



SARGOLD
RESOURCE CORPORATION

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AMENDED NEWS RELEASE

SARGOLD COMPLETES AGREEMENT WITH MEDORO RESOURCES

VANCOUVER, B.C., August 22, 2006 - Sargold Resource Corporation (TSX-V: SRG) ("Sargold" or the "Company") is pleased to announce it has completed its previously announced transaction with Medoro Resources Ltd. ("Medoro") (TSX-V: MRS/AIM: MRL) whereby the parties amended their existing share purchase agreement relating to the sale by Medoro to Sargold of Sardinia Gold Mines SpA ("SGM"). Under the amended terms, Sargold paid €1.0 million to complete the purchase of 90% of the issued and outstanding shares of SGM, and for an additional €1.0 million acquired all of Medoro's 75% interest in SGM Ricerche SpA ("Ricerche"), the Italian company that holds the interests to the Monte Ollasteddu gold project in Sardinia. Ricerche's interest in the Monte Ollasteddu property is subject to an Option Agreement with Orogen Holdings Ltd., a subsidiary of Gold Fields Limited. As a result of a reduction in the amount owing under the amended share purchase agreement, a non-cash gain of approximately \$5.7 million will be recognized in the third quarter.

SGM Chairman George Paspalas is pleased the agreement has been finalized. "This transaction gives Sargold unburdened ownership of the assets at Furtei, which include a number of potential open pit and underground mines, a 1,000 tonne per day treatment facility, and most importantly, a fully permitted mining concession for future tailings disposal," he said. "We are now working with a number of technical specialists to develop a plan to re-start operations at the Furtei facility, in a manner that will result in a sustained and consistent gold production profile".

"Additionally, with the Medoro Agreement completed, we are now in a position to move forward with an exploration strategy to realize the full potential our land package on Sardinia can deliver. We are excited about being able to explore the mineral tenements of the Monte Ollasteddu property, which has shown the potential to become a significant gold resource," he said.

Appointments

The Company is pleased to announce the addition of Ms. Tracey Brix-Nielsen as Controller and Mrs. Marlo Hamer-Jackson as Manager, Investor Relations and Corporate Communications to its management team. Both Tracey and Marlo fulfill similar roles with Augusta Resource Corporation and Wildcat Silver Corporation.

Ms. Brix-Nielsen brings extensive financial experience in the resource industry. She spent nearly 15 years working in increasingly senior positions with Teck Cominco, including Manager, Financial Reporting and Assistant Controller. Prior to joining Sargold, Ms. Brix-Nielsen worked for Placer Dome as the Manager of Corporate Accounting. She holds a Masters degree in Financial Management and is a Certified Management Accountant.

Mrs. Hamer-Jackson has worked in the communications field in the mining industry for more than five years. After working with the Corporate Relations team at Placer Dome Inc., she spent a short time managing corporate communications at Goldcorp Inc. before joining the Sargold team. Mrs. Hamer-Jackson will be responsible for managing investor communications, enhancing investor awareness and providing publicly available information regarding Sargold. Mrs. Hamer-Jackson holds a Bachelors of Business Administration from Simon Fraser University and honours in the Canadian Securities Course. Mrs. Hamer-Jackson will be compensated with a salary of \$80,000



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per year (shared between Sargold, Augusta and Wildcat) and has been granted 50,000 stock options as per the option grant outlined below.

Sargold also announces the granting of 1,225,000 stock options at \$0.21 to directors, officers, and employees of the Company for a period of 5 years expiring August 22, 2011.

ABOUT SARGOLD RESOURCE CORP. Sargold controls the largest precious metals exploration and exploitation land area in Sardinia, Italy. The Company's properties and projects range from the mine and full processing plant at Furtei, to advanced exploration properties with historical gold resources across the island. Sargold owns 90% of Sardinia Gold Mining ("SGM"), the operating company based in Furtei. The island of Sardinia, located approximately 150 kilometers west of Rome, is the second largest in the Mediterranean Sea covering over 24,000 square kilometers.

For further information please visit our website at www.sargold.com or contact the Company at (604) 687-1717.

ON BEHALF OF THE BOARD OF DIRECTORS,

"Richard Warke"

Richard W. Warke
President

FORWARD LOOKING STATEMENTS - The statements that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties that could cause actual results to vary materially from targeted results. Such risks and uncertainties include those described from time to time in the Company's latest annual report and management discussion and analysis. The Company assumes no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

The TSX Venture Exchange has not reviewed and does not accept responsibility for the adequacy or accuracy of this News Release.