

Cannon Mine: Fourth Processing Campaign

- 5,587 oz. gold produced in September from 73,751 dry tonnes
- 91.71% recovery achieved –well ahead of budget

September Processing Campaign

Southern Gold Ltd ('Southern Gold') is pleased to report the results of the fourth processing campaign of ore treated from the Cannon Gold Mine completed in September 2016. The mine is being managed by development partner Metals X Ltd with ore being treated at MLX's South Kalgoorlie Operations (SKO) Jubilee plant, approximately 35km to the south west.

The results of this processing campaign are summarised in **Table 1** below.

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

	Units	September Campaign	Total To-date
Tonnes Milled (dry)	tonnes	73,751	237,579
Mill Head Grade	Au g/t	2.57	2.52
Recovery	%	91.71	91.73
Gold Produced	oz. Au	5,587	17,662

When the results of this campaign are added to the three previous campaigns, **total gold produced at Cannon now stands at 17,662 oz. gold**, or approximately 34% of the gold estimated to be recovered under the base case for life of the open pit mine. The remaining 66% of the gold, or approximately 34,000 oz., is recovered over the next 6 months.

Southern Gold is particularly pleased with the continuing **excellent recovery achieved in this campaign of 91.71%**. The fifth processing campaign of Cannon ore commenced on 8 October 2016 and will be completed before the end of the month with results available mid-November.

Economic guidance in previous ASX releases indicated a Life of Mine estimated recovery of approximately 86.3% under the base case, recently increased to 89%. The fourth processing campaign of 73,751 dry tonnes was mostly fresh rock so the recovery of 91.71% is considered excellent and well above budget projections. Southern Gold estimates Life of Mine recovery to finish at around 89%-90%.



ASX Code: SAU

Issued shares: 46.33M

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 projected to produce around 52koz gold.

Mining at Cannon has commenced with Metals X Ltd financing and developing the deposit under a 50/50 profit share arrangement. Metals X is responsible for all mining, haulage and processing activities (ASX announcement 11/11/2014) with this mandate recently expanded to incorporate the commercial terms of a larger open pit development (ASX announcement 3/11/2015).

In addition to its cornerstone position in Kalgoorlie, Southern Gold has recently acquired a portfolio of high grade gold projects in South Korea. These projects are a mix of decommissioned gold mines with orogenic gold mineralisation and greenfield epithermal gold targets. The aim is to move one or more of the orogenic gold mines into production in the medium term as well as test 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. Ian Blucher (MAusIMM). Mr Blucher, who is an employee of Southern Gold Limited and a Member of the Australian 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 Blucher consents to the inclusion in this report of the matters based on the information in the form and context in which it appears.

The information in this report that relates to Cannon Mineral Resources is based on information compiled by Mr Ian Blucher (MAusIMM). Mr Blucher is an employee of Southern Gold Limited and has sufficient experience that is relevant to the style of mineralisation, type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (JORC, 2012). Mr Blucher 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.