

Lake Consols Rock Chip Results up to 168g/t Au on poorly explored system

- Prospect scale mapping and rock chip sampling in the Lake Consols area has located several highly promising gold targets prioritised for drill testing
- Highlights include up to 168g/t Au in quartz vein and 51.6g/t Au in sheared dolerite from surface samples at the Dibbler Zone

Very High Grade Surface Rock Results at Lake Consols

Southern Gold is farming into the Glandore Gold Project, currently held by Aruma Resources and can earn up to 90% of the project after expenditure of \$1.2m (see ASX Release 4 April 2016). The Glandore Gold Project is approximately 45km east of Kalgoorlie, WA. Southern Gold has completed expenditure of \$300,000 during the first year and earned the right to 50% of the project.

An ongoing program of mapping and rockchip sampling has been undertaken across the broader Glandore Project area. To date, 128 rockchip samples have been collected. Fifteen rock chip samples were collected from the historic Lake Consols region (**Figure 1**) sampling mainly quartz vein and sheared dolerite and basalt from mullock at a series of old workings (**Photos 1 and 2**). The Lake Consols workings produced 3.28 kg of Au from 152 tonnes mined in the 1930's for an average grade of 21.578 g/t (MINDEX records).

The majority of rock chip samples were collected from a section of workings which has only one recent drill hole (GP65 – 1996) which may not have adequately tested the main mineralisation. **Quartz vein samples ranged from 16.77 g/t Au to 168 g/t Au. The sheared dolerites/basalts ranged from 0.46 g/t Au to 51.63 g/t Au (see inset, Figure 2).**

Graphitic sediments could be a key factor in controlling the localisation of high grade mineralisation as the highest grades are closest to the dolerite/schist contact. The sampling defines an approximately 100m strike of very strongly anomalous sheared and altered basalt. The proximity of this zone to the contact with a package of graphitic sediments has been overlooked by previous explorers.

Further extension of the sheared and altered basalt to the north west at the main Lake Consols workings has had some previous drilling with one strongly mineralised interval intersected in historical drilling (**GP61b which hit 5m @ 35g/t Au**).

Between the three zones (named Dibbler, Knurd and Librarian) of historic workings, which occur in areas of outcropping basement, there has been no exploration at all, giving Southern Gold a target over 700m of prospective strike along this mineralised trend.



Shares Issued: 46.4M
Share Price: \$0.315
Market Capitalisation: \$14.8m
Unaudited Cash Est.: \$4.5m
Debt: Nil
Enterprise Value: \$10.3m

Directors

Greg Boulton AM (Chairman)
Simon Mitchell (MD)
Michael Billing
David Turvey

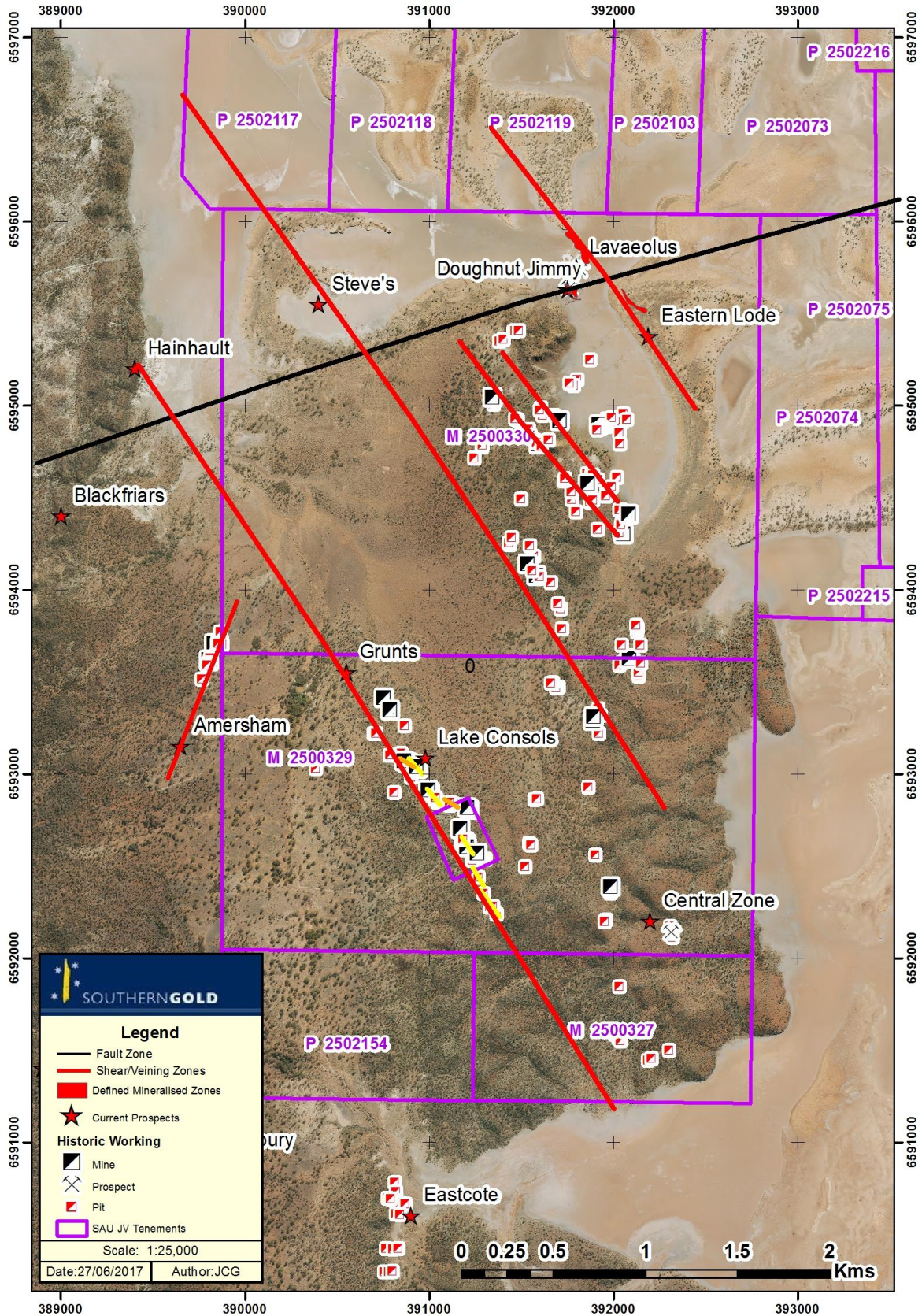
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Figure 1: Overview of the Glandore Area highlighting the Lake Consols area to the central-south-west of the tenement group.



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Photo 1: Lake Consols historic workings at the Dibbler zone



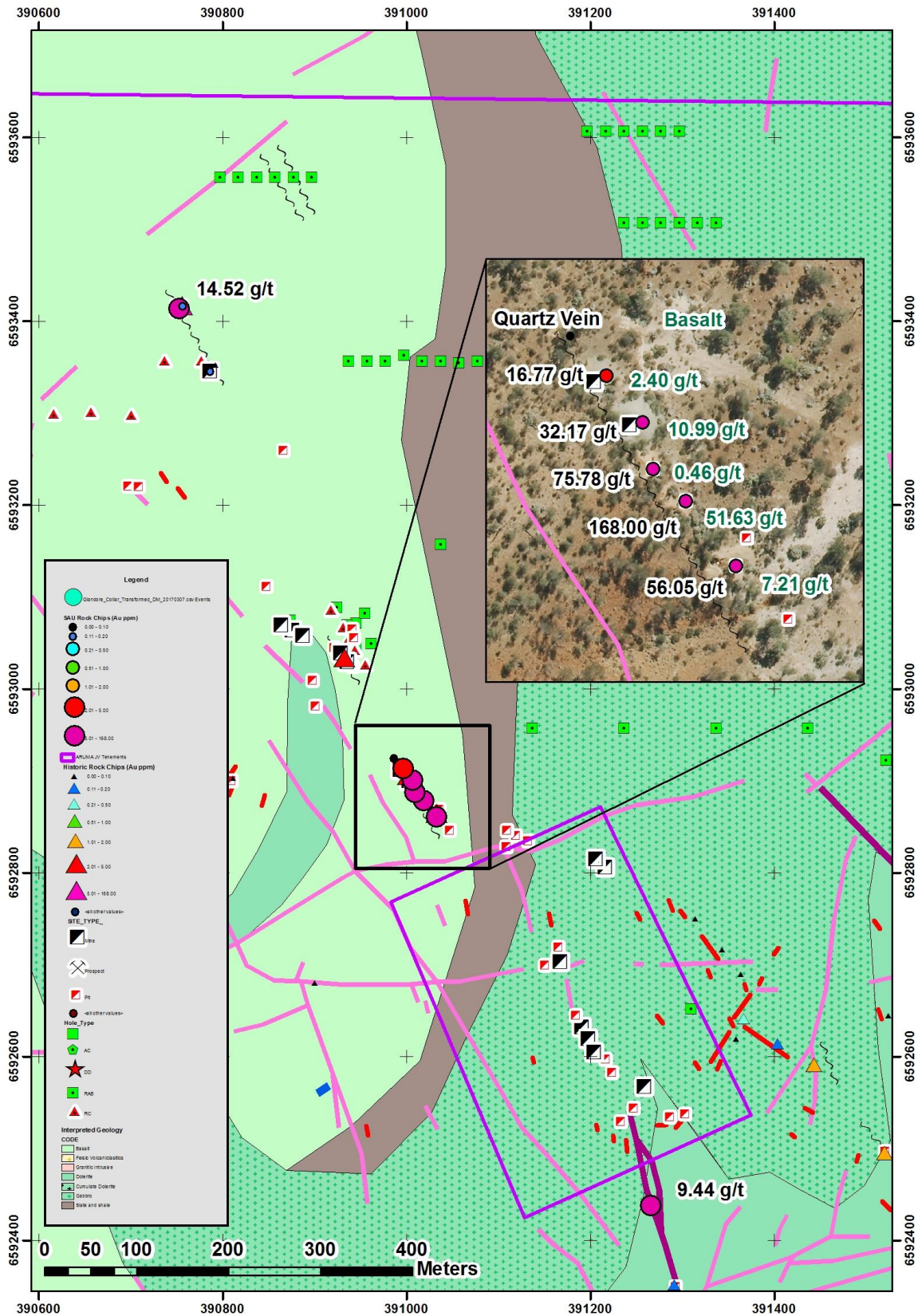
Photo 2: Lake Consols historic workings at the Knurd zone

The mineralisation at Lake Consols falls within a structural zone of shearing, felsic intrusives and quartz veining which can be traced for 2.5 km across the Glandore tenements and trends under cover at its northern end. The Lake Consols area has been sub-divided into the Dibbler, Knurd and Librarian zones.

More detailed sampling of outcrops and underground exposures has been undertaken in the Lake Consols region and results are pending. It is also a near term target for drilling, potentially over the coming months.

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Figure 2: Surface Sampling at Lake Consols with the location of Dibbler, Knurd and Librarian zones. Inset illustrates detailed rock results along the Dibbler Zone, including up to 168g/t Au in quartz vein and 51g/t Au in sheared basalt/dolerite.



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Appendix 1: JORC TABLE 1

JORC Code, 2012 Edition – Table 1

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections)

Criteria	JORC Code explanation	Commentary
Sampling techniques	<ul style="list-style-type: none"> Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling. Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used. Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information. 	<ul style="list-style-type: none"> 1-3kg rock chip samples were collected at various locations based on prospective target horizons Multiple rock chip grab samples were taken of potential target horizons to ensure representivity. Each sample location was recorded using a handheld GPS All rock chip grab samples were analysed for gold Samples were collected and placed in a calico bag which was sent to Min Analytical in Kalgoorlie. Samples were then pulverised for multi-element analysis to produce a 50g charge for fire assay Au.
Drilling techniques	<ul style="list-style-type: none"> Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc). 	<ul style="list-style-type: none"> Not Applicable
Drill sample recovery	<ul style="list-style-type: none"> Method of recording and assessing core and chip sample recoveries and results assessed. Measures taken to maximise sample recovery and ensure representative nature of the samples. Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material. 	<ul style="list-style-type: none"> Not Applicable
Logging	<ul style="list-style-type: none"> Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies. Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography. The total length and percentage of the relevant intersections logged. 	<ul style="list-style-type: none"> Logging of Rock chip samples includes Rock Type and may also include, colour, texture, primary mineralogy, alteration and weathering. Structural measurements may also be taken at the site location. Rock chip logging is of a qualitative nature Logging of rock chips describes the local outcrop in question and may include the size, width and stroke of the prospective horizon
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> If core, whether cut or sawn and whether quarter, half or all core taken. If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry. For all sample types, the nature, quality and appropriateness of the sample preparation technique. 	<ul style="list-style-type: none"> Not Applicable Rock chip samples were collected from outcrop/ sub-crop or existing historical workings and float Preparation and analysis of samples was undertaken by Min Analytical Australia at their Kalgoorlie/ Perth laboratories.

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Criteria	JORC Code explanation	Commentary
	<ul style="list-style-type: none"> Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples. Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling. Whether sample sizes are appropriate to the grain size of the material being sampled. 	<ul style="list-style-type: none"> Samples were pulverised to 85% passing 75 micron. Multiple samples were collected over the target horizons to ensure sample representivity Sample sizes are considered appropriate for the style of mineralization and exploration technique
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total. For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc. Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established. 	<ul style="list-style-type: none"> Rock samples were analysed using a multi element/ gold 25g aqua regia digest (AR2531) with ICP-OES finish and is considered a partial technique. Where gold exceeded 4000ppb, a total 50g fire assay technique was implemented. No data from geophysical tools were used to determine grade control assay results. QAQC lab procedures for fire assay Au include using 2 racks of 25 tubes with a standard and blank inserted 1 in every 25. Multi Element includes a rack of 60 tubes with a blank inserted at the start and duplicate and a standard approximately 1 in 25. The lab expects to achieve a precision and accuracy of ~10% for duplicates and 3 standard deviations for standards. Min Analytical is NATA Accredited to ISO 17025.
Verification of sampling and assaying	<ul style="list-style-type: none"> The verification of significant intersections by either independent or alternative company personnel. The use of twinned holes. Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols. Discuss any adjustment to assay data. 	<ul style="list-style-type: none"> Significant results have been verified by alternative company personnel. Not Applicable All sampling data is recorded in field notebooks and entered into the Company database after validation. The assay database is stored securely on the Company's server which is backed up routinely both on and offsite. No adjustments are made to the assay data after review of QAQC measures as stated above.
Location of data points	<ul style="list-style-type: none"> Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation. Specification of the grid system used. Quality and adequacy of topographic control. 	<ul style="list-style-type: none"> Rock chip sample positions have been surveyed using a handheld GPS. The grid system used is the Geocentric Datum of Australia (GDA94), Zone 51 (MGA Projection). Elevations are recorded in Australian Height Datum (AHD). Topographic control in the area is provided by a DEM model
Data spacing and distribution	<ul style="list-style-type: none"> Data spacing for reporting of Exploration Results. Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied. Whether sample compositing has been applied. 	<ul style="list-style-type: none"> Sample spacing of rock chips varied depending on outcrop availability No Mineral Resource has been calculated. No sample compositing has been applied

Criteria	JORC Code explanation	Commentary
Orientation of data in relation to geological structure	<ul style="list-style-type: none"> Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type. If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material. 	<ul style="list-style-type: none"> Sampling was conducted over outcropping prospective structures/ target horizons Not applicable.
Sample security	<ul style="list-style-type: none"> The measures taken to ensure sample security. 	<ul style="list-style-type: none"> Samples are collected in the field by Southern Gold Geologists and placed in a numbered calico bag. The calico bag is then transported to the lab in a zip tied polyweave bag, where a sample submission form is completed. The details entered onto the sample submission form are the means by which the samples are tracked through the laboratory. The laboratory provides the Company with a reconciliation of samples submitted compared to samples received.
Audits or reviews	<ul style="list-style-type: none"> The results of any audits or reviews of sampling techniques and data. 	<ul style="list-style-type: none"> No audits or reviews have been undertaken.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	<ul style="list-style-type: none"> Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings. The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area. 	<ul style="list-style-type: none"> Rock chip sampling covers M25/0330 and M25/0329 and is located ca. 30km E of Kalgoorlie, WA. The tenement is held by Aruma Exploration There are no known impediments to obtaining a licence to operate.
Exploration done by other parties	<ul style="list-style-type: none"> Acknowledgment and appraisal of exploration by other parties. 	<ul style="list-style-type: none"> Historical exploration over the project has been completed by numerous entities including but not limited to: Aruma, Melbourne Exploration, WMC and Harmony Gold.
Geology	<ul style="list-style-type: none"> Deposit type, geological setting and style of mineralisation. 	<ul style="list-style-type: none"> Exploration is targeting orogenic narrow vein Archean lode systems
Drill hole Information	<ul style="list-style-type: none"> A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: <ul style="list-style-type: none"> easting and northing of the drill hole collar elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar dip and azimuth of the hole 	<ul style="list-style-type: none"> Not applicable

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Criteria	JORC Code explanation	Commentary
	<ul style="list-style-type: none"> ○ down hole length and interception depth ○ hole length. <ul style="list-style-type: none"> • <i>If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.</i> 	
Data aggregation methods	<ul style="list-style-type: none"> • <i>In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.</i> • <i>Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.</i> • <i>The assumptions used for any reporting of metal equivalent values should be clearly stated.</i> 	<ul style="list-style-type: none"> • <i>No weighted averages, maximum or minimum grade truncations or cut off grades have been applied</i> • <i>No metal equivalent values have been reported.</i>
Relationship between mineralisation widths and intercept lengths	<ul style="list-style-type: none"> • <i>These relationships are particularly important in the reporting of Exploration Results.</i> • <i>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</i> • <i>If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').</i> 	<ul style="list-style-type: none"> • <i>Mineralisation appears to be sub-vertical, with the majority of historical drill holes drilled orthogonal to the strike.</i> • <i>Quoted historical drill hole intercepts are considered downhole lengths</i>
Diagrams	<ul style="list-style-type: none"> • <i>Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.</i> 	<ul style="list-style-type: none"> • <i>No significant discovery has been reported.</i>
Balanced reporting	<ul style="list-style-type: none"> • <i>Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.</i> 	<ul style="list-style-type: none"> • <i>Results from all holes have been reported.</i>
Other substantive exploration data	<ul style="list-style-type: none"> • <i>Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.</i> 	<ul style="list-style-type: none"> • <i>All relevant observations have been noted in the release.</i>

Southern Gold Limited: Company Profile

Southern Gold Ltd is a successful gold explorer and producer listed on the Australian Securities Exchange (under ASX ticker "SAU"). The Company's main focus is its Bulong Gold Project located 30 km east of the world renowned gold district of Kalgoorlie (WA) with the flagship Cannon Gold Mine projected to produce around 50koz gold by open pit methods. Mining at Cannon is being conducted by Westgold Resources Ltd, who financed and developed the deposit under a 50/50 profit share arrangement. Westgold is responsible for all mining, haulage and processing activities.

Southern Gold is also exploring at projects such as Glandore, Transfind Extended and Cowarna, looking for additional small high grade open pit-able gold resources and potential new discoveries.

In addition to its cornerstone position in Kalgoorlie, Southern Gold owns a portfolio of high grade gold projects in South Korea. These projects are a combination of decommissioned gold mines with orogenic gold mineralisation and greenfield epithermal gold targets. Southern Gold's aim is to move one or more of the orogenic gold mines such as Gubong and Taechang into production in the short to medium term utilising the technical expertise of its joint venture partner and London Stock Exchange listed Bluebird Merchant Ventures as well as explore for world-class epithermal gold deposits.

Competent Person's Statements

The information in this report that relates to Exploration Results has been compiled under the supervision of Dr. Justin Gum (MAIG). Dr Gum who is an employee of Southern Gold Limited and a Member of the Australasian Institute of Geoscientists, has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity he has undertaken to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for the Reporting of Mineral Resources and Ore Reserves. Dr Gum consents to the inclusion in this report of the matters based on the information in the form and context in which it appears.

Forward-looking statements

Some statements in this release regarding estimates or future events are forward looking statements. These may include, without limitation:

- *Estimates of future cash flows, the sensitivity of cash flows to metal prices and foreign exchange rate movements;*
- *Estimates of future metal production; and*
- *Estimates of the resource base and statements regarding future exploration results.*

Such forward looking statements are based on a number of estimates and assumptions made by the Company and its consultants in light of experience, current conditions and expectations of future developments which the Company believes are appropriate in the current circumstances. Such statements are expressed in good faith and believed to have a reasonable basis. However the estimates are subject to known and unknown risks and uncertainties that could cause actual results to differ materially from estimated results.

All reasonable efforts have been made to provide accurate information, but the Company does not undertake any obligation to release publicly any revisions to any "forward-looking statement" to reflect events or circumstances after the date of this release, except as may be required under applicable laws. Readers should make their own enquiries in relation to any investment decisions and obtain advice from a licensed investment advisor.