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Special Situation – December 2011 Update

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Sacre-Coeur Minerals (Cdn\$ 0.15)

TSX.V	: SCM
Frankfurt Stock Exchange	: S5N
H+L prices (12 months)	: Cdn\$ 1.30 – 0.15
Net issued shares	: 51.4 million
Fully diluted	: 54.1 million
Market capitalization	: Cdn\$ 7.4 million

Next price target: Cdn\$ 0.55

Company profile

Sacre-Coeur's exploration and development activities are located in Guyana, South America, where it holds one of the country's largest land positions comprising of more than 850 square kilometres of mineral properties including the **Million Mountain Project** in north central Guyana. The Million Mountain Property consists of a 20 km long structural trend in the Mazuruni Mining District No.3, part of the Lower Puruni regional block (409 sq. km.) in north-central Guyana and is the Company's flagship project.

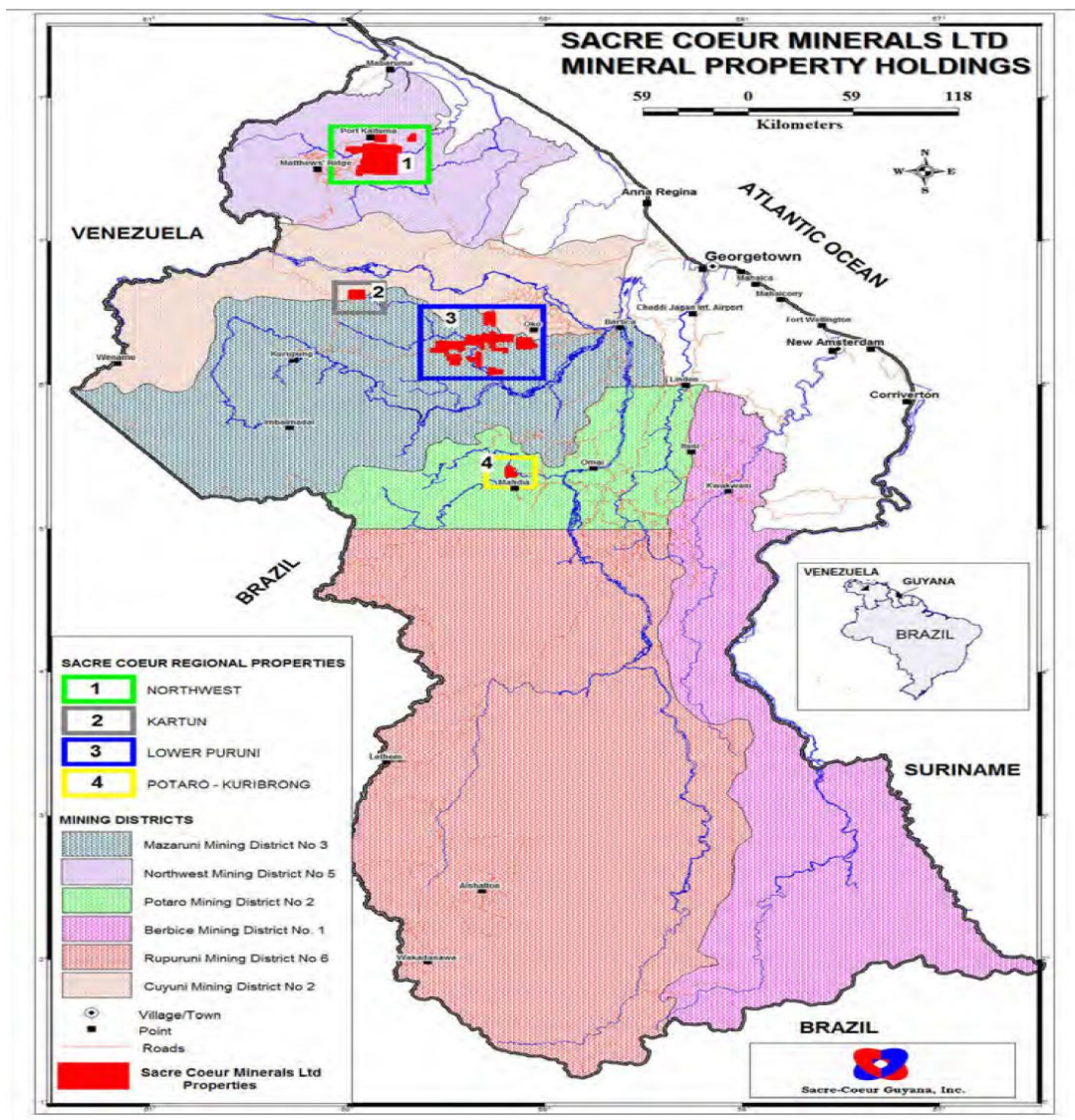
The Property was previously drilled by the Guyana Geology and Mines Commission (GGMC), Golden Star and Heritage Mines. The GGMC drilled diamond core holes, Golden Star drilled 162 short hand auger holes and Heritage drilled 109 mechanised 4 inch diameter auger holes.

In September 2008, Sacre-Coeur released a NI 43-101 compliant interim resource estimate of **451,397 Measured and Indicated** ounces of hard rock gold contained in Zone 1 near surface. Zone 1 represents only 1% of the area of the total 9 mineralised hard rock target zones recurring along a 20 km trend on the Million Mountain Project.

In January 2009, Sacre-Coeur announced that it had completed the initial rationalization of 7 regional blocks of its extensive portfolio of mineral properties. The Company prioritised the holdings which it believes have a sufficient resource potential to justify investigation and development.

Sacre-Coeur's most prospective properties are held in 4 regional blocks located in 4 districts of operation : the Lower Puruni and Kartuni blocks in the Puruni District (511.97 sq. km), the Potaro-Kuribrong blocks in the Potaro District (35.17 sq. km), and several blocks in the Northwest District.

In July 2011, new mining and refining equipment has been commissioned with gold production continuing to improve from 5.24 ounces per day to currently over 8 ounces per day.



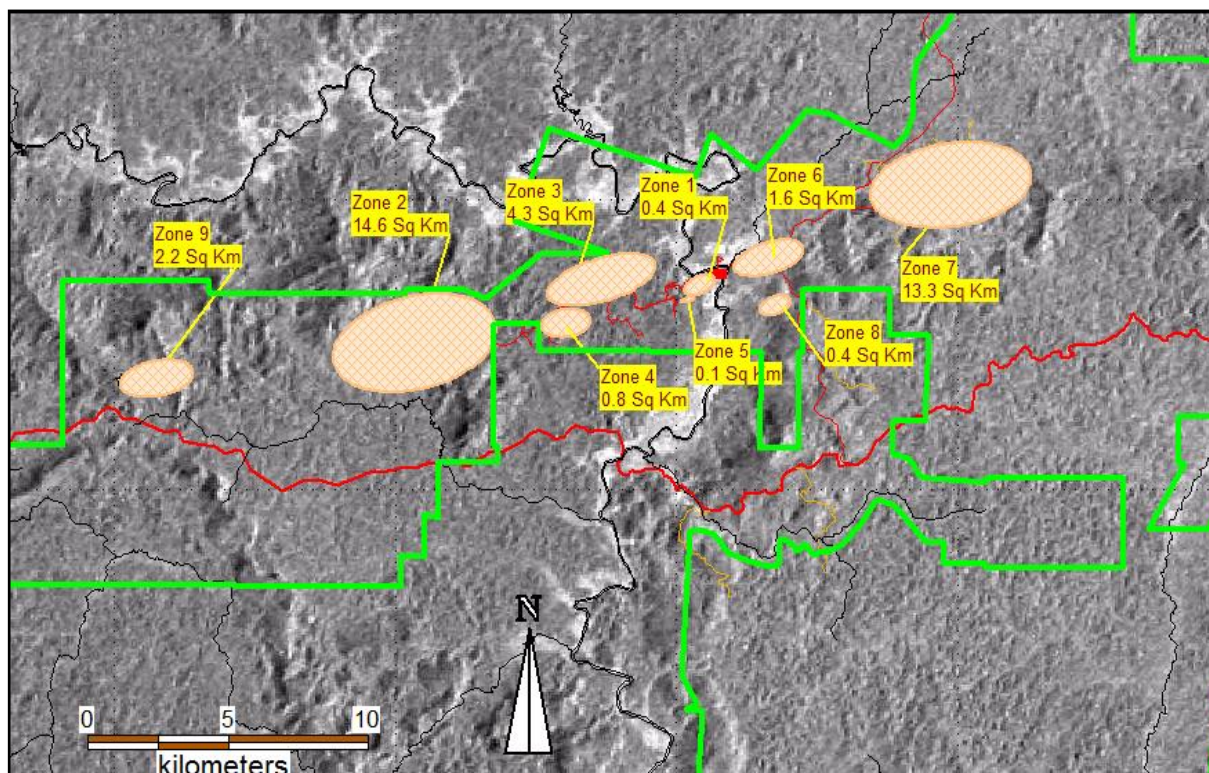
Sacre-Coeur commenced drilling at its Million Mountain Project in December 2005. Phase I drilling, at a cost of Cdn\$ 1.3 million, consisted of 3,000 metres of HQ and NQ core and was designed to confirm the historic results and extend the data further along strike and to much greater depth. Holes were drilled from the Northeast side of the structure at angles from 45 to 60 degrees and spaced at 50-metre intervals which provided data approximately 100 meters below surface along the structure. Phase II drilling, at a cost of Cdn\$ 1.15 million, tested the extent of the trend to the Southwest side and remains open.

September 2008, the Company released a N1 43-101 compliant interim resource estimate of **451,497 Measured and Indicated ounces of gold** contained in Zone 1 near surface at the Million Mountain Project. Results for approximately 20 additional holes were not received in time for inclusion in this report.

Measured resources of 388,456 ounces of gold are contained in 12.1 million tons grading 1.0 g/t gold and Indicated resources of 62,941 ounces of gold are contained in 2.18 million tons grading 0.9 g/t gold. Zone 1 comprises just over 1% of the total target area.

The Company also announced identification of 8 additional highly prospective targets (zones) along a 20 km trend at Million Mountain.

Together, these 9 zones comprise the mineralised targets in a 20 km trend with world class potential. The Project also exhibits relative ease of access from Guyana's capital city of Georgetown and offers a large and well developed permanent work camp with minimal environmental complexities, and a large body of technical data which the Company has now developed.



9 Hard Rock Zones of along 20 km trend at Million Mountain

- **Zone 1** (0.4 sq. km). has been drilled to nominal 200 metres depth. This key project zone has a large near surface zone of gold/bearing mineralization. Core drilling has yielded lengthy intersections with grades typically 1 g/t gold and higher throughout the zone. Numerous high-grade shoots have been identified with up to 30.5 g/t gold. Soil geochem anomaly located to the south-southwest suggests possible extension to the resource body.
- **Zone 2** (14.61 sq. km). The initial shallow scout drilling program suggests mesothermal veins “leaking” to surface from a gold, copper, molybdenum, silver (porphyry) ore body at depth.
- **Zone 3** (4.34 sq. km). The target is a porphyry type mineralization with shoots to near surface, controlled by structural intersection and a deep, massive porphyry zone. Scout drilling intersected gold to 14.48 g/t (WP 0508), copper to 0.47% (WP 0708), molybdenum to 0.18% (WP 0908) and silver to 12.10 g/t (WP 0708) over limited sample intervals. The best continuous intercepts from the scout drilling program are: 0.72 g/t gold equivalent over 85.3 metres (WP 0708) and 0.51 g/t gold equivalent over 309 metres (WP 0908).
- **Zone 4** (0.84 sq. km). The target is similar to Zone 3.
- **Zone 5** (0.07 sq. km). The target is a possible extension of Zone 1. A substantial soil geochem anomaly and favourable rock type suggest a high probability target for extension of the Zone 1 resource.
- **Zone 6** (1.6 sq. km). The target is a possible extension of Zone 1 to the east. There is a probable partial source of rich, recent alluvial gravels immediately down gradient in Old Graveny Cr drainage to the north of the Zone.
- **Zone 7** (13.26 sq. km). The target is a gold, iron, copper deposit. Many small scale placer mines have operated around this area mining the alluvial deposits along flat lying creeks including the famous Tiger Creek where substantial quantities of alluvial gold have been mined. Most of these rich placer deposits are immediately down gradient to the north from this Zone.

- **Zone 8** (0.43 sq. km). The target is similar to Zone 7.

Drill testing of Zones 6, 7 and 8 will be deferred until higher priority drilling is completed.

- **Zone 9** (2.20 sq. km). The target is a structurally controlled, gold bearing, mesothermal vein system hosted in metasediments. Many veins have surface expression and are well mineralised with sulphides and gold. A one metre chip sample from a vein outcrop returned 45 g/t gold. Initial scout drilling intersected 13.6 metres grading 4.0 g/t gold, including 0.55 metres grading 84.26 g/t gold (KM 0209).

The Phase II program for Zone 9 includes up to 10 additional holes aggregating up to 2,500 metres.

In June 2009, Sacre-Coeur announced that in addition to its ongoing exploration for hard rock mineral resources on its Million Mountain Project, it has begun assessing alluvial gold potential on its properties as well.

To date, the Company has identified 9 areas along the Puruni River Palaeochannel that are highly prospective.

In December 2009, a systematic program of test pitting and gravity beneficiation of the samples collected was completed for **Alluvial Area 2**. A total of 83 test pits were excavated, spaced nominally 100 metres apart along grid lens located approximately 160 metres apart. A compilation of the results demonstrates a gold bearing alluvial sand and gravel resource target measuring approximately 1.6 km by 0.80 km. The measured thickness of the sampled auriferous sand and gravel zones range from 0.8 metre to greater than 5.0 metres, with an arithmetic mean of 2.5 metres thick.

In order to test the economic viability of recovering gold from Alluvial Area 2 and other alluvial areas, the Company is continuing a simple gravity processing plant designed to treat 1,000 cubic metres per day. Setup and commissioning of the alluvial plant was completed, and successful gold production operations commenced.

Gold produced by Sacre-Coeur is purchased by the Guyana Gold Board, an agency of the Republic of Guyana, at London PM fixing price on the day of settlement, less royalty payable to the Guyana Government equal to 5% of the settlement value.

In September 2010, Sacre-Coeur announced that it had entered a binding agreement with **Severstal Gold of Russia** for the sale of the Company's shares for a cash consideration of Cdn\$ 1.60 per share at a premium of 88% over the Company's average closing price.

In coincident in time with Severstal Gold's IPO on the London Stock Exchange, under the new name of Nord Group, having failed, the take-over bid on Sacre-Coeur was withdrawn on February 11, 2011.

2011 Developments

Following the termination of Severstal's proposed acquisition of Sacre-Coeur, the Company announced In March 2011 that drilling of the targets identified by the geophysical surveys completed in the fall of 2010 over Zone 1 of the Million Mountain Project had begun.

The geophysical survey revealed three targets with the same signature of the known resource body of Zone 1 for potential continuation of the Zone 1 resource body, which have not been drill tested prior to this drill program.

In June 2011, Sacre-Coeur announced that it had identified a new area containing both alluvial and elluvial (concentrated by chemical weathering of host rock) gold near its Million Mountain operations center. The new area exhibits attractive gold grab, good continuity, and other favourable factors for alluvial mining which make it ideal for start-up of the Company's new dredge system, being commissioned in July.

Though systematic testing of this area is still ongoing, a grid of 65 test pits on 30 m x 60 m spacing has yielded very encouraging results. Of this total 15 pits have encountered gravity recoverable gold grades of over 1.0 gram gold per cubic metre, with one pit grading 7.3 gram gold per cubic metre.

On October 3, 2011, Sacre-Coeur announced that it had received and analysed assay results from the initial drill testing of targets represented by IP anomalies generated by a ground, dipole IP survey conducted over possible extensions of its Million Mountain Zone I Deposit located in the Lower Puruni block of properties.

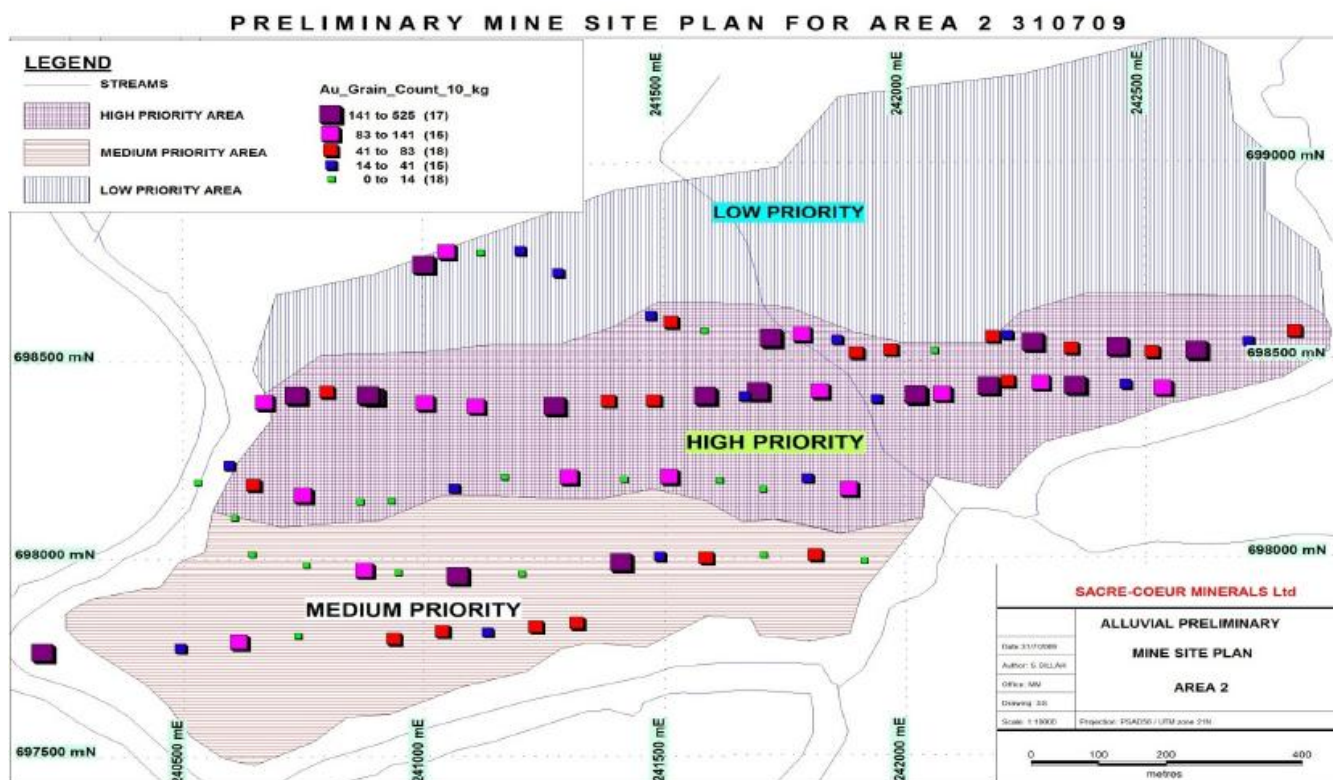
Three of the five initial holes which have been assayed encountered significant sulphide mineralization disseminated in the Quartz-Monzonite host rock ranging to approximately 1% total sulphides, thus confirming the UP anomalies. Assays did not show appreciable gold in association with the disseminated sulphide mineralization.

However, drill hole 18911 encountered several narrow veins exhibiting significant gold values including 0.30 metres grading 49.2 g/t gold and 0.33 metres grading 20.0 g/t gold. Holes MM 19111 and MM 19311 encountered lesser values generally restricted to veining.

The results suggest that more than one mineralizing event has been super imposed on this deposit. The lower sulphidation, high-grade values present in some of the vein intercepts are believed to be the result of later stage hydrothermal event along existing tight fractures and shear zones associated with a northeast-southeast near feature.

Structural analysis is now being performed on the northwest-southeast linear feature to identify zones of intersecting structure which would create a more permissive depositional environment for an evidently robust later phase of gold mineralization.

Alluvial Area 2 Selected For Test Mining



Based on this information, Sacre-Coeur will be focusing its efforts on defining the structural elements which will potentially guide the Company to significant additions to the Zone I resource.

Further drilling on Zone I will be defined while all available structural data will be analysed to generate focused targets to test when drilling resumes.

In the meantime, the Company is placing maximum effort on development of its alluvial operation and mining program, which is coming along well.

On October 20, 2011, Sacre-Coeur announced that with its new high capacity dredge operating at design throughput rates, and with recent completion of installation of new refinery equipment, gold production has increased significantly from its properties.

Since the new mining and refinery equipment has been commissioned, 9.02 troy ounces of gold have been produced from 17.2 days (24 hours) of operation, for an overall average production since completion of the modification of 5.24 troy ounces gold per day.

Gold production continues to improve with production having increased to over 8 troy ounces per day, thereby beginning to contribute net cash flow to significantly offset Sacre-Coeur's operating expenses.

On December 15, 2011, Sacre-Coeur announced that it has established a contract drilling division. Two of three Company-owned, late-model Atlas Copco Exploration Products wire line core drills have been allocated to the commercial venture, while the third has been reserved to continue hard-rock gold exploration and resource expansion on Sacre-Coeur's more than 850 square kilometre portfolio of properties in Guyana.

Combined net cash flow from the Company's alluvial mining operations and contract drilling division is expected to cover all operating costs, including on-going hard-rock exploration, feasibility studies for development of a portion of the hard-rock gold resource, property holding costs, and corporate general and administrative costs, plus accumulation of additional working capital.

Management

Irwin Olian, Chairman and Director, has a strong background in Finance and Law and is co-founder of the successful NASDAQ Company North America Scientific, and former President and Chairman of TSX resource company Pan African Mining Corp. before this company was sold to Asia Thai Mining for an amount of approximately \$ 160 million.

During the past six years, he has developed a business as a self-employed private investment banker and business consultant to emerging companies in diverse fields, which include NASDAQ companies.

Mr. Olian is also President and Chairman of TSX resource company African Queen Mines.

Gregory Sparks, B.Sc. in Mining Engineering, P.Eng, President and CEO, has over 35 years experience with mining and exploration companies and engineering firms servicing the mining industry, embracing exploration, feasibility, development and operation of both surface and underground mining projects. He has experience with a variety of minerals including gold, silver, lead, copper, zinc, uranium/thorium, coal and industrial minerals. Mr. Sparks is a former Vice-President Development of Echo Bay Mines. He performed services for mining majors including Tenneco Oil, Homestake and Coeur d'Alene Mines. Gregory Sparks has 16 years experience in the Guyana Shield. He is also Director of African Queen Mines.

Limor Rubin, CFO and Director, Chartered Accountant, has in addition to experience in the mining industry, experience with the financial services industry, mutual funds, insurance, real estate, as well as the public sector. Prior to joining Sacre-Coeur, she served as Accounting Manager for KPMG and as a Senior Accountant with both KPMG and Ernst & Young.

Dr. Edward A. Schiller, P.Geo, Senior Geological Consultant, has 30 years experience in the international mineral exploration, project development and finance across the mineral spectrum and was a former director of Dia Met, supervising drilling of the Ekati diamond discovery in Canada.

Finance

In March 2011, Sacre-Coeur announced the closing of a non-brokered private placement which raised gross proceeds of Cdn\$ 2.58 million through the issuance of 4.68 million units at Cdn\$ 0.55 per unit. Each unit consisted of one common share of the Company and one-half of one share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share of the Company at an exercise price of Cdn\$ 0.75 until March 15, 2013.

On September 21, 2011, Sacre-Coeur announced that it had raised gross proceeds of Cdn\$ 1.44 million through the issuance of 4.8 million shares at a price of Cdn\$ 0.30 per share.

Investment recommendation:

Sacre-Coeur's exploration activities are focused on Guyana, South America, where it holds the country's largest land position comprising of more than 850 square kilometres of mineral properties.

The Company's key project is the Million Mountain Project in north-central Guyana, which has been previously drilled by the Guyana Geology and Mines Commission, Golden Star and Heritage Mines and a historic inferred resource estimate of 1.32 million tonnes grading 3.78 g/t gold, containing 158,760 ounces of gold being established in 2001 by Heritage Mines.

Since Sacre-Coeur commenced drilling of the Project in December 2005, the Company has been very successful with its ongoing exploration and drilling program and reported high-grade results from its first prime Northwest Project target area.

This culminated in September 2008 in the release of a NI 43-101 compliant interim resource estimate of 451,397 Measured and Indicated ounces of gold contained in Zone 1 near surface.

Counting that Zone 1 represents only 1% of the area of the total 9 mineralised target zones recurring on the Million Mountain Project, this implies that the Million Project has the potential to grow to a multi-million ounces gold deposit.

Since the Severstal offer at a price of Cdn\$ 1.60 (at a premium of 88%), having collapsed in February 2011, Sacre-Coeur raised Cdn\$ 2.58 million at Cdn\$ 0.55 per share to take exploration in its own hands again by beginning drilling on the targets identified by the geophysical surveys completed in the fall of 2010 over Zone 1 of the Million Mountain Project.

In July 2011, new mining and refining equipment has been commissioned with gold production continuing to improve from 5.24 ounces per day to 8 ounces per day.

On December 15, 2011, Sacre-Coeur announced that it has started a contract drilling division. Combined cash flow from alluvial mining operations and contract drilling is expected to cover all the Company's operating costs.

Expecting the resource estimate to be increased significantly, in our view, based on the Company's current strongly depressed market capitalization of just Cdn\$ 7.4 million, in our view, the share price of Sacre-Coeur is significantly undervalued, with a speculative recovery potential to the March-private placement price of Cdn\$ 0.55.