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September 03, 2014

Jennifer Winsor
Environmental Approvals Branch
Conservation and Water Stewardship
123 Main St., Ste. 160
Winnipeg, MB R3C 1A5
Ph: 204-945-7012

Re: East Tailings Pond Section 0+000 to 0+340 Operational Overview

Dear Jennifer,

The purpose of this letter is to outline the operation of section 0+000 to 0+340 of the East Tailings Pond. As outlined in the attached letter from AECOM dated September 3, 2014, Dyke 9 section 0+000 to 0+340 is complete and available for use. San Gold proposes using this section for water storage until the remainder of Dyke 9 is complete. Due to the recent high levels of precipitation, further water storage is required to maintain freeboard levels in the current Tailings Pond and Polishing Pond until the East Tailings Pond becomes fully operational.

Water will be transferred from the Polishing Pond to section 0+000 to 0+340 on an as needed basis. Section 0+000 to 0+340 is shown in Figure 1. The maximum water elevation will be 272m and water levels will be monitored and recorded daily.

As per Condition 44 of Environmental Act Licence 2628 RR, the quarterly sampling of the East Tailings Pond will commence with the next scheduled Tailings Pond sample due September 14th. In addition to this sampling, surrounding surface water will be sampled at weekly intervals and analyzed onsite by the San Gold Assay Lab for copper. Onsite testing of copper concentrations are used as a fast indicator of water quality. This will continue until the remainder of the dyke is complete or until freeze up. Sample locations for surrounding surface water are identified in Figure 1.

Construction of the remainder of Dyke 9 is continuing and scheduled for completion mid to late October depending on weather.

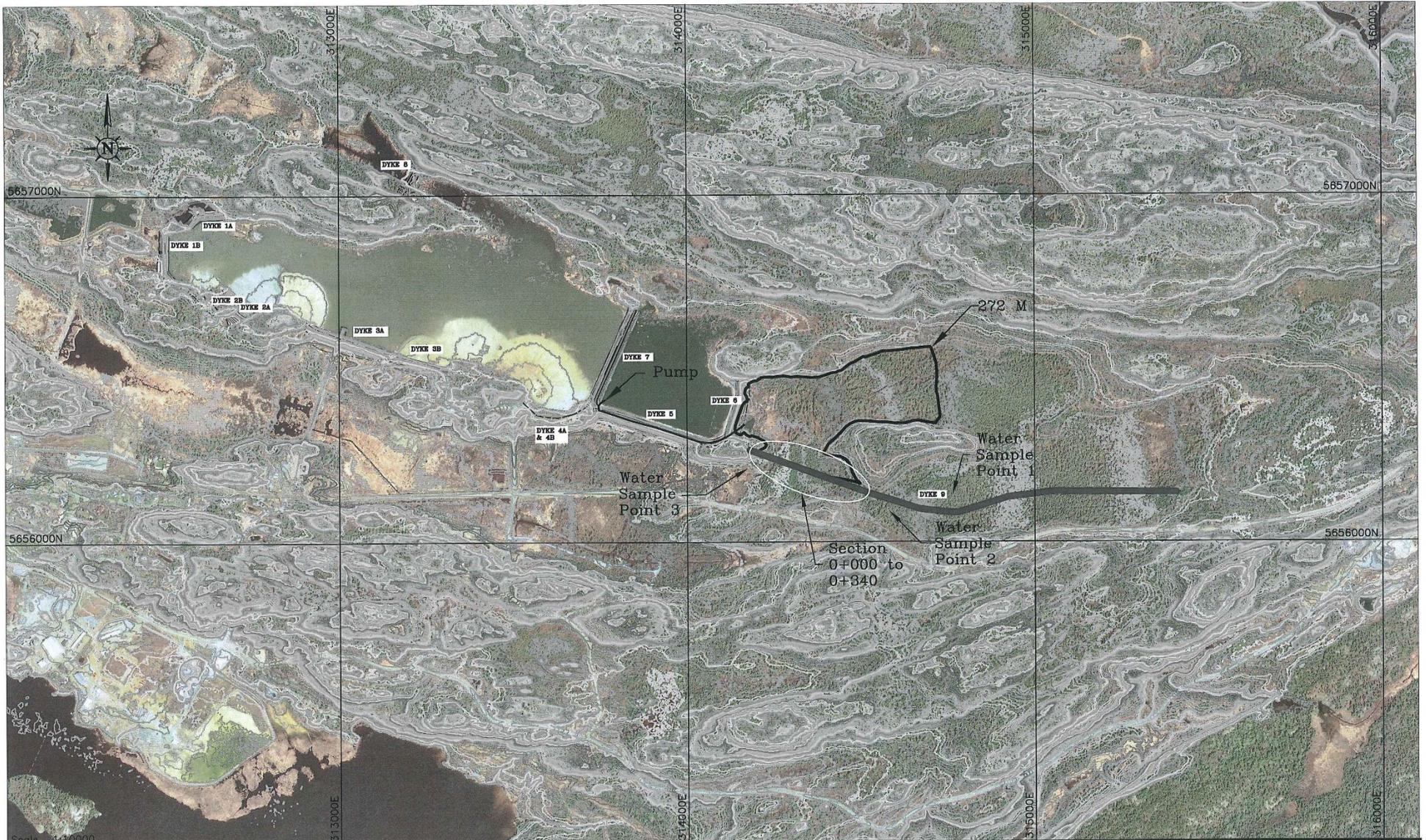
If you have any further questions please don't hesitate to contact me.

Regards,

A handwritten signature in blue ink that reads "Amelia Bauer". The signature is fluid and cursive.

Amelia Bauer
Environmental Superintendent

Figure 1: Section 0+000 to 0+340



Tailings Management Area

SAN GOLD CORP. BISSETT OPERATIONS
 File Path: H:\San Gold - Amine\Surface\Data In UTM\Dyke Data.dwg

SIGNOFF:
 SIGNOFF:
 SIGNOFF:

Scale: 1:10000
 Drawn By: Scott McPherson

Plot Date: Sep. 3, 14 2:46 PM
 Date Created: Jul. 15, 14