

**EARLY WARNING REPORT
FILED PURSUANT TO NATIONAL INSTRUMENT 62-103**

1. Name and address of offeror

San Gold Corporation ("San Gold")
212 – 1661 Portage Avenue
Winnipeg, Manitoba
R3J 3T7

2. Designation and number, or principal amount, of securities and the offeror's security holding percentage in the class of securities of which the offeror acquired ownership or control in the transaction or occurrence giving rise to the obligation to file the news release, and whether it was ownership or control that was acquired in those circumstances.

On May 27, 2014, San Gold acquired beneficial ownership and control of an aggregate of 6,351,000 common shares ("Common Shares") of SGX Resources Inc. ("SGX") which represents approximately 4.74% of the issued and outstanding Common Shares.

San Gold acquired the Common Shares pursuant to a shares for debt transaction with SGX.

3. Designation and number, or principal amount, of securities and the offeror's security holding percentage in the class of securities immediately after the transaction or occurrence giving rise to the obligation to file a news release.

Immediately after the acquisition of the 6,351,000 Common Shares, San Gold beneficially owned and controlled an aggregate of 43,047,256 Common Shares, representing approximately 32.1% of the issued and outstanding Common Shares.

4. Designation and number, or principal amount of securities, and the percentage of outstanding securities of the class of securities referred to in paragraph 3 over which:

- (i) The offeror, either alone or together with joint actors, has ownership and control:**

San Gold beneficially owns and controls an aggregate of 43,047,256 Common Shares, representing approximately 32.1% of the issued and outstanding Common Shares.

- (ii) The offeror, either alone or together with joint actors, has ownership but control is held by other persons or companies other than the offeror or any joint actor:**

Nil

- (iii) The offeror, either alone or together with joint actors, has exclusive or shared control but does not have ownership:**

Nil

- 5. The name of the market in which the transaction or occurrence that gave rise to the news release took place.**

Not applicable, see Item 10 below.

- 6. The value, in Canadian dollars, of any consideration offered per security if the offeror acquired ownership of a security in the transaction or occurrence giving rise to the obligation to file a news release.**

The 6,351,000 Common Shares were issued to San Gold at a deemed price of \$0.05 per Common Share in full payment of \$317,500 owing by SGX to San Gold.

- 7. The purpose of the offeror and any joint actors in effecting the transaction or occurrence that gave rise to the news release, including any future intention to acquire ownership of, or control over, additional securities of the reporting issuer.**

San Gold determined to acquire the Common Shares in order to settle the \$317,500 outstanding debt owed to San Gold by SGX as SGX did not have the cash available to repay the debt. San Gold has no further intention of acquiring additional securities of SGX.

- 8. The general nature and the material terms of any agreement, other than lending arrangements, with respect to securities of the reporting issuer, entered into by the offeror, or any joint actor, and the issuer of the securities or any other entity in connection with the transaction or occurrence giving rise to the news release, including agreements with respect to the acquisition, holding, disposition or voting of any of the securities.**

The transaction was completed pursuant to a standard debt settlement agreement between San Gold and SGX.

- 9. The names of persons or companies acting jointly or in concert with the offeror in connection with the disclosure required herein.**

None.

10. In the case of a transaction or occurrence that did not take place on a stock exchange or other market that represents a published market for the securities, including an issuance from treasury, the nature and value of consideration paid by the offeror.

The 6,351,000 Common Shares were issued to San Gold at a deemed price of \$0.05 per Common Share in full payment of \$317,500 owing by SGX to San Gold.

11. When applicable, a description of any change in any material fact set out in a previous report by the offeror under the legislation stated above.

Not applicable.

12. When applicable, a description of the exemption from securities legislation being relied upon by the offeror and the facts supporting that reliance.

The Common Shares were issued to San Gold pursuant to the “securities for debt” exemption contained in section 2.14 of National Instrument 45-106 *Prospectus and Registration Exemptions*.

Dated at Winnipeg, Manitoba this 28th day of May, 2014.

SAN GOLD CORPORATION

By: “Gestur Kristjansson”
Gestur Kristjansson,
Chief Executive Officer