

Cannon Gold Mine – Final Open-Pit Processing Campaign

- 4,379oz. gold produced from WA’s Cannon mine in June 2017
- Recovery from 9th and final campaign a very good 91.0%
- RC drilling for potential underground scenario currently in progress

June 2017 Gold Processing Campaign

Gold producer, Southern Gold Ltd (‘Southern Gold’) is pleased to report the results of the ninth processing campaign of ore treated during June 2017 (**Table 1**) from the Company’s Cannon Gold Mine southeast of Kalgoorlie in WA. The mining and processing is being managed by Westgold Resources Ltd (‘Westgold’).

Table 1: June Cannon Processing Campaign (M25/333 Only)

	Units	Ninth Campaign	Open Pit Life of Mine
Tonnes Milled (dry)	tonnes	39,103	594,393
Mill Head Grade	Au g/t	3.8	3.0
Recovery	%	91.0	91.1
Gold Produced	oz. Au	4,388	52,605

When the results of this campaign are added to the eight previous campaigns, **total gold produced at Cannon now stands at 52,605oz Au with a life-of-mine recovery rate averaging 91.1%**. This is the approximate midpoint of open pit life-of-mine production guidance (52,000-53,000oz.) provided in April 2017.

Mining Update and Underground Potential

Mining of the open pit, including the small adit, is now complete. The majority of the rehabilitation and decommissioning works will be completed by the end of July.

A 2,170m Reverse Circulation (RC) drilling campaign to infill and extend the Cannon mineralisation below the open pit limit has commenced. (See 28 June ASX Release)

An update on the residual Cannon JORC Resource below the open pit will follow once this drilling is completed and assay results returned. Subject to this new resource outcome, there is the potential for an underground operation at Cannon that focuses on the plunging high grade lodes mined in the adit.

The RC drilling will also determine the potential to exploit adjacent parallel lodes within the Cannon shear over several levels and help refine the mine design.

Southern Gold Managing Director, Mr Simon Mitchell: *“This is an excellent result for the last phase of open pit mining at Cannon. Credit is due to the Westgold Resources’ technical team, both in terms of the mining and processing outcomes at Cannon which were handled very professionally by Westgold. Overall, I have to say this has been a successful joint outcome for both companies and has helped to transform the Southern Gold business in the process. We look forward to the next stage of our evolution and anticipated move to maiden underground mining at Cannon in due course.”*

Shares Issued: 47.3M

Share Price: \$0.29

Market Capitalisation: \$13.7m

Unaudited Cash Est.: \$5.3m

Debt: Nil

Enterprise Value: \$8.4m

Directors

Greg Boulton AM (Chairman)

Simon Mitchell (MD)

Michael Billing

David Turvey

Head Office

Southern Gold Ltd

Level 1, 8 Beulah Rd

Norwood SA 5067

Telephone: (08) 8368 8888

Facsimile: (08) 8363 0697

info@southerngold.com.au

www.southerngold.com.au

ABN: 30 107 424 519

Postal Address

Southern Gold Ltd

PO Box 255

Kent Town SA 5071

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. An underground mining phase at Cannon is currently being assessed.

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 Limited as well as explore for world-class epithermal gold deposits.

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 presentation, except as may be required under applicable laws. Recipients should make their own enquiries in relation to any investment decisions from a licensed investment advisor.