ASX Release
24 April 2017

ASX Code: SAU

Cannon Gold Mine – 8th Processing Campaign

- 3,641oz. gold produced from WA mine in March 2017
- Good recovery maintained at 90.1%
- Subject to receipt of regulatory approvals, underground mine adit to be mined in May and ninth processing campaign in June

Shares Issued: 46.4M

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

March 2017 Processing Campaign

Gold producer, Southern Gold Ltd ('Southern Gold') is pleased to report the results of the eighth processing campaign of ore treated during March 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: March Cannon Processing Campaign (M25/333 Only)

	Units	Eighth Campaign	Project To Date
Tonnes Milled (dry)	tonnes	40,810	555,290
Mill Head Grade	Au g/t	3.08	2.96
Recovery	%	90.10	91.10
Gold Produced	oz. Au	3,641	48,217

When the results of this campaign are added to the seven previous campaigns, **total gold produced at Cannon now stands at 48,217oz. gold**. Current projections based on the new mine schedule incorporating the small underground adit estimate total gold recovery at approximately 52,000-53,000oz. gold at Cannon up to 30 June 2017.

Mining Update and Final Processing Campaign

Mining of the open pit is now complete. Mining of the small underground adit to extract the very high grade ore at the base of the pit will commence upon receipt of all regulatory approvals. This phase of mining of the Cannon orebody is currently scheduled for May 2017.

The ninth processing campaign of approximately 35,000t of Cannon gold ore is anticipated to commence in June 2017.

Next Steps at Cannon – Underground Potential

An update on the residual Cannon JORC Resource below the open pit is in process and preliminary mine designs will be based on this to potentially support a modest scale underground operation.

Southern Gold is exploring various options to drill deeper zones of the Cannon system to define additional resources and help confirm a potentially larger, longer life development option.

The results from this technical work, including underground development options under consideration, will be released in the coming months.

SOUTHERNGOLD

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 Westgold Resources Ltd financing and developing the deposit under a 50/50 profit share arrangement. Westgold 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 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 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.