
FOR IMMEDIATE RELEASE

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San Gold Achieves Record Production in Q4 2011

San Gold Corporation (TSX: SGR) (OTCQX: SGRCF) today announced preliminary results of operations at its Rice Lake Mining Complex in Manitoba, Canada for the quarter ended December 31, 2011.

Q4 Production Highlights

- Record gold production of 20,359 ounces with additional 4,000 to 5,000 in surface ore stockpile.
- December production of 8,388 ounces annualized supports 100,000 ounce guidance for 2012.
- Milling and crushing initiatives completed to upgrade mill capacity to 2,000 tons per day.
- Exploration results issued in December continue to demonstrate the tremendous potential of our new mine trends.

Fourth Quarter 2011 Preliminary Operating Results

San Gold produced a record 20,359 ounces of gold in the fourth quarter with approximately 25,400 tons of ore in the surface stockpiles representing an additional 4,000 to 5,000 ounces of gold in front of the mill.

During December the operation established a new daily mill record of 2,056 tons per day, with an average throughput of 1,775 tons per day. The operation began the year at an average production rate of 829 tons per day.

"This has been a tremendous year for our production team at Rice Lake. We've executed a very aggressive development plan, increasing our milling capacity by two-thirds while building out an extensive mine complex along a new mining horizon. We are well positioned going into 2012 and will continue to aggressively pursue new opportunities as they emerge," said San Gold President and Chief Executive Officer George Pirie.

There were two planned events during the fourth quarter that resulted in lost milling opportunities. In the first two weeks of October, throughput rates in the flotation circuit were reduced while the second bank of new flotation cells was commissioned. In November, three milling days were lost due to the commissioning of the new screening plant and the relocation of the three stage crushing circuit. No upgrades that will affect mill throughput are planned through the first half of 2012.

Total gold production for 2011 was 74,280 ounces with 4,000 to 5,000 in surface stockpiles accumulated during the year, effectively meeting our full year guidance of 80,000 ounces. On an annualized basis, December production supports our 100,000 ounce production forecast for 2012.

About San Gold

San Gold is an established Canadian gold producer, explorer, and developer that owns and operates the Hinge, 007, and Rice Lake mines near Bissett, Manitoba. The Company employs more than 400 people and is committed to the highest standards of safety and environmental stewardship. San Gold is on the Toronto Stock Exchange under the symbol "SGR" and on the OTCQX under the symbol "SGRCF".

For further information on San Gold, please visit www.sangold.ca or contact:

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The TSX and the OTCQX exchanges have not reviewed and do not accept responsibility for the adequacy or accuracy of this release.

Cautionary Note

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

Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as "expects"

or "does not expect", "is expected", "anticipates" or "does not anticipate", "plans", "estimates" or "intends", or stating that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved) are not statements of historical fact and may be "forward-looking statements." Forward-looking statements are subject to a variety of risks and uncertainties that could cause actual events or results to differ from those reflected in the forward-looking statements.

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

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