ASX Release
Tuesday 29 August 2017

ASX Code: SAU

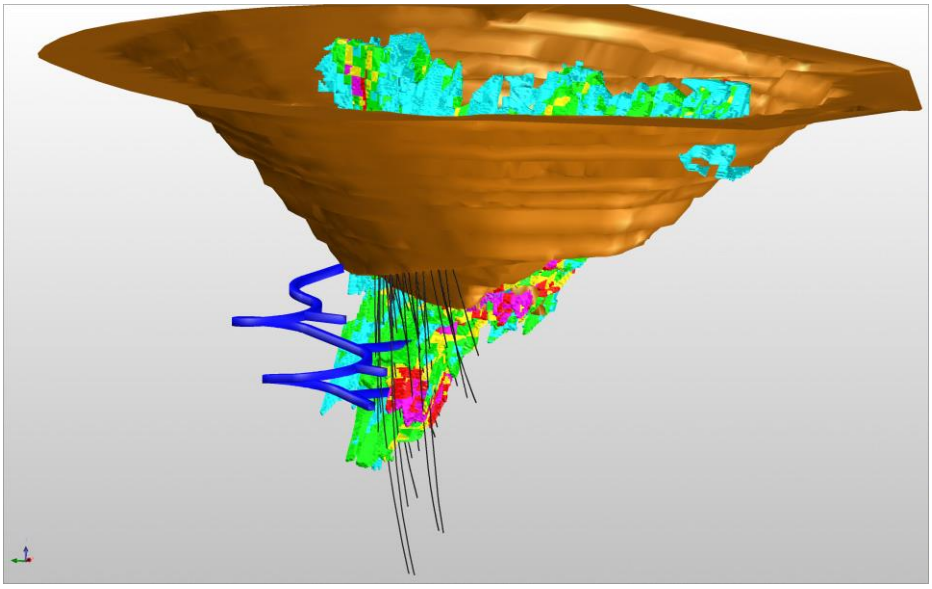
Multiple very high grade Au results from RC drilling campaign at Cannon Gold Mine, WA

- Drilling defined and extended the high grade zone below the open pit
- Multiple results > 10 g/t Au over widths >10m, or 2m-5m true width
- Results confirm a likely underground development scenario
- High grade gold remains open at depth

Excellent high grade gold intercepts confirm underground potential

Australian gold producer, Southern Gold Ltd is pleased to announce very high grade gold results from a 31 hole (2,851m) Reverse Circulation (RC) drill programme at the Company's Cannon gold mine, near Kalgoorlie, WA. This programme was undertaken from the open pit access ramp to define and extend high grade gold zones below the open pit base in support of underground mine design. (**Figure 1**)

Figure 1: Cannon Mine with open pit outline, old block model grade distribution, conceptual underground mine design (blue solid) and RC drilling (black traces)



Highlight results include (all depths are downhole depths, see **Table 1** for details):

BSRC276 - 10m @ 18.0g/t Au from 63m, including 5m @ 31.1 g/t Au from 66m
BSRC279 - 6m @ 25.9g/t Au from 44m, including 4m @ 34.9 g/t Au from 45m
BSRC283 - 12m @ 11.4 g/t Au from 53m, including 7m @ 17.7 g/t Au from 54m
BSRC290 - 22m @ 5.36 g/t Au from 44m, including 4m @ 9.9 g/t Au from 47m
BSRC296 - 12m @ 9.0 g/t Au from 57m, including 8m @ 11.1 g/t Au from 60m
BSRC301 - 17m @ 7.0 g/t Au from 46m, including 7m @ 7.9 g/t Au from 51m
BSRC303 - 13m @ 7.5 g/t Au from 56m, including 8m @ 10.8 g/t Au from 60m

In addition to the above, drill hole BSRC290 also identified a new parallel high-grade lens at depth below the main zone with 3m @ 15.2g/t Au from 79m downhole (see **Figure 5**).

Shares Issued: 47.3M
Share Price: $0.26
Market Capitalisation: $12.3m
Unaudited Cash Est.: $6.0m
Debt: Nil
Enterprise Value: $6.3m

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Drilling Results in Extension and Confirmation of High Grade Zone

There were a number of significant intersections from the Cannon underground delineation drill program which are summarised in Table 1 and in more detail at the end of this announcement. The results highlight the continuing high grade Cannon gold ore shoots extending to at least the 170mRL with true thicknesses between 2m and 5m. Significantly parallel ore shoots with anomalous grade appear to be developing in the footwall at depth. The Cannon shear is also, based upon early interpretation of logging, steepening at depth and is possibly located to the east of its current modelled position.

Figure 2 is a cross-section along 6590150mN, with the original block model indicating that the ore shoots have a flatter orientation. Drill hole BSRC283 has confirmed that there is a steeper component to the high-grade zone (7m @ 17.7 g/t Au) which continues at depth. It is also evident that there is likely to be an uplift in contained gold mineralisation through this zone >10g/t Au over the original block model interpolation of between 2.5-7.5 g/t Au.

Figure 2: Section 6590150mN – BSRC283 with pit outline, shear and block model

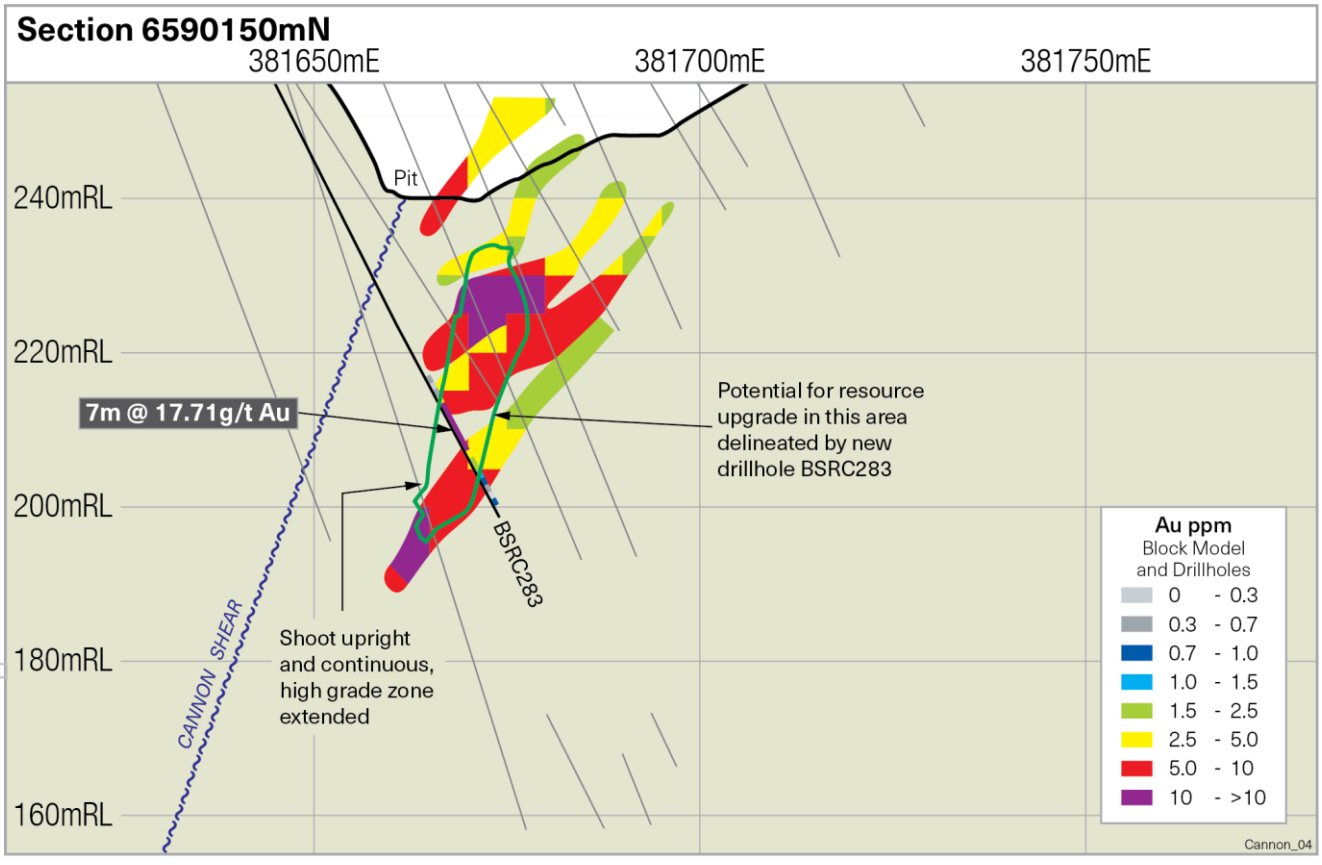


Figure 3 illustrates a cross section that had no previous drill information and confirms the steeper higher grade continuation of the significant main high grade lode but will increase the thickness and hence contained metal down to at least the 180-190mRL. **Figure 4** also confirms the steeper orientation, lode thickness and potential uplift in resource metal.

Pending completion of the re-modelling of the high grade shoots, the current resource estimate will be updated and mine design advanced over the coming 2-3 months.

Table 1: RC Drilling Highlight Results

Hole ID	Northing	Easting	RL		m from	m to	interval (m)		Au (g/t)	gram meters
BSRC276	6590180.3	381665.4	254.7		63	73	**10 m**	**@**	**18.02 g/t**	**180 g-m**
				including	*66*	*71*	**5 m**	**@**	**31.12 g/t**	**156 g-m**
BSRC277	6590180.3	381666.0	254.6		57	64	7 m	@	6.33 g/t	44 g-m
				including	*58*	*60*	2 m	@	9.26 g/t	19 g-m
BSRC278	6590180.4	381667.3	254.4		31	35	4 m	@	7.94 g/t	32 g-m
				including	31	33	2 m	@	13.98 g/t	28 g-m
BSRC279	6590145.3	381639.4	262.6		44	50	**6 m**	**@**	**25.94 g/t**	**156 g-m**
				including	*45*	*49*	**4 m**	**@**	**34.97 g/t**	**140 g-m**
					54	59	5 m	@	10.67 g/t	53 g-m
				including	*55*	*57*	2 m	@	25.67 g/t	51 g-m
BSRC280	6590175.7	381661.9	255.7		49	64	15 m	@	5.54 g/t	83 g-m
				including	*56*	*60*	4 m	@	9.92 g/t	40 g-m
BSRC283	6590150.3	381641.9	261.3		53	65	**12 m**	**@**	**11.36 g/t**	**136 g-m**
				including	*54*	*61*	**7 m**	**@**	**17.71 g/t**	**124 g-m**
BSRC285	6590155.9	381646.5	260.2		65	72	7 m	@	6.67 g/t	47 g-m
				including	*66*	*69*	3 m	@	10.55 g/t	32 g-m
BSRC286	6590198.9	381710.3	245.6		13	17	4 m	@	6.67 g/t	27 g-m
				including	*14*	*16*	2 m	@	11.41 g/t	23 g-m
BSRC290	6590195.1	381684.9	251.1		44	66	**22 m**	**@**	**5.36 g/t**	**118 g-m**
				including	*47*	*51*	4 m	@	9.88 g/t	40 g-m
				and	*57*	*63*	6 m	@	8.49 g/t	51 g-m
					79	*82*	3 m	@	15.23 g/t	46 g-m
BSRC294	6590161.3	381651.0	258.7		52	60	8 m	@	5.64 g/t	45 g-m
				including	*52*	*54*	2 m	@	14.76 g/t	30 g-m
BSRC296	6590166.1	381653.3	257.8		57	69	**12 m**	**@**	**8.99 g/t**	**108 g-m**
				including	*60*	*68*	8 m	@	11.05 g/t	88 g-m
BSRC297	6590166.4	381653.9	257.8		48	64	16 m	@	4.22 g/t	68 g-m
				including	*48*	*55*	7 m	@	6.81 g/t	48 g-m
				including	*48*	*52*	4 m	@	9.50 g/t	38 g-m
BSRC298	6590170.7	381657.4	256.7		68	76	8 m	@	8.0 g/t	64 g-m
				including	*70*	*75*	5 m	@	10.84 g/t	54 g-m
BSRC299	6590170.7	381659.6	256.6		54	62	8 m	@	6.49 g/t	52 g-m
BSRC301	6590185.2	381672.3	253.2		46	63	**17 m**	**@**	**6.98 g/t**	**119 g-m**
				Including	*51*	*58*	7 m	@	7.86 g/t	55 g-m
					61	63	2 m	@	18.74 g/t	37 g-m
BSRC303	6590189.5	381675.7	252.4		51	52	2 m	@	16.77 g/t	34 g-m
					56	69	**13 m**	**@**	**7.50 g/t**	**98 g-m**
				including	*60*	*68*	**8 m**	**@**	**10.80 g/t**	**86 g-m**

Figure 3: Section 6590165mN – BSRC296 & 297, with open pit, shear, block model and upgradable zone

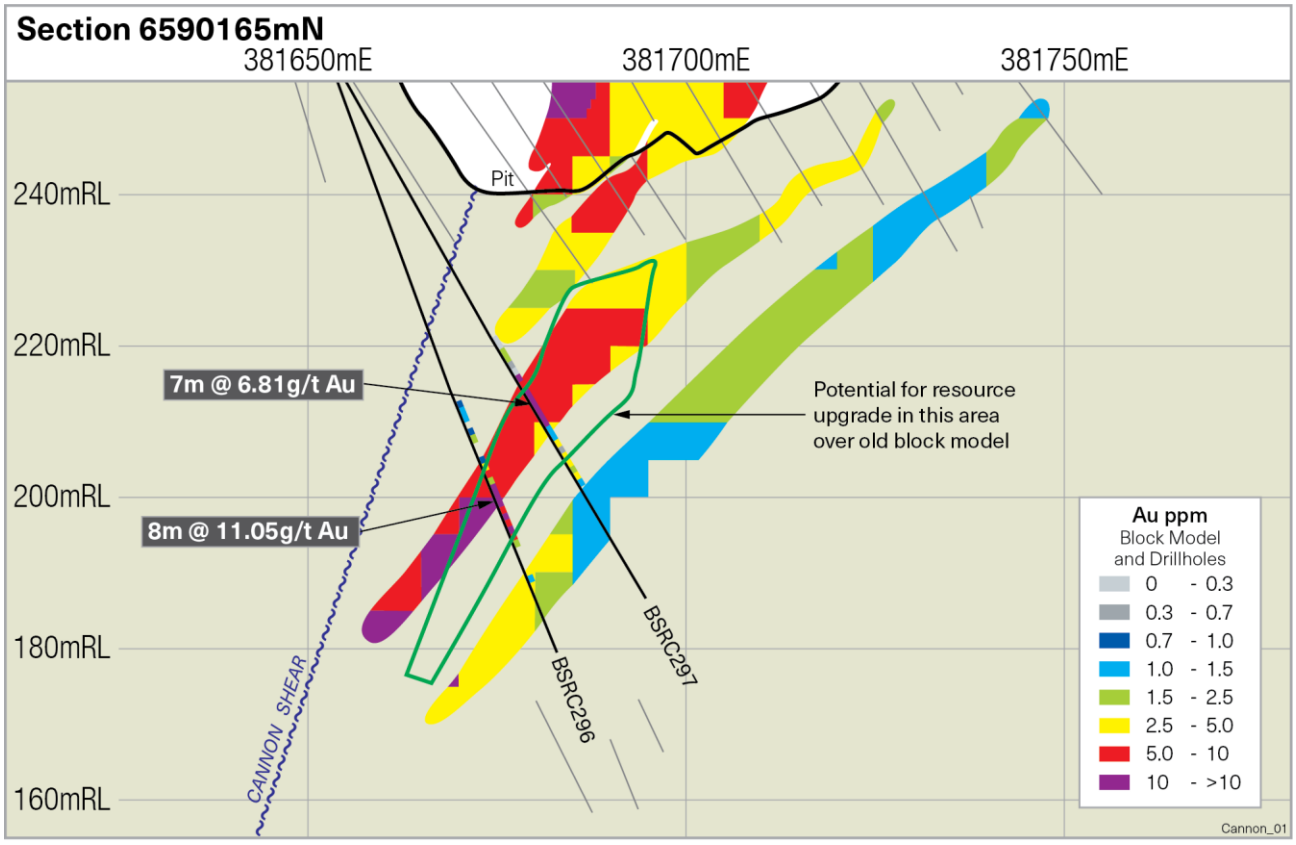


Figure 4: Section 6590175mN, Hole BSRC280, with open pit, shear, block model and upgradable zone

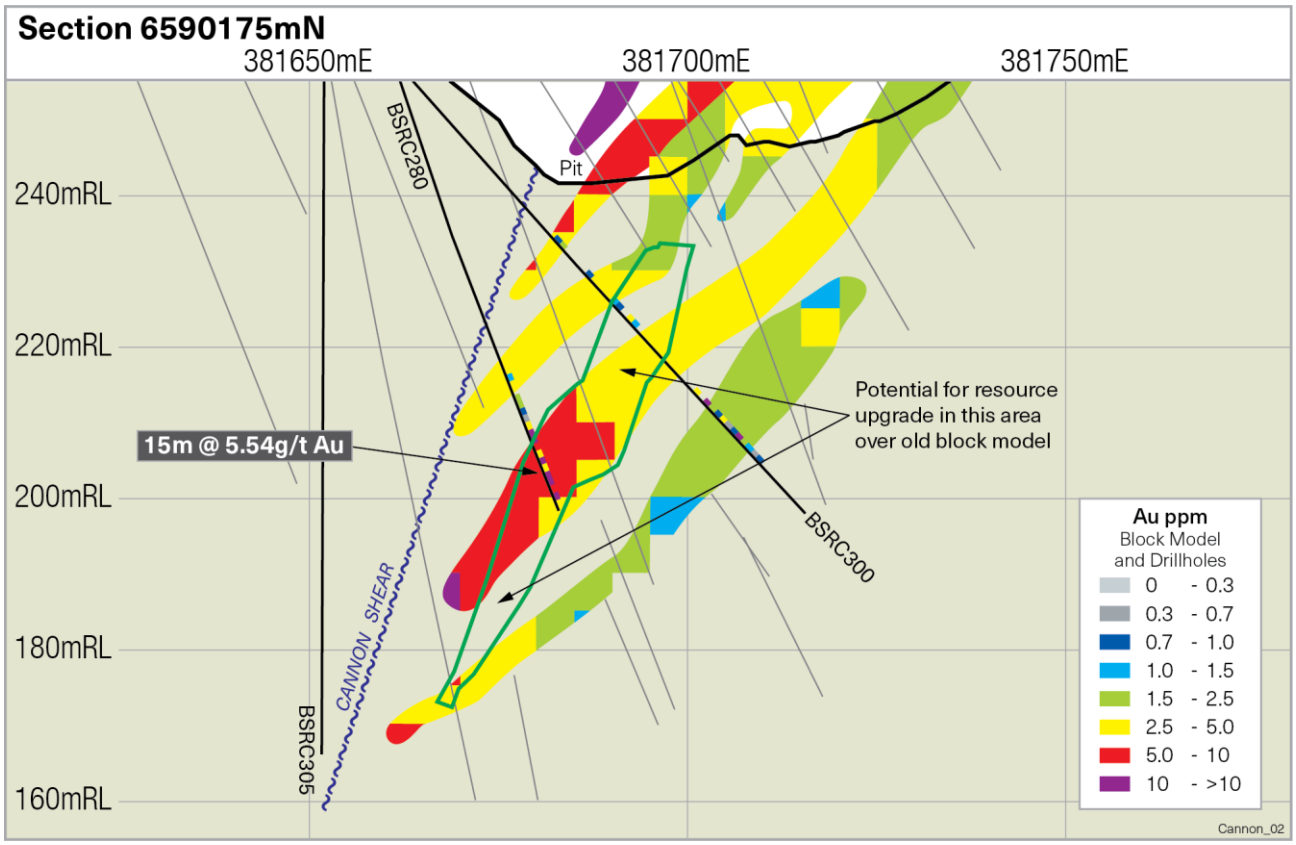
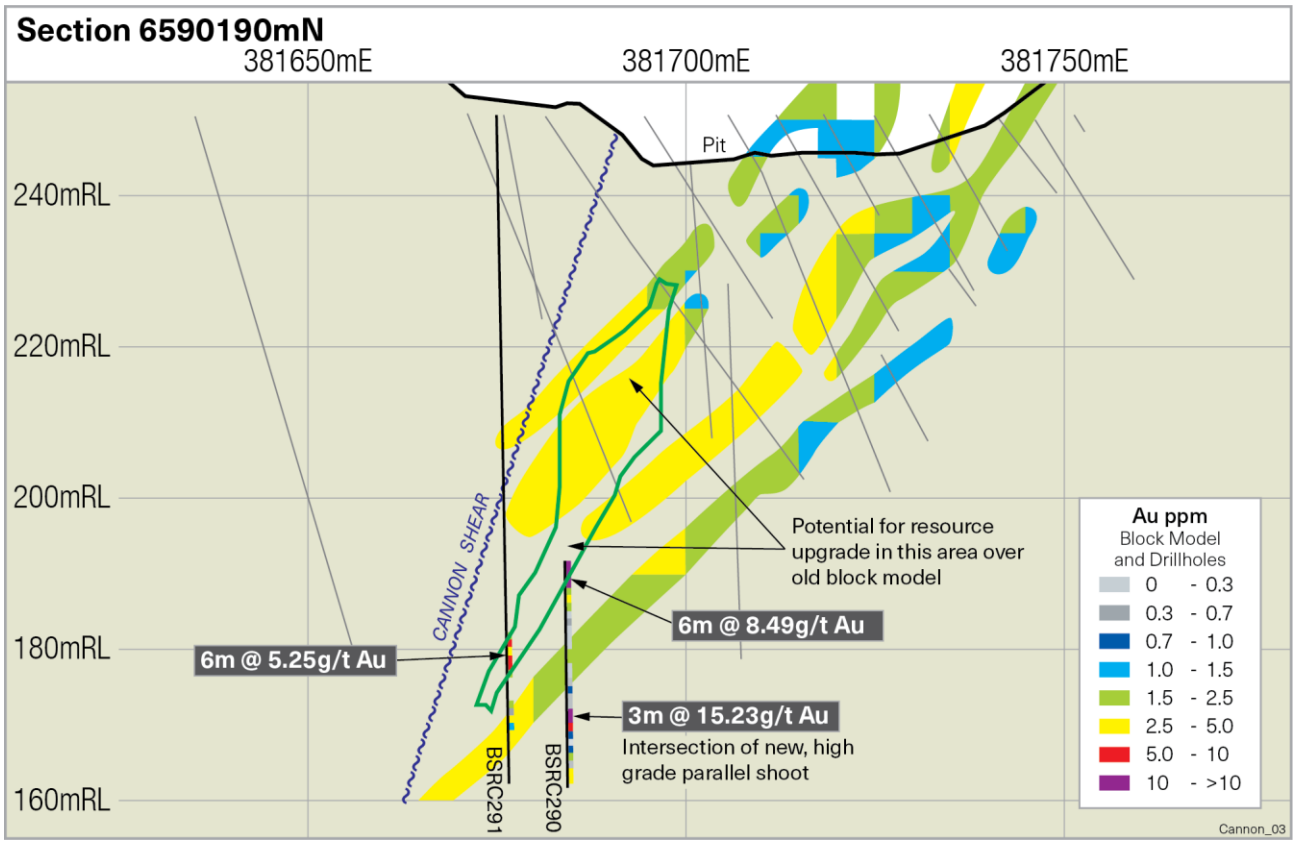


Figure 5 illustrates a new high-grade zone developing in the footwall at around the 170mRL. This new zone will require further drilling from underground to delineate but it appears to be a new shoot that contains mineralisation proximal to the hanging wall of the Cannon Shear. This zone sits below the current conceptualised 2-3 underground levels and appears to plunge towards the north-west.

Figure 5: Section 6590190mN, BSRC290 & 291, with old block model, shear and new deep zone



Summary and Next Steps

In summary, the latest RC drilling programme has better defined the extent of the high grade zones below the Cannon open pit and in many cases will result in an extension and upgrade to the block model. This bodes well for an underground gold mine development which could see very high grade gold being mined on at least 3 levels with the deposit remaining open at depth.

The Cannon gold deposit is currently being re-interpreted and modelled in preparation for a new resource estimation and, ultimately, a more detailed underground mine development proposal. In regard to mine development, various commercial arrangements are being explored, from outright sale through to profit share arrangements with third parties, as well as standard contract mining arrangements.

Southern Gold Managing Director, Mr Simon Mitchell:

"*These are excellent drill results that go a long way to confirming a potential very high grade underground operation. The shear structure appears to steepen and broadly speaking the grades appear to be improving with depth. There is still much work to be done to extend the deposit at depth with some step out drilling but Cannon remains an excellent deposit that may be improving with depth and we look forward to advancing the mine into its next stage.*"

Appendix Table: Assay results are uncut values. Drill holes not reported in table below had no significant intercept.

Hole ID	Northing	Easting	RL	dip	azi		m from	m to	interval (m)		Au (g/t) Uncut
BSRC276	6590180.3	381665.4	254.7	-84	87		63	73	10 m	@	18.02 g/t
						including	*66*	*71*	*5 m*	@	*31.12 g/t*
BSRC277	6590180.3	381666.0	254.6	-74	91		35	40	5 m	@	4.54 g/t
						including	*35*	*36*	*1 m*	@	*13.42 g/t*
							46	54	8 m	@	4.05 g/t
						Including	*49*	*51*	*2 m*	@	*9.27 g/t*
							57	64	7 m	@	6.33 g/t
						including	*58*	*60*	*2 m*	@	*9.26 g/t*
							69	72	3 m	@	2.55 g/t
BSRC278	6590180.4	381667.3	254.4	-59	88		31	35	*4 m*	@	7.94 g/t
						including	31	33	*2 m*	@	13.98 g/t
							50	54	4 m	@	4.57 g/t
							58	61	3 m	@	1.95 g/t
BSRC279	6590145.3	381639.4	262.6	-55	87		44	50	6 m	@	25.94 g/t
						including	*45*	*49*	*4 m*	@	*34.97 g/t*
							54	59	5 m	@	10.67 g/t
						including	*55*	*57*	*2 m*	@	*25.67 g/t*
BSRC280	6590175.7	381661.9	255.7	-74	81		49	64	15 m	@	5.54 g/t
						including	*56*	*60*	*4 m*	@	*9.92 g/t*
BSRC282	6590186.0	381714.4	245.4	-80	194		24	25	1 m	@	10.60 g/t
							28	33	5 m	@	1.63 g/t
BSRC283	6590150.3	381641.9	261.3	-65	96		53	65	12 m	@	11.36 g/t
						including	*54*	*61*	*7 m*	@	*17.71 g/t*
BSRC284	6590195.2	381715.6	245.3	-71	102		2	4	2 m	@	2.05 g/t
							17	19	2 m	@	6.50 g/t
							24	25	1 m	@	9.09 g/t
BSRC285	6590155.9	381646.5	260.2	-68	81		34	37	3 m	@	2.72 g/t
							39	40	1 m	@	5.49 g/t
							65	72	7 m	@	6.67 g/t
						including	*66*	*69*	*3 m*	@	*10.55 g/t*
BSRC286	6590198.9	381710.3	245.6	-82	277		13	17	4 m	@	6.67 g/t
						including	*14*	*16*	*2 m*	@	*11.41 g/t*
							20	24	4 m	@	1.79 g/t
							38	41	3 m	@	3.63 g/t
							47	48	1 m	@	3.04 g/t
BSRC287	6590193.2	381705.5	244.8	-89	156		8	10	2 m	@	2.80 g/t
							15	20	5 m	@	2.51 g/t
							22	23	1 m	@	3.97 g/t
							35	38	3 m	@	2.90 g/t
							46	47	1 m	@	4.75 g/t
							51	52	1 m	@	3.32 g/t
BSRC289	6590190.4	381700.7	244.2	-86	115		9	12	3 m	@	2.42 g/t
							27	29	2 m	@	2.07 g/t
							34	38	4 m	@	6.21 g/t
						including	*36*	*37*	*1 m*	@	*13.18 g/t*

Hole ID	Northing	Easting	RL	dip	azi		m from	m to	interval (m)		Au (g/t) Uncut
BSRC290	6590195.1	381684.9	251.1	-89.21	227.95		44	66	22 m	@	5.36 g/t
						including	*47*	*51*	*4 m*	@	*9.88 g/t*
						and	*57*	*63*	*6 m*	@	*8.49 g/t*
							79	*82*	*3 m*	@	*15.23 g/t*
							87	89	*2 m*	@	3.28 g/t
BSRC291	6590189.8	381675.3	252.4	-90	334		70	76	6 m	@	5.25 g/t
							79	84	5 m	@	1.94 g/t
BSRC294	6590161.3	381651.0	258.7	-65	86		47	49	2 m	@	2.94 g/t
							52	60	*8 m*	@	5.64 g/t
						including	*52*	*54*	*2 m*	@	*14.76 g/t*
							62	64	*2 m*	@	11.99 g/t
BSRC295	6590160.6	381648.9	258.9	-81	81		90	91	1 m	@	2.83 g/t
BSRC296	6590166.1	381653.3	257.8	-72	93		57	69	12 m	@	8.99 g/t
						including	*60*	*68*	*8 m*	@	*11.05 g/t*
BSRC297	6590166.4	381653.9	257.8	-62	85		48	64	16 m	@	4.22 g/t
						including	*48*	*55*	*7 m*	@	*6.81 g/t*
						including	*48*	*52*	*4 m*	@	*9.50 g/t*
BSRC298	6590170.7	381657.4	256.7	-81	87		68	76	8 m	@	8.0 g/t
						including	*70*	*75*	*5 m*	@	*10.84 g/t*
							79	83	4 m	@	3.36 g/t
BSRC299	6590170.7	381659.6	256.6	-56	86		33	34	1 m	@	3.56 g/t
							37	43	6 m	@	2.13 g/t
							46	49	3 m	@	3.83 g/t
							54	62	8 m	@	6.49 g/t
BSRC300	6590175.9	381663.4	255.9	-50	87		56	59	3 m	@	2.94 g/t
							64	67	3 m	@	3.36 g/t
BSRC301	6590185.2	381672.3	253.2	-80	97		36	37	1 m	@	5.16 g/t
							46	63	17 m	@	6.98 g/t
						Including	*51*	*58*	*7 m*	@	*7.86 g/t*
							61	63	2 m	@	18.74 g/t
BSRC302	6590185.4	381673.3	253.0	-66	92		30	34	4 m	@	7.32 g/t
							38	41	3 m	@	7.79 g/t
							48	50	2 m	@	2.24 g/t
							55	56	1 m	@	4.37 g/t
							67	68	1 m	@	2.29 g/t
BSRC303	6590189.5	381675.7	252.4	-78	59		40	44	4 m	@	5.94 g/t
							51	52	2 m	@	16.77 g/t
							56	69	13 m	@	7.50 g/t
						including	*60*	*68*	*8 m*	@	*10.80 g/t*
							78	80	2 m	@	2.06 g/t

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	• *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.*	• *Drill holes were sampled using face sampling reverse circulation (RC) percussion drilling.* • *Drill holes were sampled at 1m intervals via a cone-splitter connected via a cyclone directly to the drill stream.* • *Individual RC drilling samples were cone split from the drill rig and collected into pre-numbered calico bags.* • *Holes BSRC275 to BSRC303: Each sample was completely pulverised to produce a 50g charge for fire assay.* • *Holes BSRC304 and BSRC305: Each sample was completely pulverised to produce a 10g charge for multi-element analysis.*
Drilling techniques	• *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).*	• *Face sampling reverse circulation percussion drilling was the drilling technique used.* • *Holes were surveyed by Gyro tool (Reflex EZ Gyro) in the rod stream by Ausdrill of Kalgoorlie, WA.*
Drill sample recovery	• *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.*	• *Sampling intervals during RC drilling were routinely checked by comparing the position of the drill rod against the sample bag being filled.* • *Drilling of RC holes was conducted with machinery and using drilling techniques appropriate to the terrain and with drillers experienced in the area.* • *Sample loss and contamination was kept to a minimum by good sampling practices.* • *Cone splitting of RC holes provided good representation of the intervals sampled.* • *No recovery issues were identified with drill holes within ore zones. Loss of fines at the cyclone was minimal and is not considered to have had a significant effect on sample recovery.* • *No relationship has been noted between sample recovery and grade. Overall, sample recoveries were very high and did not present a problem.*
Logging	• *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.*	• *All drill holes have been geologically logged by Company geologists using a standard format over the whole length of each hole. Features for each sample or geological interval recorded, where observable, included weathering,*

Criteria	JORC Code explanation	Commentary
	• *The total length and percentage of the relevant intersections logged.*	*lithology, alteration mineralogy, structural information, mineralisation mineralogy, veining, vein mineralogy and proportions of non-economic minerals.* • *Geological logging recorded factual data (e.g. colour, grain size, percentage of identifiable minerals present) and interpretative data (e.g. lithology).* • *A subsample of washed and sieved RC chips from each metre was collected and stored sequentially in numbered plastic chip trays. Chips trays representing each RC drill hole are stored in the Company's field office in Kalgoorlie.*
Sub-sampling techniques and sample preparation	• *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.* • *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.*	• *RC samples were sampled from a cone splitter attached to the drill rig at 1m intervals and rejects collected placed in sequential order on the ground adjacent to the drill rig. Samples were taken dry.* • *Sample size presented for analysis was approximately 3kg.* • *Preparation and analysis of samples was undertaken by Minanalytical at their Kalgoorlie and Perth facilities.* • *Samples were pulverised to 85% passing 75 micron.* • *Field duplicates were collected at every 20th metre mark on each hole and results obtained returned a correlation coefficient of 0.988. One duplicate result failed, this was of a different mineralisation style outside of the targeted zone.*
Quality of assay data and laboratory tests	• *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.*	• *Holes BSRC275 to BSRC303: Gold was analysed by Minanalytical method FA50AAS, consisting of a 50g charge fire assay followed by atomic absorption spectroscopy at a detection limit of 0.005ppm Au (gold). No strong nugget effect was observed in repeated assays and screening of samples prior to fire assay was not considered necessary. Holes BSRC304 and BSRC305: A Aqua regia digest was used to produce a solution which was then analysed for a 61 element suite with detection by ICP-OES / ICP-MS (AR1031) methods.* • *No data from geophysical tools were used to determine grade control assay results.* • *The QAQC protocol used consisted of certified reference materials plus blanks, each inserted at a rate of 1:20.* • *Field duplicates were collected every 20th metre mark and results compared well (R=0.988).* • *A review of the analytical performance of the external standards and blanks by*

Criteria	JORC Code explanation	Commentary
		Southern Gold staff indicated that the results were acceptable in but one sample, where the result was outside of 3 standard deviations.
Verification of sampling and assaying	• *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.*	• *Significant intersections were visually inspected and verified by the Competent Person (Mr Paul Androvich).* • *Twinned holes have not been drilled.* • *All sampling data is recorded on computer spreadsheets or by hand onto logging sheets and re-checked before submission to the lab. Data is then entered into digital form and stored on the Company database after validation. Original logging sheets are filed in the Company's field Office in Kalgoorlie.* • *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	• *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.*	• *Drill hole collar positions have been surveyed by Differential GPS to an accuracy of +/- 0.1m.* • *Holes were surveyed by Gyro tool (Reflex EZ Gyro) in the rod stream by Ausdrill of Kalgoorlie, WA.* • *The grid system used for locating the collar positions of drill holes 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 SRTM data and mine site surveying.*
Data spacing and distribution	• *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.*	• *The average drill hole spacing was approximately 5m.* • *No Mineral Resource has been calculated.* • *Sample compositing has not been applied to zones of Au mineralisation.*
Orientation of data in relation to geological structure	• *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.*	• *Not applicable.*
Sample security	• *The measures taken to ensure sample security.*	• *RC samples are placed into pre-numbered calico bags directly from the splitter under the supervision of the rig geologist.* • *The geologist places the calicos bags containing the samples into polyweave bags and transports them to the sample*

Criteria	JORC Code explanation	Commentary
		preparation laboratory 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	• *The results of any audits or reviews of sampling techniques and data.*	• *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	• *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.*	• *The Cannon Gold Mine is secured by M25/333 and is located ca. 30km E of Kalgoorlie, WA.* • *The tenement is held by Southern Gold Ltd.* • *There are no material issues with third parties.* • *There are no known impediments to obtaining a licence to operate.*
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• *The Cannon Mine was discovered and drilled out to Resource stage by Southern Gold Ltd.*
Geology	• *Deposit type, geological setting and style of mineralisation.*	• *The Cannon orebody is lode-style gold mineralisation in the greenstone and associated units of the area.*

Drill hole Information	• *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:*
	  ○ *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*
	  ○ *down hole length and interception depth*
	• *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.*
		• *A summary of exploration results showing the range of downhole intercept widths and associated grades is shown in Table 1 of this release.*

Data aggregation methods	• *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.* • *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.*	• *No weighting average techniques or grade aggregations have been reported in this release in relation to Exploration Results.* • *No metal equivalent values have been reported.*

Criteria	JORC Code explanation	Commentary
	• *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *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').*	• *Modelling of results indicate drill direction is at a high enough angle to lithological contacts and structural trends as to provide non-biased sampling.*
Diagrams	• *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.*	• *No significant discovery has been reported.*
Balanced reporting	• *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.*	• *Results from all holes have been reported.*
Other substantive exploration data	• *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.*	• *All relevant observations have been noted in the release.*

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.

Competent Person's Statements

The information in this report that relates to Exploration Results has been compiled under the supervision of Mr. Paul Androvic (AusIMM). Mr Androvic who is an employee of Southern Gold Limited and a Member of the Australasian Institute of Mining and Metallurgy, 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. Mr Androvic 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 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.