

Cannon Mine – Fifth Processing Campaign

- 4,372 oz. gold produced in October from 49,203 dry tonnes of fresh ore.
- Recovery continues to be well ahead of forecast at 91.17%.

October Processing Campaign

Southern Gold Ltd ('Southern Gold') is pleased to report the results of the fifth processing campaign of ore treated from the Cannon Gold Mine during October 2016. The mine is being managed by Metals X Ltd ('Metals X', ASX Code "MLX") 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: October Cannon Processing Campaign (M25/333 Only)

	Units	October Campaign	Total To-date
Tonnes Milled (dry)	tonnes	49,203	286,782
Mill Head Grade	Au g/t	3.03	2.61
Recovery	%	91.17	91.62
Gold Produced	oz. Au	4,372	22,034

When the results of this campaign are added to the four previous campaigns, **total gold produced at Cannon now stands at 22,034 oz. gold**, or approximately 43% of the gold estimated to be recovered under the Metals X base case. With production now in excess of 20,000 oz. gold and the fixed price sales agreement with Metals X now fulfilled, all subsequent production will be sold at spot.

Southern Gold is particularly pleased with the continuing **excellent recovery achieved in this campaign of 91.17%**.

The Next Processing Campaign and Mining Update

The sixth processing campaign of Cannon ore is anticipated to commence on the 11 November 2016 and continue into December 2016.

Southern Gold advises that remedial works will be carried out in the Cannon pit to address the geotechnical issues mentioned in the ASX announcement of 31 October 2016. These issues are typical of open pits developed in ultramafic rocks in the Goldfields and need to be managed in an appropriate manner to ensure that longer term production goals can be achieved. While mining has ceased temporarily at Cannon for a period of approximately two weeks, the sixth processing campaign during November and December is not impacted.



Shares

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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.

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.