based on the net realizable value of each tonne mined, the estimated revenue on a per tonne basis must be in excess of the mine-site cost per tonne milled in order to be economically viable. Management is aware that this per tonne milled measure is impacted by fluctuations in throughput and thus uses this evaluation tool in conjunction with production costs prepared in accordance with IFRS. This measure supplements production cost information prepared in accordance with IFRS and allows investors to distinguish between changes in production costs resulting from changes in production versus changes in operating performance.

Amounts in thousands of Canadian dollars, except per tonne

	Q2 2015	Q2 2014	Q1 2015	YTD 2015	YTD 2014
amounts					

Holt Mine

Mine site costs per Financial Statements	\$ 12,479	\$ 11,051	\$ 12,579	\$ 25,058	\$ 21,355
Less: toll milling revenue allocation	(700)	(137)	(769)	(1,469)	(137)
Inventory adjustments ⁽¹⁾	(341)	354	(157)	(498)	954
Mine site operating costs	\$ 11,438	\$ 11,268	\$ 11,653	\$ 23,091	\$ 22,172
Divided by tonnes of ore milled	106,026	106,282	108,766	214,792	219,561
Mine site cost per tonne milled	\$ 108	\$ 106	\$ 107	\$ 108	\$ 101

Holloway Mine

Mine site costs per Financial Statements	\$ 6,888	\$ 5,597	\$ 7,309	\$ 14,197	\$ 11,778
Less: toll milling revenue allocation	(287)	(92)	(314)	(601)	(92)
Inventory adjustments ⁽¹⁾	1	(441)	(87)	(86)	(67)
Mine site operating costs	\$ 6,602	\$ 5,064	\$ 6,908	\$ 13,510	\$ 11,619
Divided by tonnes of ore milled	49,856	40,932	45,617	95,473	83,913
Mine site cost per tonne milled	\$ 132	\$ 124	\$ 151	\$ 142	\$ 138

Hislop Mine

Mine site costs per Financial Statements	\$ -	\$ 2,580	-	-	\$ 5,284
Less: toll milling revenue allocation	-	(41)	-	-	(41)
Inventory adjustments ⁽¹⁾	-	(49)	-	-	7
Mine site operating costs	\$ -	\$ 2,490	\$ -	\$ -	\$ 5,250
Divided by tonnes of ore milled	-	47,785	-	-	79,784
Mine site cost per tonne milled	\$ -	\$ 52	\$ -	\$ -	\$ 66

Mine site costs per Financial Statements

Holt	\$ 12,479	\$ 11,051	\$ 12,579	\$ 25,058	\$ 21,355
Holloway					

6,888

5,597

Hislop	-	2,580	-	-	5,284	
		\$ 19,367	\$ 19,228	\$ 19,888	\$ 39,255	\$ 38,417

Note:

(1) Inventory adjustment reflects production costs associated with unsold bullion and in-circuit inventory.

Cash margin from mine operations

Cash margin from mine operations is a non-GAAP measure, which does not have a standardized meaning defined by IFRS and may not be comparable to information in other gold producers' reports and filings. It is calculated as the difference between gold sales and production costs (comprised of mine-site operating costs and production royalties) per the Company's Financial Statements. The Company believes it illustrates the performance of the Company's operating mines and enables investors to better understand the Company's performance in comparison to other gold producers who present results on a similar basis.

Amounts in thousands of Canadian dollars	Q2 2015	Q2 2014	Q1 2015	YTD 2015	YTD 2014
Gold sales per Financial Statements	[A]	\$ 34,401	\$ 31,665	\$ 36,755	\$ 71,156
Mine site operating costs per Financial Statements		19,367	19,228	19,888	39,255
Less: Toll milling revenue		(987)	(269)	(1,083)	(2,070)
Production royalties per Financial Statements		2,814	2,758	3,407	6,221
	[B]	21,194	21,717	22,212	43,406
Cash margin from mine operations	[A] - [B]	\$ 13,207	\$ 9,948	\$ 14,543	\$ 27,750
					\$ 21,223

Breakdown of cash margin from mine operations by mines:

Holt Mine	\$ 10,010	\$ 8,407	\$ 10,209	\$ 20,219	\$ 19,226
Holloway Mine	3,197	1,083	4,334	7,531	1,672
Hislop Mine	-	458	-	-	325
	\$ 13,207	\$ 9,948	\$ 14,543	\$ 27,750	\$ 21,223

Average realized price per ounce of gold sold

Average realized price per ounce of gold sold is a non-GAAP measure, which does not have a standardized meaning defined by IFRS and is calculated by dividing gold sales proceeds received by the Company for the relevant period by the ounces of gold sold. It may not be comparable to information in other gold producers' reports and filings.

Amounts
in
thousands
of

Canadian
dollars,
except
where
indicated

Q2 2015 Q2 2014 Q1 2015 YTD 2015 YTD 2014

Gold

sales
per
Financial
Statements

\$

34,401

\$

31,665

\$

36,755

65,146

Foreign exchange (637) (614) 98
 Less 158 1,437 1,452 387
 (gain)
 Foreign currency derivative settlement
 Average 1.09 1.24 1.24 1.10
 Now
 Gold sales
 Realized \$26,928 \$29,353 \$30,262 \$58,290 \$59,759
 Sales exchange rate
 Divided by US\$ gold
 Average \$1,285 \$1,213 \$1,209 \$1,289
 Sold
 Realized price per ounce of gold sold
 of
 Cash margin per ounce of gold sold is a non-GAAP measure, which does not have a standardized meaning defined by IFRS and is calculated by subtracting the total cash cost per ounce of gold sold from the average (US\$) realized price per ounce of gold sold. It may not be comparable to information in other gold producers' reports and filings.

Amounts in United States dollars Q2 2015 Q2 2014 Q1 2015 YTD 2015 YTD 2014

Per ounce of gold sold:

Average realized price per ounce of gold sold [A]		\$ 1,201	\$ 1,285	\$ 1,213	\$ 1,209	\$ 1,289
Total cash cost per ounce of gold sold [B]		739	872	717	728	864
Cash margin per ounce of gold sold [A] - [B]		\$ 462	\$ 413	\$ 496	\$ 481	\$ 425

Net cash flow

Net cash flow is a non-GAAP measure which does not have a standardized meaning defined by IFRS and is calculated by taking cash flow from operating activities less cash used in investing activities as reported in the Company's Financial Statements. It may not be comparable to information in other gold producers' reports and filings.

Amounts in thousands of Canadian dollars Q2 2015 Q2 2014 Q1 2015 YTD 2015 YTD 2014

Cash flow from operating activities per Financial Statements \$ 9,238 \$ 5,461 \$ 9,486 \$ 18,724 \$ 14,929

Less:

Cash used in investing activities per Financial Statements	7,479	8,108	4,634	12,113	16,095
	\$ 1,759	\$ (2,647)	\$ 4,852	\$ 6,611	\$ (1,166)

Operating cash flow per share

Operating cash flow per share is a non-GAAP measure and is calculated by dividing cash flow from operating activities in the Company's Financial Statements by the weighted average number of shares outstanding for each year. It may not be comparable to information in other gold producers' reports and filings.

Amounts in thousands of Canadian dollars, except per share

	Q2 2015	Q2 2014	Q1 2015	YTD 2015	YTD 2014
amounts					
Cash flow from operating activities per Financial Statements	\$ 9,238	\$ 5,461	\$ 9,486	\$ 18,724	\$ 14,929
Weighted average number of shares outstanding (000s)	368,274	368,296	368,274	368,274	368,296
Operating cash flow per share	\$ 0.03	\$ 0.01	\$ 0.03	\$ 0.05	\$ 0.04

Operating and Financial Statistics – Holt Mine

Amounts in thousands of Canadian dollars, except per unit

	Q2 2015	Q2 2014	Q1 2015	YTD 2015	YTD 2014
amounts					
Tonnes milled	106,026	106,282	108,766	214,792	219,561
Head grade (g/t Au)	4.91	4.70	4.86	4.88	4.90
Average mill recovery	95.4%	94.2%	95.0%	95.2%	94.4%
Gold produced (ounces)	15,951	15,140	16,152	32,103	32,637
Commercial gold production sold (ounces)	16,201	15,534	16,646	32,847	32,050
Gold sales revenue	\$ 23,909	\$ 21,521	\$ 24,499	\$ 48,408	\$ 45,062
Cash margin from mine operations ⁽¹⁾	\$ 10,010	\$ 8,407	\$ 10,209	\$ 20,219	\$ 19,226
Mine site cost per tonne milled ⁽¹⁾	\$ 108	\$ 106	\$ 107	\$ 108	\$ 101
Total cash cost per ounce of gold sold (US dollars) ⁽¹⁾					
Mine cash costs *	\$ 592	\$ 644	\$ 572	\$ 581	\$ 604
Royalty costs	106	130	120	113	131
Total cash cost per ounce of gold sold (US dollars) ⁽¹⁾	\$ 698	\$ 774	\$ 692	\$ 694	\$ 735

Capital expenditures	\$ 3,710	\$ 3,608	\$ 4,217	\$ 7,927	\$ 7,680
Depreciation and depletion expense	\$ 2,884	\$ 2,749	\$ 3,107	\$ 5,991	\$ 5,542

* Toll milling revenue is allocated to each of SAS's mine operations

Note:

Total cash cost per ounce of gold sold, mine-site cost per tonne milled and cash margin from mine operations are non-GAAP measures

(1) and are not necessarily comparable to similarly titled measures of other companies due to potential inconsistencies in the method of

calculation (see pages 6 – 11 for an explanation and reconciliation of non-GAAP measurements).

Operating and Financial Statistics – Holloway Mine

Amounts in thousands of Canadian dollars, except per unit

	Q2 2015	Q2 2014	Q1 2015	YTD 2015	YTD 2014
amounts					
Tonnes milled	49,856	40,932	45,617	95,473	83,913
Head grade (g/t Au)	5.15	4.09	5.58	5.35	4.12
Average mill recovery	91.9%	90.9%	92.6%	92.2%	90.5%
Gold produced (ounces)	7,582	4,893	7,575	15,157	10,047
Commercial gold production sold (ounces)	7,118	5,157	8,305	15,423	10,332
Gold sales revenue	\$ 10,492	\$ 7,149	\$ 12,256	\$ 22,748	\$ 14,518
Cash margin from mine operations (1)	\$ 3,197	\$ 1,083	\$ 4,334	\$ 7,531	\$ 1,672
Mine site cost per tonne milled (1)	\$ 132	\$ 124	\$ 151	\$ 142	\$ 138
Total cash cost per ounce of gold sold (US dollars) (1)					
Mine cash costs *	\$ 755	\$ 979	\$ 679	\$ 714	\$ 1,031
Royalty costs	79	100	90	85	102
Total cash cost per ounce of gold sold (US dollars) (1)	\$ 834	\$ 1,079	\$ 769	\$ 799	\$ 1,133

Capital expenditures	\$ 231	\$ 270	\$ 231	\$ 462	\$ 520
Depreciation and depletion expense	\$ 266	\$ 3,266	\$ 574	\$ 839	\$ 10,591

* Toll milling revenue is allocated to each of SAS's mine operations

Note:

Total cash cost per ounce of gold sold, mine-site cost per tonne milled and cash margin from mine operations, are non-GAAP measures

(1) and are not necessarily comparable to similarly titled measures of other companies due to potential inconsistencies in the method of calculation (see pages 6-11 hereof for an explanation and reconciliation of non-GAAP measurements).

Statements of Operations (unaudited)

St Andrew Goldfields Ltd.

Expressed in thousands of Canadian dollars except per share information

	Three months ended June 30, Six months ended			
	2015	2014	2015	2014
Revenue				
Gold sales	\$ 34,401	\$ 31,665	\$ 71,156	\$ 66,820
Toll milling	987	269	2,070	269
	35,388	31,934	73,226	65,889
Operating costs and expenses:				
Mine site operating	19,367	19,228	39,255	38,444
Production royalty	2,814	2,758	6,221	5,771
Site maintenance	51	(34)	102	8
Exploration	2,004	1,263	3,814	2,441
Corporate administration	2,083	1,402	3,717	2,771
Depreciation and depletion	3,269	6,370	7,084	16,111
Loss on disposal of fixed assets	-	149	-	149
	29,588	31,136	60,193	66,142
Operating income (loss)				

5,800

13,033

Finance costs	237	421	526	969
Mark-to-market (gain) loss on gold-linked liabilities	(62)	(56)	115	400
Mark-to-market (gain) loss on foreign currency derivatives	(269)	(1,128)	377	(881)
Foreign exchange (gain) loss	(150)	458	201	1,249
Finance income and other	(81)	(70)	(132)	(943)
	(325)	(375)	1,087	787
Income (loss) before taxes	6,125	1,173	11,946	(1,711)
Net deferred tax expense (recovery)	2,622	620	5,400	(452)
Net income (loss) attributable to shareholders	\$ 3,503	\$ 553	\$ 6,546	\$ (1,253)
Other comprehensive income (loss)				
Unrealized gain (loss) on available-for-sale investments (nil tax effect) (64)		(23)	62	115
Unrealized loss on derivatives designated as cash flow hedges, net of tax of \$32, \$42, \$56 and \$34	97	126	168	104
	33	103	230	219
Comprehensive income (loss) for the period	\$ 3,536	\$ 656	\$ 6,776	\$ (1,253)
Basic and diluted income (loss) per share	\$0.01	\$0.00	\$0.02	\$0.00
Weighted average number of shares outstanding (000's)				
Basic	368,274	368,296	368,274	368,274
Diluted	368,314	368,337	368,306	368,306

Statements of Cash Flows (unaudited)
[St Andrew Goldfields Ltd.](#)
 Expressed in thousands of Canadian dollars

	Three months ended June 30, Six months ended June 30			
	2015	2014	2015	2014
Operating activities:				
Net income (loss) for the period	\$ 3,503	\$ 553	\$ 6,546	\$ (1,253)
Items not affecting cash:				

Net deferred tax expense (recovery)	2,622	620	5,400	(450)
Mark-to-market loss on gold-linked liabilities	(62)	(56)	115	400
Non-cash interest	193	348	436	767
Mark-to-market loss on foreign currency derivatives	(269)	(1,128)	377	(883)
Depreciation and depletion	3,269	6,370	7,084	16,790
Loss on disposal of fixed assets	-	149	-	149
Net change in provision	-	-	-	(777)
Share-based payments	127	146	184	190
Net change in non-cash operating working capital and other	(118)	(1,496)	(1,364)	144
Interest paid	(27)	(45)	(54)	(148)
Cash provided by operating activities	9,238	5,461	18,724	14,929
Investing activities:				
Additions to exploration and evaluation assets	(12)	(3,746)	(14)	(8,110)
Mine development expenditures	(6,510)	(2,000)	(8,947)	(4,610)
Additions to plant and equipment	(1,375)	(2,030)	(2,176)	(3,922)
Amounts payable on capital additions	429	(400)	(854)	495
Reclamation costs and other	(11)	(17)	(23)	(33)
Cash collateralized for banking facilities	-	85	(99)	85
Cash used in investing activities	(7,479)	(8,108)	(12,113)	(16,095)
Financing activities:				
Advance royalty payments	(441)	(289)	(899)	(708)
Capital lease payments	(274)	(280)	(545)	(540)
Repayment of term credit facility	-	(7,576)	-	(9,815)
Cash used in financing activities	(715)	(8,145)	(1,444)	(11,063)
Effects of exchange rate changes on cash and cash equivalents 4		(760)	153	(1,398)
Increase (decrease) in cash and cash equivalents	1,048	(11,552)	5,320	(13,627)
Cash and cash equivalents, beginning of period	25,757	31,615	21,485	33,690
Cash and cash equivalents, end of period	\$ 26,805	\$ 20,063	\$ 26,805	\$ 20,063

Balance Sheets

[St Andrew Goldfields Ltd.](#)

Expressed in thousands of Canadian dollars

June 30, 2015 December 31, 2014

Unaudited

Assets

Current assets:

Cash and cash equivalents	\$ 26,805	\$ 21,485
Accounts receivable	1,285	1,220
Inventories	9,523	10,128
Prepayments and other assets	1,333	324
	38,946	33,157
Exploration and evaluation assets	9,949	47,193
Mines under development	39,835	-
Producing properties and mines under development	45,273	41,907
Plant and equipment	34,317	36,144
Reclamation deposits	7,759	7,736
Restricted cash	2,496	2,397
Deferred tax assets	19,559	22,809
Other assets	272	210
	\$ 198,406	\$ 191,553

Liabilities and Shareholders' Equity

Current liabilities:

Accounts payable and other liabilities	\$ 11,996	\$ 13,094
Employee-related liabilities	5,106	4,954
Royalties payable	1,138	1,220
Provisions	250	250
Derivative liabilities	654	501
Current portion of long-term debt	2,385	2,579
Current portion of asset retirement obligations	256	925
	21,785	23,523
Long-term debt	344	1,284

Asset retirement obligations	8,315	7,950
Deferred tax liabilities	5,432	3,226
	35,876	35,983
Shareholders' equity:		
Share capital	98,569	98,575
Contributed surplus	21,358	21,157
Stock options	3,975	3,986
Retained earnings	38,508	31,962
Accumulated other comprehensive income (loss)	120	(110)
	162,530	155,570
	\$ 198,406	\$ 191,553

All dollar amounts are stated in Canadian dollars, unless otherwise indicated

SOURCE [St Andrew Goldfields Ltd.](#)

Contact

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