


Shares Issued: 46.4M

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Cannon Mine – 7th Gold Processing Campaign

- 14,257oz gold produced from WA mine in January and February
- Recovery continues to be well ahead of forecast at 90.67%

January - February 2017 Processing Campaign

Gold producer, Southern Gold Ltd ('Southern Gold') is pleased to report the results of the seventh processing campaign of ore treated during January and February 2017 (**Table 1**) from the Company's Cannon Gold Mine southeast of Kalgoorlie in WA which is being managed by Westgold Resources Ltd ('Westgold', ASX Code "WGX").

Table 1: January - February Cannon Processing Campaign (M25/333 Only)

	Units	Seventh Campaign	Project To Date
Tonnes Milled (dry)	tonnes	136,272	514,480
Mill Head Grade	Au g/t	3.59	2.96
Recovery	%	90.67	91.18
Gold Produced	oz. Au	14,257	44,576

When the results of this campaign are added to the six previous campaigns, **total gold produced at Cannon now stands at 44,576 oz. gold**, or approximately 81% of the gold estimated to be recovered under the current base case (~55koz). Recovery continues to be excellent and above the original forecast of 86.4% with the seventh campaign achieving 90.67%.

The Next Processing Campaign and Mining Update

The eighth processing campaign of approximately 40,000t of Cannon gold ore is anticipated to commence towards the end of March and extend into April. The final ninth processing campaign from the open-pit is currently scheduled for June.

Although not impacting the above processing schedule, substantial rain since the start of the year coupled with the ongoing management of geotechnical issues has impacted mining production. A number of final mine designs to enable the geotechnical issues to be managed are currently being evaluated. One such scenario involves the construction of a redeveloped northern access ramp combined with the development of underground access. This underground access may provide a drill platform for testing of extensions to the Cannon ore body.

Managing Director's Comment

Southern Gold's Managing Director, Mr Simon Mitchell: *"The seventh processing campaign was a substantial one for us, providing a window to sell gold into the current spot price north of A\$1,600/oz. Our recently announced hedge at A\$1,621/oz covers a portion of production yet to come. The Cannon proceeds account is now well in the black, providing Southern Gold with optionality on various final mine designs, including the potential to develop underground access that will enable the drilling of Cannon extensions at depth. These deliverables are providing significant upside and reward for our shareholders over 2017."*

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 is now well advanced with Westgold Resources Ltd mining the deposit under a 50/50 profit share arrangement.

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.