SAS Reports 2010 Year End and Fourth Quarter Results, 2010 Reconciliation of Resources and Reserves and Provides 2011 Production Guidance

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TORONTO, Feb. 22 /CNW/ - St Andrew Goldfields Ltd. (T-SAS), ("SAS" or the "Company") reports net income of $8.0 million, or $0.02 on a per share basis for fiscal 2010, and adjusted net earnings(1) of $14.2 million or $0.04 on a per share basis. SAS generated operating cash flow before repayment of Gold Notes(1) of $25.9 million for 2010 and $9.3 million in the fourth quarter.

2010 Highlights:

- Earned net income of $8.0 million or $0.02 per share in 2010. Adjusted net earnings(1) of $14.2 million or $0.04 per share.

- Produced 70,433 ounces of gold from two operating mines and from processing development ore from the Holt Mine which is currently advancing towards production.

- Sold 70,461 ounces of gold(2) at an average realized price(1) of US$1,237 per ounce and at a cash cost(1) of US$654 per ounce of gold sold.

- Generated operating cash flow before repayment of Gold Notes(1) of $25.9 million.

- Completed $28.9 million in equity financings.

- Retired the outstanding $7.6 million principal amount of secured debentures and repurchased 23.5% of the face value of the senior secured Gold Notes for a value of $5.7 million.

- Accelerated exploration programs at the Holloway Mine - Smoke Deep and Deep Thunder zones, Taylor Project, and the Garrison Creek Project.

"We are very pleased with the progress we have made over the past few years, and I am proud of our team being able to bring our three assets online during 2010, as well as expand on our exploration programs," said Jacques Perron, President & CEO of SAS. "Although we faced some operational challenges, we are confident that we will be able to improve the performance of our three mines going forward, and will continue to strive for better results. We also note that manpower is becoming a challenge as competition for skilled labour in the area has increased, and it will remain our focus to retain existing personnel and attract new personnel in the coming months. We are diligently working towards achieving our objectives for 2011."

Holloway Mine Operational Review (see Operation and Financial Statistics on page 12)

The Holloway Mine ("Holloway") produced 11,069 ounces of gold in the fourth quarter, and 57,459 for fiscal 2010. Production for the fourth quarter was below expectations due to lower grade as well as ore dilution at the Blacktop Zone. The impact in the shortfall in gold production was partially offset by a higher realized gold price during the quarter.

Mine-site cost per tonne milled(1) achieved for the fourth quarter of 2010 was $80 per tonne, which remains below the 2010 average of $86 per tonne, as a result of the process improvement initiatives established at the mine since mid 2010. Total cash cost per ounce of gold sold increased by US$240 per ounce in the fourth quarter of 2010, and US$108 per ounce for fiscal 2010 when compared to a total cash cost of US$464 per ounce of gold sold as achieved in the fourth quarter of 2009, due to the non-occurrence of custom toll milling revenues and the weakness in the in the United States dollar relative to the Canadian dollar, offset partially by inventory level changes and reduced mine-site costs.

Hislop Mine Operational Review (see Operation and Financial Statistics on page 13)

Pre-production activities at the Hislop Mine ("Hislop") commenced in early 2010, and were completed at the end of the second quarter of 2010. The timeline to bring the Hislop Mine into production was three months behind the Company's expectation due to permitting delays. Gold production for fiscal 2010 was below target due to the start up delay and grade control, ore crushing and throughput issues as discussed below.

In 2010, the processed ore grade was negatively impacted by higher than expected dilution and the continuity of the ore zones in the northwest section of the pit; however, as mining proceeds to the lower benches of the pit and throughout the mine life, the mined ore grade is expected to increase. Rigorous grade control procedures have been established at the mine (which include blasthole and muck sampling in conjunction with on site geological and technical resources), to optimize the blasting and mucking activities, and improve the ore grade. Mill feed of 98,333 tonnes in the fourth quarter was approximately 11% below the throughput achieved in the third quarter mainly due to ore sequencing within the open pit, hardness of the ore and in addition, mill capacity being utilized by the Holt Mine development ore. Ore head grade achieved during the quarter was slightly improved from previous quarters, but remained below the reserve head grade of 2.05 g/t Au due to the reasons mentioned above.

Mine-site cost per tonne milled(1) at the Hislop Mine during the fourth quarter of 2010 was $53 per tonne, $8 per tonne higher than the life-of-mine target of $45 per tonne. Mine-site cost per tonne milled was $51 per tonne for the 2010 fiscal year which was $6 per tonne higher than the life-of-mine target. This was due to lower mill throughput mainly related to the optimization of the crushing size, and mine sequencing as discussed above. Site crusher tests were completed in September, and the new crusher configuration has since been implemented which has resulted in an improvement in throughput; however, the mill was unable to achieve the targeted milling rate due to the hematitic portions of the ore reserve being very hard and abrasive.

Total cash cost per ounce of gold sold(1) for the quarter was US$1,247 an ounce and US$1,213 an ounce for fiscal 2010, which was the result of the lower ore grade and low throughput for the periods. The Company expects the total cash cost per ounce of gold sold(1) will be reduced over time once the ore grade in the pit improves.

Holt Mine Pre-production Update

The Company commenced pre-production activities at the Holt Mine ("Holt") in the second half of 2010 with an objective of bringing the mine into commercial production at the beginning of the second quarter of 2011.

Development activities since the third quarter of 2010 were focused on track rehabilitation on the 1075m level, completion of rehabilitation of the C-103 Zone, and development headings and the commencement of ore and waste development in late September. The development of a ventilation raise in Zone 4 commenced in the fourth quarter and is now complete. Lateral development on the 925m level will commence in February, and ore and waste development for the zone is scheduled to follow. Production from Zone 4 is expected to begin during the second quarter of 2011. The C-103 Zone is currently 66% developed and the Company started to extract ore from this zone in December 2010.

Equipment rehabilitation commenced in the second half of 2010 and included the hoist upgrade, electrical upgrades and reinstallation, mobile equipment rehabilitation, and enhancements to the communications system. At the end of 2010, there were 54 full time SAS employees at the Holt Mine. Recruitment of skilled miners and trades people continues to be both a priority and a challenge; however, the Company anticipates that the Holt Mine will have a full complement of approximately 125 miners, tradesmen, and technical staff in the first quarter of 2011.

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(1) See pages 8-11 for "Non-GAAP Measures"
(2) Excludes the sale of 1,578 ounces gold from Hislop and 1,408 ounces of gold from Holt while the operations were in pre-production.

2010 Year End Statement of Mineral Resources and Mineral Reserves

SAS reports mineral reserves of 0.7 million ounces of gold within measured and indicated mineral resources of 2.8 million ounces of gold plus inferred mineral resources of 1.1 million ounces of gold as of December 31, 2010, as outlined in the tables below:

Mineral Resources (as of December 31, 2010)

Project	Measured			Indicated			Inferred		
	Tonnes ('000)	Grade (g/t Au)	Ounces Au ('000 oz)	Tonnes ('000)	Grade (g/t Au)	Ounces Au ('000 oz)	Tonnes ('000)	Grade (g/t Au)	Ounces Au ('000 oz)
Holloway	356	4.0	46	267	4.7	40	1		
Holt	2,272	5.4	393	2,459	6.1	478			
Hislop	25	1.1	1	6,205	2.0	394	5,		
Taylor	-	-	-	1,405	7.6	343	737		
Aquarius	-	-	-	23,111	1.5	1,106			
Clavos	26	7.8	7	117	8.1	31	529		
TOTAL	2,679	5.2	446	33,564	2.2	2,392			

Notes:
a) Mineral Resources are inclusive of Mineral Reserves;
b) Mineral Resources were estimated according to CIM Definition Standards - For Mineral Resources 2010;
c) Mineral Resources for Holloway and Holt were estimated using an average long-term gold price of US$1,100 per ounce and an exchange rate of $1.00 = US$0.98;
d) Mineral Resources for Holloway and Holt were estimated at a cut-off grade of 3.0 g/t Au;
e) Mineral Resources for Hislop were estimated at a cut-off grade of 0.94 g/t Au, and uses an average long-term gold price of US$950 per ounce and an exchange rate of $1.00 = US$0.85;
f) There was an ore stockpile consisting of approximately 25,000 t grading 1.1 g/t Au from Hislop at December 31, 2010;
g) Mineral Resources for Taylor are as of the October 2, 2006, RPA Technical Report. Mineral Resources were estimated at a cut-off grade of 4.0 g/t Au (West Porphyry) and 3.4 g/t Au (Shoot Zone), and using a long-term gold price of US$500 per ounce;
h) Mineral Resources for Aquarius are as of the October 2, 2006, RPA Technical Report. Mineral Resources were calculated using a long term gold price of US$500 per ounce and an exchange rate of $1.00 = US$0.90. No cut-off grade is applied because of uncertainty about selectivity within the deposit;
i) Mineral Resources for Clavos are as of the October 2, 2006, RPA Technical Report. Mineral Resources were estimated at a cut-off grade of 4.0 g/t Au, using a long term gold price of US$500 per ounce. Mineral Resources for the Clavos Project do not reflect development activities in the mineralized areas from October 2006 until May 2007;
j) The Clavos Project was optioned to Sage Gold Inc. in 2010 whereby Sage Gold Inc. can earn-in a 60% interest in the property by completing $3.0 million of exploration and paying approximately $260,000 (in cash and shares) to SAS over a three year period;
k) Tonnes and gold ounce information is rounded to the nearest thousands as such, rows and columns may not add exactly due to rounding.

Mineral Reserves (as of December 31, 2010)
Property Proven Probable Proven + Probable
Tonnes
('000) Grade
(g/t
Au) Ounces
Au
('000
oz) Tonnes
('000) Grade
(g/t
Au) Ounces
Au

('000
oz) Tonnes
('000) Grade
(g/t
Au) Ounces
Au
('000
oz)
Holloway 13 5.2 2 125 3.8 15 138 4.0 18
Holt 944 4.3 131 2,191 5.4 379 3,135 5.1 510
Hislop 25 1.1 1 2,083 2.1 138 2,108 2.0 139
TOTAL 982 4.2 134 4,399 3.8 532 5,381 3.8 666

Notes:
a) Mineral Reserves are included within the Mineral Resources;
b) Mineral Reserves were estimated according to CIM Definition Standards - For Mineral Reserves 2010;
c) Mineral Reserves for Holloway and Holt and Hislop were estimated using an average long-term gold price of US$1,000 per ounce and an exchange rate of $1.00 = US$0.98;
d) Mineral Reserves for Holloway and Holt were estimated using a cut-off grade of 3.5 g/t Au;
e) Mineral Reserves for Hislop were estimated using a cut-off grade of 1.7 g/t Au;
f) There was an ore stockpile consisting of approximately 25,000 t grading 1.1 g/t Au from Hislop at December 31, 2010;
g) Tonnes and gold ounce information is rounded to the nearest thousands as such, rows and columns may not add exactly due to rounding.

Holloway - Mineral reserves for Holloway decreased from approximately 121,000 ounces of gold to 18,000 ounces of gold due to mining operations (~66,000 in-situ ounces of gold mined during 2010), unrecorded previous mining at the Lightning Zone and poor geologic continuity in the Blacktop Zone. Similarly, the measured and indicated mineral resources decreased from approximately 190,000 ounces to 86,000 ounces of gold. The inferred mineral resources increased from approximately 91,000 ounces to 209,000 ounces (an increase of 130%) due primarily to the inclusion of the Smoke Deep Zone ("Smoke Deep").

Hislop - Mineral reserves for Hislop remained essentially unchanged as the decrease in the ounces of gold resulting from mining operations (~13,000 in-situ ounces of gold mined during 2010), was replaced with the conversion of existing measured and indicated mineral resources within the West Pit to mineral reserves (~31,000 ounces of gold). The December 31, 2010, mineral reserves contain more tonnage and an approximate 10% decrease in grade compared to previous mineral reserves estimates due to additional dilution estimates. The measured and indicated mineral resources were reduced by approximately 7% as a result of depletion from mining operations.

Holt Mine - Mineral reserves at Holt showed a year-to-year increase of approximately 25,000 in-situ ounces of gold. Additional drilling was used to re-calculate the ore grades from the various mining areas. The increase in tonnage and ounces includes ore from new areas, which increased overall tonnage by 17%, ounces by 5% and reduced the overall grade by 11%. The mineral resources for the Holt Mine increased for similar reasons.

2011 Outlook and Exploration Update

SAS estimates annual gold production of 85,000 - 95,000 ounces of gold for 2011 from three mining operations:

Mine Operations	Annual 2011 Production G
Holloway	20,000 - 23,000 ounces of gold
Holt	45,000 - 50,000 ounces of gold
Hislop	20,000 - 22,000 ounces of gold
SAS total	85,000 - 95,000 ounces of golc

Ore from all three mines will be processed at the Company's Holt Mill. Mining operations at Holloway will transition from current mining areas into the Smoke Deep Zone as mineral resources in this zone are converted to mineral reserves. Activities at Holt are expected to ramp up from 500 tonnes per day ("tpd") to approximately 1,000 tpd towards the end of the year. Hislop is expected to continue to operate at current levels.

Exploration activities will increase in 2011 with a planned budget of $10 million and approximately 66,000 metres of drilling at various targets including:

- underground drilling at the Smoke Deep Zone which will recommence once development of the decline ramp gives access to the area that lies to the west of the current known extent of the mineralized zone (which is expected to commence in the first quarter), and to conduct exploration drilling further to the east, along strike and down-dip where it remains untested;

- surface drilling east of the Blacktop Zone will follow up on significant results (hole 410-058 which intersected 11.62 g/t Au over 14.4 metres and hole 410-061 which intersected 6.55 g/t Au over 19.7 metres) returned from limited underground exploration;

- surface drilling at the Deep Thunder Zone will systematically step-out further to the east while expanding the current zone of gold mineralization;

- the second phase of drilling on the Taylor Project will follow up on new zones of mineralization encountered during the 2010 drill program;

- continued drilling at Garrison Creek in order to better define and delineate the potential for gold mineralization along the Garrison Fault that hosts the syenite and into the host volcanic and sedimentary rocks; and

- surface drilling on the newly optioned Plato property in Holloway Township (which lies in close proximity to the Deep Thunder Zone).

SAS currently has eight drills turning and will be providing drilling results from these exciting projects throughout the year. The Company will also continue to assess other opportunities in the district that fit with the current mix of properties.

Qualified Persons

The revised calculation of Mineral Resources completed by the Company as well as the exploration programs on the Company's various mineral properties are under the supervision of Michael Michaud, P.Geo, the Company's Vice President of Exploration. The revised calculation of Mineral Reserves was completed by the Company under the supervision of Pierre Rocque, P.Eng, the Company's Director of Engineering. Production at the Holloway and Hislop mines, processing at the Holt Mill, and mine development and production activities at the Holt Mine are being conducted under the supervision of Duncan Middlemiss, P.Eng, the Company's Vice President & General Manager, East Timmins Operations. Messers. Michaud, Rocque, and Middlemiss are qualified persons as defined by NI 43-101, and have reviewed and approved this news release.

(1) Non-GAAP Measures

The Company has included non-GAAP performance measures, adjusted earnings, cash flow from operations before repayments of Gold Notes, average realized price and total cash costs per ounce of gold sold, cash margin from mine operations and mine-site cost per tonne milled throughout this press release which do not have standardized meanings prescribed by GAAP 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 GAAP, 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 GAAP. Refer to pages 8-10 of this press release for a discussion and the reconciliation of these non-GAAP measurements to the Company's consolidated financial statements for the three months and the year ended December 31, 2010

To review the complete Audited Consolidated Financial Statements for the year ended December 31, 2010, and the 2010 Annual Management's Discussion and Analysis, please see SAS's SEDAR filings available under the Company's profile at www.sedar.com and on its website at www.sasgoldmines.com.

Consolidated Financial Statements for the three months and the year ended December 31, 2010, to follow
NON-GAAP MEASURES

About SAS

SAS (operating as SAS Goldmines), is a Canadian based gold mining and exploration company with an extensive land package in the Timmins mining district, Northeastern Ontario, Canada, which lies within the world famous Abitibi greenstone belt, the most important host of historical gold production in Canada. SAS is focused on developing its assets in the Timmins camp, with current and near-term production and exploration activities across 120 km 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 regarding improved operating performance in 2011 at the Company's three mines, current estimates of reserves and resources, the planned gold production levels at the Holloway Mine and the Hislop Mine; the improvement in the ore grade, mill throughput and reduction in costs at the Hislop Mine; pre-production development and the commencement of production at the Holt Mine, the timing thereof and targeted production levels for 2011; the anticipated manpower levels at the Holt Mine (and the ability to achieve same); the Company's ability to attract and maintain adequate, skilled manpower to operate the Holloway, Holt and Hislop Mines; and the planned exploration programs for 2011, and budgeted costs thereof. 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 expectations with respect to gold prices during the tenure of the Company's Gold Notes; fluctuations in gold prices and exchange rates, insufficient funding or delays or inability to raise additional financing on satisfactory terms, changes in laws or regulations, the risks of obtaining necessary licenses and permits, changes in general economic conditions, changes in conditions in the financial markets and an adverse Appeal Court decision on the Holt Royalty. Such forward-looking information is based on a number of assumptions, including but not limited to the expected timeline to complete pre-production activities, the availability of adequate financing, 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 and 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.

Non-GAAP Measures

Adjusted net earnings (loss)

Adjusted net earnings (loss) are calculated by removing the gains and losses, net of income tax, resulting from the mark-to-market revaluation of the Company's gold-linked liabilities and foreign currency price protection derivative contracts, and one-time gains or losses on the disposition of non-core assets and expenses, as detailed in the table below. Adjusted net earnings (loss) does not constitute a measure recognized by GAAP and does not have a standardized meaning defined by GAAP and may not be comparable to information in other gold producers' reports and filings. 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 amounts Three months ended December 31, Year ended December 31,
2010 2009 2010 2009

Net income (loss) for the period $ 369 $ 462 $ 8,017 $ (21,973)

Change in fair value of gold delivery commitment and embedded derivative instruments associated with the Gold Notes 1,346 2,696 5,055 2,047
Change in fair value of gold delivery commitment associated with the advance royalty payment 665 868

1,445 1,376
Change in fair value of derivative foreign exchange contracts (796) (442) (1,327) (628)
Write down of mining assets - - 263 339
Participation fee paid to Secured debenture holders - - 756 -
Net loss on disposal of non-core assets - - - 641
Total adjusted net earnings (loss) $ 1,584 $ 3,584 $ 14,209 $ (18,198)

Weighted average number of shares outstanding (in thousands)
Basic 362,311 325,468 343,082 324,508
Diluted 366,645 334,483 345,854 327,946

Adjusted net earnings (loss) per share
Basic and diluted $0.00 $0.01 $0.04 $(0.06)

Operating cash flow before repayment of Gold Notes

SAS uses the financial measure operating cash flow before repayment of Gold Notes to supplement the information included in its Consolidated Financial Statements. The presentation of operating cash flow before repayment of Gold Notes is a non-GAAP measure and is not meant to be a substitute for cash flow from operations or cash flow from operating activities presented in accordance with GAAP, but rather should be evaluated in conjunction with such GAAP measures. Operating cash flow before repayment of Gold Notes excludes the non-cash value of gold delivered to the Company's Gold Note holders.

The term operating cash flow before repayment of Gold Notes does not have a standardized meaning prescribed by GAAP, and therefore the Company's definitions are unlikely to be comparable to similar measures presented by other companies. The Company's Management believes that the presentation of operating cash flow before repayment of Gold Notes provides useful information to investors because it excludes the repayment of Gold Notes in working capital items, and is a better indication of the Company's cash flow from operations and is considered by Management to be meaningful in evaluating the Company's past financial performance and its future prospects. The Company believes that conventional measures of performance prepared in accordance with GAAP do not fully illustrate the ability of the Company's operating mines to generate cash flow.

Amounts in thousands of Canadian dollars Three months ended December 31, Year ended December 31,
2010 2009 2010 2009

Operating cash flow per consolidated cash flow statements $ 6,697 $ 3,937 $ 14,853 $ (13,428)

Repayments of Gold Notes 2,585 1,520 11,035 1,520

Operating cash flow before repayments of Gold Notes $ 9,282 $ 5,457 $ 25,888 $ (11,908)

Total cash cost per ounce of gold sold

Total cash cost per ounce of gold sold is a non-GAAP performance measure 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 GAAP, 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 GAAP. The following table provides a reconciliation of total cash costs per ounce of gold sold to production expenses per the Company's Statement of Operations for the three months and for the year ended December 31, 2010:

Amounts in thousands of Canadian dollars, except per ounce amounts Three months ended December 31, Year ended December 31,
2010 2009 2010 2009

Mine-site costs per consolidated financial statements $ 14,018 $ 5,652 $ 41,497 $ 6,165
Production royalties 1,684 1,240 5,984 1,240
Custom milling revenue - (1,384) - (1,384)
Direct milling cost incurred during mine pre-production - - - (513)
Total cash costs $ 15,702 $ 5,508 $ 47,481 $ 5,508

Divided by gold ounces sold(1) 17,952 11,296 70,461 11,296

Total cash cost per ounce (Canadian dollars) $ 875 $ 488 $ 674 $ 488

Average CAD:USD exchange rate 1.01 1.05 1.03 1.05

Total cash cost per ounce of gold sold (US$) $ 863 $ 464 $ 654 $ 464

Breakdown of total cash cost per ounce of gold sold (US$)
Holloway Mine $ 704 $ 464 $ 572 $ 464
Hislop Mine 1,247 - 1,213 -
$ 863 $ 464 $ 654 $ 464

Breakdown of mine site cost by producing mines
Holloway Mine $ 7,667 $ 5,652 $ 30,797 $ 6,165
Hislop Mine 6,351 - 10,700 -
$ 14,018 $ 5,652 $ 41,497 $ 6,165

Note:
(1) Includes gold ounces delivered to Gold Note holders; and after deducting 1,578 ounces of gold poured from the Hislop Mine and 1,408 ounces from the Holt Mine while the operations were in pre-production.
(2) During 2010, the Company recorded royalty expenses in the amount of $95,000 relating to gold production from the Holloway Mine for the period from October 1, 2009, to December 31, 2009. Accordingly, the amount has been included as part of production royalties in the calculation of total cash cost per ounce of gold sold for the fourth quarter of 2009.

Mine-site cost per tonne milled

Mine-site cost per tonne milled is a non-GAAP performance measure 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 consolidated statements of operations for 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 measure eliminates 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, in order to be economically viable, the estimated revenue on a per tonne basis must be in excess of the mine-site cost per tonne. Management is aware that this per tonne milled measure is impacted by fluctuations in production levels and thus uses this evaluation tool in conjunction with production costs prepared in accordance with GAAP. This measure supplements production cost information prepared in accordance with GAAP 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 amounts Three months ended December 31, Year ended December 31,
2010 2009 2010 2009

Holloway Mine
Production costs $ 7,667 $ 5,652 $ 30,797 $ 6,165
Direct milling cost incurred during mine pre-production - - - (513)
Inventory adjustment (1) (1,048) 3,143 (1,351) 3,143
Mine-site operating costs $ 6,619 $ 8,795 $ 29,446 $ 8,795

Divided by tonnes of ore milled 82,659 101,941 340,593 101,941

Mine site cost per tonne milled $ 80 $ 86 $ 86 $ 86

Hislop Mine
Production costs $ 6,351 N/A $ 10,700 N/A
Inventory adjustment (1) (1,117) - (95) -
Mine-site operating costs $ 5,234 N/A $ 10,605 N/A

Divided by tonnes of ore milled
Tonnes of ore processed at the Hislop Mine 98,333 - 264,850 -

Less: ore processed during pre-production - - (55,930) -
98,333 - 208,920 -

Mine site cost per tonne milled $ 53 N/A $ 51 N/A

Note
(1) This 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 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 costs and production royalties) per the Company's consolidated 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.

Average realized price per ounce of gold sold

Average realized price per ounce of gold sold is a non-GAAP measure and is calculated by dividing gold sales as reported in the Company's Consolidated Financial Statements by the gold ounces sold. It may not be comparable to information in other gold producers' reports and filings.

Operational and Financial Statistics - Holloway Mine

Amounts in thousands of Canadian dollars,
except per ounce and per tonne amounts
Holloway Mine
Q4 2010
Q3 2010
Q2 2010
Q1 2010 Annual
2010 Annual
2009 (1)

Tonnes mined 84,987 88,369 85,673 84,824 343,853 97,418

Tonnes milled 82,659 87,162 84,930 85,842 340,593 101,941
Head grade (g/t Au) 4.85 5.99 6.78 6.50 6.04 6.57
Average mill recovery 85.9% 84.7% 87.7% 88.8% 86.9% 86.9%

Gold produced (ounces) 11,069 14,230 16,231 15,929 57,459 18,712
Gold sold (2) (ounces) 12,694 16,004 14,819 17,930 61,447 11,296

Gold sales $17,508 $20,385 $18,484 $20,756 $77,133 $13,630

Cash margin from mine operations (3) $8,450 $11,420 $9,888 $11,066 $40,824 $9,425

Mine-site cost per tonne milled (C$) (3) $80 $73 $95 $97 $86 $86

Total production cost per ounce of gold sold (4) (US dollars):
Production costs $514 $382 $532 $448 $464 $610
Inventory adjustments 82 60 (65) 16 21 (134)
Custom milling revenue - - - - - (117)
Production royalties 108 97 84 61 87 105
Total cash cost (3) 704 539 551 525 572 464
Non-cash costs:
Depreciation and depletion 161 89 47 26 69 48
Accretion of reclamation liability 2 2 2 2 2 2
Total production cost per ounce of gold sold (4) (US dollars) $867 $630 $600 $553 $643 $514

Average CAD:USD exchange rate 1.01 1.04 1.03 1.04 1.03 1.05

Capital expenditures $2,333 $1,794 $628 $315 $5,070 $3,694

Notes:
(1) The Holloway Mine commenced production in October 2009. Prior to October 2009, net operating costs for the Holloway Mine are classified as site maintenance, pre-production and mine development expenses, net of incidental gold sales revenue.
(2) Includes 1,860 ounces of gold delivered to the Gold Note holders in the third and fourth quarters of 2010; and 2,430 ounces of gold delivered in the first and second quarters of 2010; and for 2009, includes 1,296 ounces of gold delivered to the Gold Note holders in the fourth quarter of 2009.
(3) Cash margin from mine operations, total cash cost per ounce of gold sold, and mine-site cost per tonne milled are non-GAAP measures and are not necessarily comparable to similarly titled measures of other companies due to potential inconsistencies in the method of calculation (see pages 8-10 hereof for a reconciliation of non-GAAP measurements).
(4) During the second quarter of 2010, the Company recorded an accrual of royalty expenses in the amount of $207 relating to gold production from the Holloway Mine for the period from October 1, 2009, to March 31, 2010. This amount has been allocated to the relevant periods for the calculation of total production cost per ounce of gold sold (see pages 8-10 hereof for a reconciliation of non-GAAP measurements).

Operational and Financial Statistics - Hislop Mine

Amounts in thousands of Canadian dollars,
except per ounce and per tonne amounts
Hislop Mine (1)
Q4 2010
Q3 2010
Q2 2010
Q1 2010 Annual
2010 Annual
2009

Over burden stripped (m3) 66,477 222,883 147,182 144,745 581,287 N/A

Tonnes mined (ore) 101,425 107,461 82,827 1,911 293,624 N/A
(waste) 1,013,011 599,790 358,661 43,079 2,014,541 N/A
1,114,436 707,251 441,488 44,990 2,308,165 -

Waste-to-Ore Ratio 10.0 5.6 4.3 22.5 6.9 N/A

Tonnes milled 98,333 110,587 54,051 1,879 264,850 N/A
Head grade (g/t Au) 1.54 1.51 1.35 2.25 1.49 N/A
Average mill recovery 86.3% 87.5% 84.0% 83.4% 86.4% N/A

Gold produced (ounces) 4,195 4,682 1,962 113 10,952 N/A
Gold sold (2) (ounces) 5,258 3,756 1,578 - 10,592 N/A

Gold sales (2) $7,253 $4,799 $- $- $12,052 N/A

Cash margin from mine operations (3) $609 $176 $- $- $785 N/A

Mine-site cost per tonne milled (C$) (3) $53 $49 N/A N/A $51 N/A

Total production cost per ounce of gold sold (US dollars):
Production costs $982 $1,376 N/A N/A $1,142 N/A
Inventory adjustments 210 (262) N/A N/A 10 N/A
Production royalties 55 70 N/A N/A 61 N/A
Total cash cost (3) 1,247 1,184 N/A N/A 1,213 N/A
Non-cash costs:
Depreciation and depletion 42 25 N/A N/A 34 N/A
Accretion of reclamation liability 2 3 N/A N/A 5 N/A
Total production cost per ounce of gold sold (US dollars) $1,291 $1,212 N/A N/A $1,252 N/A

Average CAD:USD exchange rate 1.01 1.04 1.03 1.04 1.03 1.05

Capital expenditures (4) $1,944 $900 $2,155 $1,135 $6,134 N/A

Notes:
(1) The Company began development at the Hislop Mine in early 2010. Pre-production activities were

completed at the end of the second quarter and production commenced at the beginning of the third quarter. The operating results for the Hislop Mine prior to June 30, 2010, were classified as exploration or site maintenance and pre-production expenditures where appropriate.
(2) During pre-production, the Hislop Mine sold 1,578 ounces of gold for revenue of $2,033. These incidental gold sales were recorded as a component of pre-production and mine development expenditures.
(3) Cash margin from mine operations, total cash cost per ounce of gold sold and mine-site cost per tonne milled are non-GAAP measures and are not necessarily comparable to similarly titled measures of other companies due to potential inconsistencies in the method of calculation (see pages 8-10 hereof for a reconciliation of these non-GAAP measurements).

Consolidated Statements of Operations

St Andrew Goldfields Ltd.

Expressed in thousands of Canadian dollars

Three months ended December 31, Year ended December 31,
2010 2009 2010 2009

Revenue:
Gold sales $ 24,761 $ 13,630 $ 89,185 $ 13,630
Custom milling revenues - 1,384 - 3,105
24,761 15,014 89,185 16,735
Operating costs and expenses:
Production 14,018 5,652 41,497 6,165
Production royalty 1,684 1,145 6,079 1,145
Site maintenance and pre-production 315 424 2,229 10,416
Exploration 2,419 267 7,154 3,552
Corporate administration 1,362 912 6,612 4,317
Accretion of reclamation liability 215 196 859 759
Depreciation and depletion 2,696 860 5,845 2,141
Write-down of mining assets - - 263 339
22,709 9,456 70,538 28,834
Operating income (loss) 2,052 5,558 18,647 (12,099)

Interest expense (887) (2,009) (6,808) (5,884)
Transaction cost - (44) - (1,053)
Loss on disposal of non-core assets - - - (641)
Other income (expense) (796) (3,043) (3,822) (3,440)
Income (loss) from continuing operations before income taxes 369 462 8,017 (23,117)
Future income tax recovery - - - (830)
Income (loss) from continuing operations 369 462 8,017 (22,287)
Discontinued operation - - - 314
Net income (loss) for the period $ 369 $ 462 $ 8,017 $ (21,973)

Other comprehensive income (loss)
Unrealized gain (loss) on available for sale investments (209) (39) (174) 118
Comprehensive income (loss) for the period $ 160 $ 423 $ 7,843 $ (21,855)

Basic and diluted income (loss) per share $ 0.00 $ 0.00 $ 0.02 $ (0.07)

Weighted average number of shares outstanding (in thousands)
Basic 362,311 325,468 343,082 324,508
Diluted 366,645 334,483 345,854 327,946

Consolidated Statements of Cash Flow

St Andrew Goldfields Ltd.

Expressed in thousands of Canadian dollars

Three months ended December 31, Year ended December 31,
2010 2009 2010 2009

Cash provided by (used in):

Operating activities:
Income (loss) from continuing operations $ 369 $ 462 $ 8,017 $ (22,287)
Items not affecting cash:
Future income taxes - - - (830)
Net change in fair value of secured gold notes and advance minimum royalty payment obligation 2,011 3,564 6,500 3,424
Implicit interest on secured gold notes and advance minimum royalty payment obligation 882 1,767 5,436 4,952
Repayment of secured gold notes (2,585) (1,520) (11,035) (1,520)
Depreciation and depletion 2,696 860 5,845 2,141
Write-down of mining assets - - 263 339
Stock-based compensation expense 337 211 1,295 910
Change in fair value of derivative foreign exchange contracts (796) (442) (1,327) (628)
Accretion of reclamation liability 215 196 859 759
Loss on disposal of non-core assets - - - 641
Gain on disposal of discontinued operation - - - (461)
Warrants issued pursuant to debt extension - - - 186
Foreign exchange gain - - - 34
Change in non-cash operating working capital and other 3,568 (1,161) (1,000) (1,276)
Discontinued operation - - - 188
6,697 3,937 14,853 (13,428)
Investing activities:
Additions to property, plant and equipment (11,454) (1,600) (22,139) (4,226)
Proceeds from sale of non-core assets - 50 75 5,027
Cash collateralized for banking facilities (153) (630) (1,475) (630)
Interest earned on reclamation deposits (32) (10) (32) (10)
Discontinued operation - - - (6)
(11,639) (2,190) (23,571) 155
Financing activities:
Share purchase warrants and stock options exercised 3,820 661 7,055 749
Private placements of common share units - - 28,938 -
Share issue costs - - (1,704) (5)
Share purchase plan contributions - 137 203 137
Repayment of secured debentures - - (7,555) (445)
Issuance of secured gold notes - - - 19,832
Royalty financing - - - 4,663
Advance minimum royalty payments (402) - (1,363) -
Payments on capital lease obligations (18) (27) (88) (94)
3,400 771 25,486 24,837

Increase (decrease) in cash and cash equivalents (1,542) 2,518 16,768 11,564
Cash and cash equivalents, beginning of period 33,954 13,126 15,644 4,080
Cash and cash equivalents, end of period $ 32,412 $ 15,644 $ 32,412 $ 15,644

Consolidated Balance Sheets

St Andrew Goldfields Ltd.

Expressed in thousands of Canadian dollars

December 31, 2010 December 31, 2009

Assets
Current assets:
Cash and cash equivalents $ 32,412 $ 15,644
Accounts and settlements receivable 10,694 451
Inventories 5,081 4,098
Fair value of derivative contracts 1,955 628
Prepayments and other assets 1,694 1,360
51,836 22,181

Property, plant and equipment 93,065 77,346
Reclamation deposits 8,471 8,439
Restricted cash 2,734 1,259

Other assets 996 297
$ 157,102 $ 109,522

Liabilities and Shareholders' Equity
Current liabilities:
Accounts payable and accrued liabilities $ 14,503 $ 5,363
Employee-related liabilities 2,535 1,330
Current portion of long-term debt 10,623 18,169
Current portion of capital lease obligations 18 90
27,679 24,952

Long-term debt 15,159 20,736
Capital lease obligations 5 21
Asset retirement obligations 9,672 8,813
52,515 54,522

Shareholders' equity:
Share capital 220,482 178,203
Share capital to be issued 832 -
Contributed surplus 42,972 42,385
Warrants 878 361
Stock options 3,724 4,345
Deficit (164,007) (170,174)
Accumulated other comprehensive loss (294) (120)
104,587 55,000
$ 157,102 $ 109,522

For further information:

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