


Shares on Issue: 49.15m

Share Price: \$0.24

Market Capitalisation: \$11.8m

Asset Base – WA, Australia

Cannon Au Mine (100%)

Glandore Au (75%*)

Cowarna Au (100%)

Transfind Extended Au (Option)

*currently earning 90%

Asset Base – South Korea

Gubong Au (100%*/BMV)

Taechang Au (100%*/BMV)

Kochang Au-Ag (100%)

Weolyu Au-Ag (100%)

Hampyeong Au-Ag (100%)

*Currently under BMV farm-in

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High-grade gold and silver results from new work on historic South Korean mine

- Significant new work by Australia's Southern Gold on historic Weolyu silver mine southeast of Seoul delivers high grade gold results.
- Excellent potential for gold to drive a future underground mine as the primary ore target, along with silver credits.
- Diamond drilling and sampling of underground wall faces returned multiple intercepts of high-grade epithermal gold and silver.
- Best results: **0.92m @ 13.6g/t Au and 447 g/t Ag** from drilling and **0.7m @ 17.7 g/t Au and 469 g/t Ag** from underground channel sample.
- Significant lateral and depth extents remaining untested with high grade confirmed in Summit, Moonlight and Surprise vein systems.

Untapped gold upside in Weolyu South discovery

New high-grade gold and silver bearing veins have been discovered by Australian gold miner, Southern Gold Limited ("Southern Gold") as a result of a significant work program over the southern portion of the historic Weolyu silver mine southeast of the capital Seoul, in central South Korea (**Figures 1 and 2**).

Historic workings on the mine's northern section primarily focused on silver extraction, with some gold. However, new assays from Southern Gold's latest work on the mine's southern area point to the mine's untapped high grade gold upside as a potential primary exploration and development target.

Southern Gold's program at Weolyu South comprised 5 diamond drill holes for 1,256m and 101 channel samples of in-situ vein.

The drilling program successfully intersected high-grade gold and silver bearing banded low-sulphidation epithermal quartz veins at the Surprise, Moonlight and Summit vein systems (**Tables 1 and 3**). The latest results are from WUDD007:

Table 1: Highlight drill intercepts in WUDD007 in Moonlight Vein

hole	from	interval	Au g/t	Ag g/t	Au eq70 g/t*
WUDD007	152.9	3.58	4.8	129	6.64
WUDD007	165.7	0.92	13.6	447	19.94
<i>including</i>	<i>166.1</i>	<i>0.3</i>	<i>35</i>	<i>1110</i>	<i>50.86</i>

Underground sampling (**Photo 1**) was conducted within the old workings after underground access was completed via a newly installed ladder-way. This allowed an intense phase of work to be completed including 101 channel samples (wall/back/face) over a strike length of 150m and three levels (20m vertical) along the in-situ Surprise and Moonlight Vein systems.

**Au eq70 g/t is a simple 70:1 Ag to Au ratio conversion to generate gold equivalent*

Figure 1: Weolyu Project Location

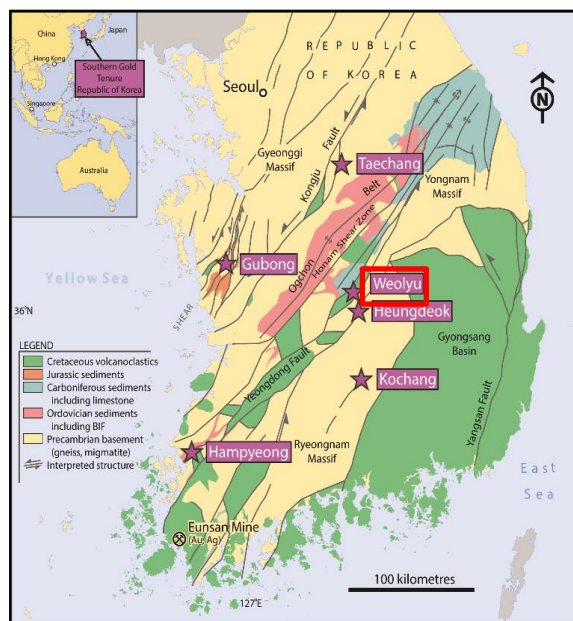
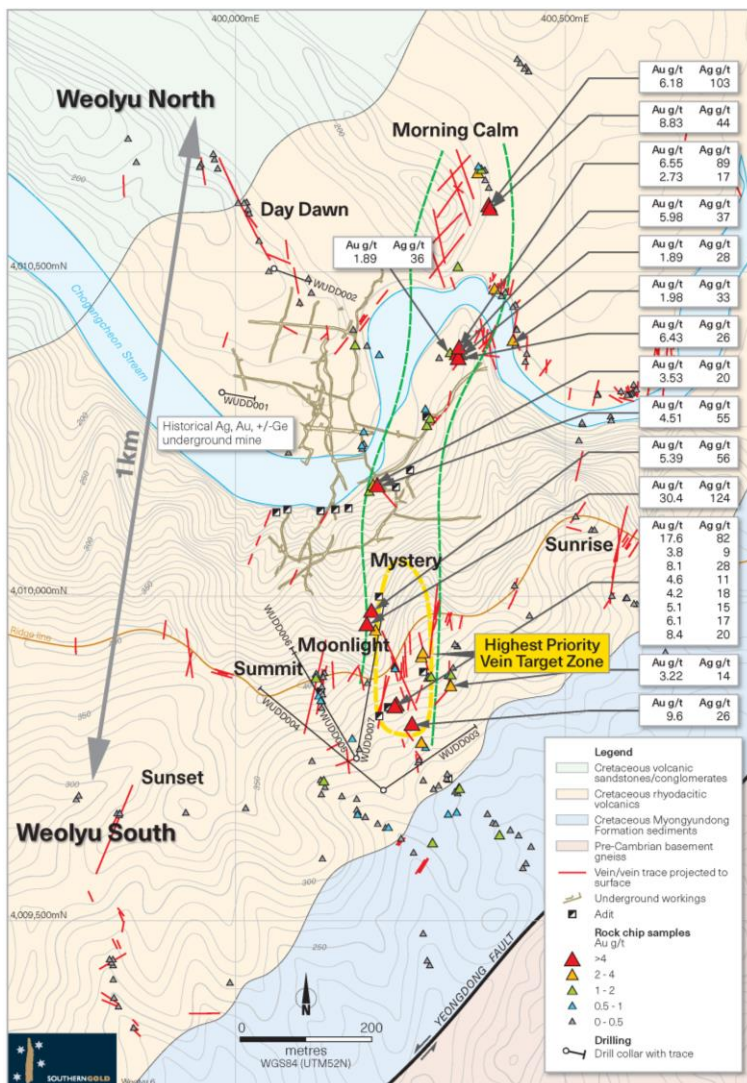


Photo 1: Weolyu underground sampling



Figure 2: Weolyu District highlighting main vein target zone



The assay results confirmed numerous intercepts of high-grade epithermal gold and silver-bearing quartz veining (Tables 2 and 4) and the potential for further mineralisation down dip.

Table 2: Highlight face sampling Moonlight and Surprise Vein systems

Line_ID	from	interval	Au g/t	Ag g/t	Au eq70 g/t*
FS310N_001	0.65	0.55	8.36	184	10.99
FS310N_002	0.40	0.70	17.70	469	24.40
FS310N_019	1.28	0.34	12.91	285	16.99
FS330N_001	0.90	0.50	9.26	503	16.45
FS330S_001	0.10	0.60	8.04	502	15.22

*Au eq70 g/t is a simple 70:1 Ag to Au ratio conversion to generate gold equivalent

Detailed Discussion

The Weolyu project is an historic underground mine that exploited epithermal style silver-gold-germanium mineralisation on several structures. The bulk of historical mining occurred on the north side of the river, referred to as Weolyu North. The south side of the river is referred to as Weolyu South and is some 200m or more higher in elevation than Weolyu North.

Southern Gold's initial program of diamond drilling at Weolyu South has now been completed and focused on testing the Summit, Surprise and Moonlight vein zones. Drilling was completed on the 6th November 2017 with five holes for 1,256m from the programme. Drilling production rates were slower than anticipated, resulting in delayed completion of the program and reporting of results.

The drilling was conducted in steep, difficult-to-access terrain with the topography limiting optimal drill targeting of veins and resulting in acute drill traces to the targets. Significant anomalous results came from the last two holes in the program (WUDD006 and WUDD007) targeting the Summit, Surprise and Moonlight vein systems (**Table 3**). The geological mapping conducted within the upper historic adit illustrated why earlier drill holes missed their targeted intercept point. The inset on **Figure 4** highlights the plan distribution of the drilling program with the underground sampling undertaken in the old workings.

Table 3: Weolyu Diamond drill program best intercepts on Summit and Moonlight veins.

Hole ID	From (m)	Interval (m)	Au (g/t)	Ag (g/t)	Au.eq (g/t) #	Target
WUDD005	169.94	8.54	0.22	3.57	0.27	Summit Vein Zone
WUDD006	222.40	2.47	2.36	37.64	2.90	Summit Vein Zone
<i>including:</i>	222.40	0.70	3.19	64.60	4.11	<i>Summit Vein Zone</i>
	231.40	0.30	21.10	49.10	21.80	Summit Vein Zone
WUDD007	152.90	3.58	4.80	129.10	6.64	Moonlight Vein Zone
	165.70	0.92	13.55	447.38	19.94	Moonlight Vein Zone
<i>including:</i>	166.10	0.30	35.00	1,110.00	50.86	<i>Moonlight Vein Zone</i>

All interval widths are downhole widths, unless otherwise stated.

The combined drilling and underground programs have been highly successful, confirming multiple intercepts of high-grade gold and silver bearing epithermal quartz veins at both the Summit and the Surprise-Moonlight vein zones. The mapped and logged epithermal quartz vein textures and significantly elevated silver values, up to 0.1% Ag in places, are indicative of a high-level low-sulphidation epithermal quartz vein system with significant depth potential over hundreds of metres.

Safe underground access at Weolyu South was achieved in November via newly installed ladders, and from this, an intense phase of underground works focused on testing the Surprise and the Moonlight Veins. Underground sampling was completed at the end of November, including underground surveying, mapping, and sampling within the old drives. A total of 101 underground channel samples (wall/back/face) were collected, over a strike length of 150m, covering three levels. The sampling was conducted on in-situ veining of the mapped Surprise and Moonlight system with assay results confirming numerous intercepts of high-grade epithermal gold and silver quartz veining and excellent mineralisation continuity (**Table 4, Figure 3 and Figure 4**).

A series of high grade shoots have been interpreted plunging below the level of the old workings and supported by the intersection from the diamond drilling in WUDD007.

Table 4: The 10 best channel sampling significant intersections.

Line_ID	from	interval	Au g/t	Ag g/t	Au eq70 g/t
FS310N_001	0.65	0.55	8.36	184	10.99
FS310N_002	0.40	0.70	17.70	469	24.40
FS310N_004	0.20	1.00	5.06	229	8.33
FS310N_019	1.28	0.34	12.91	285	16.99
<i>including</i>	<i>1.28</i>	<i>0.18</i>	<i>17.40</i>	<i>323</i>	<i>22.01</i>
FS310N_020	1.28	0.09	10.60	272	14.49
FS310S_001	1.00	0.45	11.00	161	13.30
FS320N_001	1.10	0.67	7.62	284	11.68
FS330N_001	0.90	0.50	9.26	503	16.45
FS330N_011	0.70	0.40	5.11	137	7.07
FS330S_001	0.10	0.60	8.04	502	15.22
<i>including</i>	<i>0.10</i>	<i>0.30</i>	<i>11.60</i>	<i>770</i>	<i>22.6</i>

Figure 3: Stylised long section of Weolyu South old workings and sampling with interpreted plunging mineralised shoots open at depth.

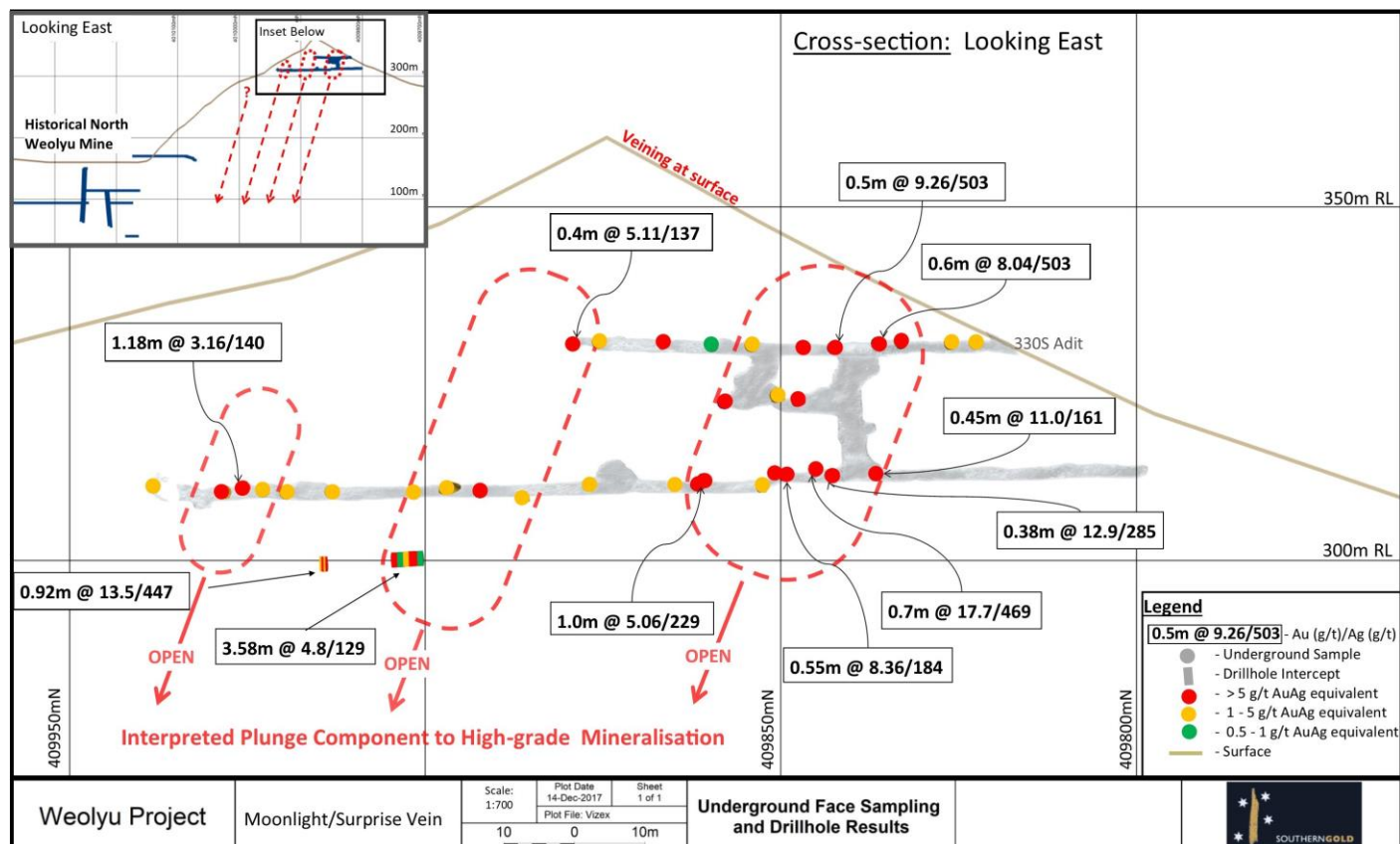
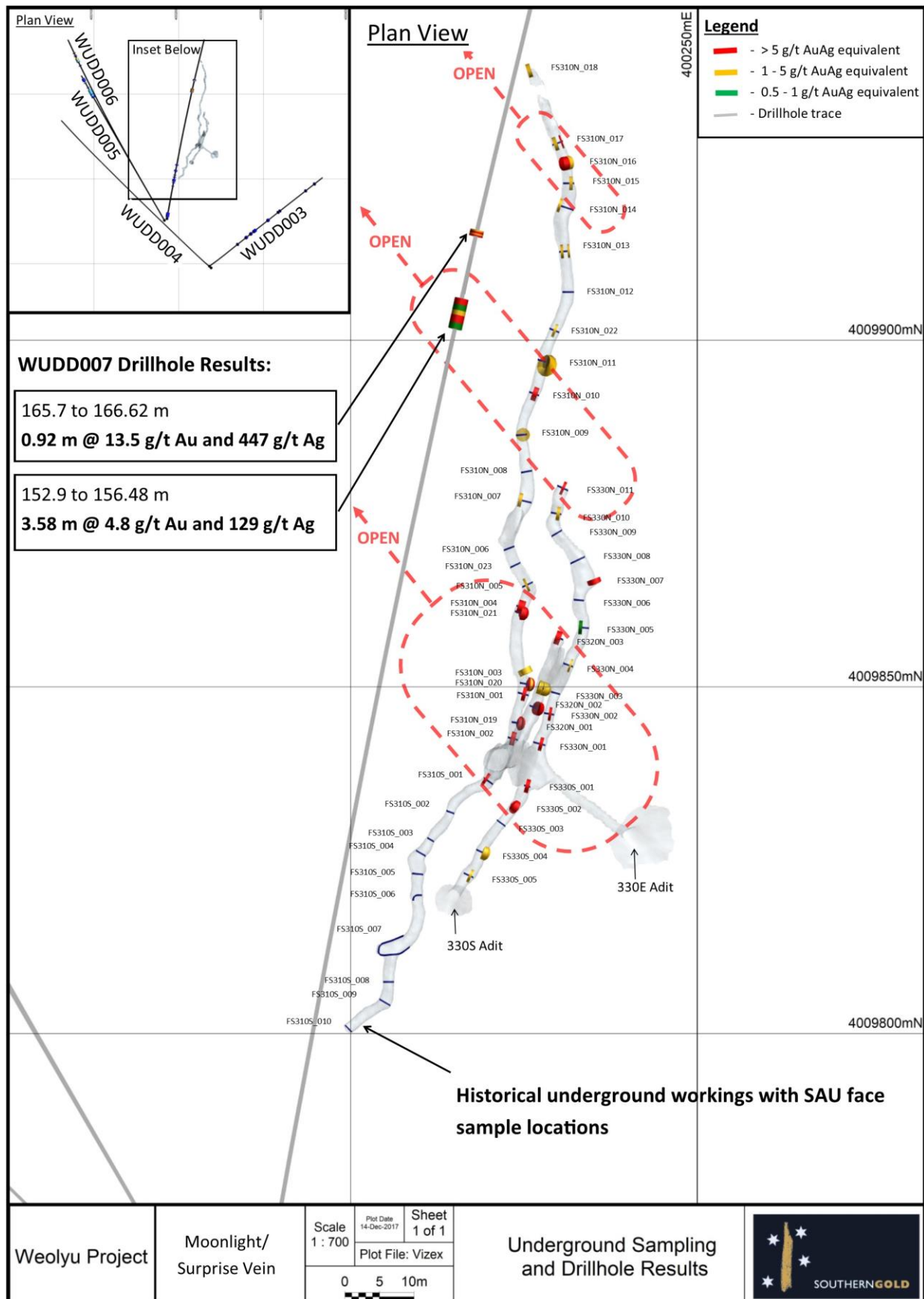


Figure 4: Plan view of Weolyu South underground old workings, sample lines and anomalous assays with WUDD007 HG intersection. Inset: Overview of complete Southern Gold drill program in 2017.



Next Stage of Exploration and Potential for Significant Extensions

All of the recent Weolyu South field data (mapping, sampling, assay results, survey data) will be reviewed in detail with a focus on determining the most appropriate and cost-effective future work programmes to further test the lateral and vertical extents of the mineralisation potential of the Weolyu South epithermal gold-silver veins.

The average width of the vein system at Weolyu South is 0.6m and varies from 0.3m to 1.4m wide. The higher-grades (>5g/t Au), appear to be confined within zones of narrower veining, with an average width closer to 0.5m, which is still mineable given the ground conditions.

It is clear that the Weolyu South workings contain highly anomalous gold and silver grades in the main Surprise and Moonlight vein systems. From early interpretation, there appears to be up to three plunging lenses of higher grade gold and silver potentially related to structural controls. Ongoing work will include identifying these geological and structural controls on the high grade mineralisation and then drill testing the models.

The key point of interest for Southern Gold is that Weolyu South sits within the high-silver zone of the epithermal mineralisation vertical zonation model, with the expectation that the high-gold zone is situated below this level. It is also encouraging, from early observations, that there is a large zone between Weolyu South and Weolyu North that appears unmined (**Figure 3**). Given that the earlier miners were chasing silver and not gold, it appears that the gold-rich zone was left in preference to accessing the higher silver-rich zone. Anecdotal discussions, with old miners who still live in the area, confirm much of this interpretation and that the mine was closed suddenly when silver prices dropped in the 1970s and the mine did not reopen.

As highlighted in **Figures 3 and 4**, three high-grade lenses have been identified from sampling and correlate with structurally faulted offsets. While there has been some minor production from the historical workings, in the form of small, short stopes above and below the levels in three locations, the majority of the high-grade lenses appear to be unmined. Access to an inferred lower sub-level is blocked and requires additional work to allow personnel to enter and determine their true extent and any relationships with blocked adits on the north face.

Implications for Mining

Further work is also required to determine the economics of the orebody and the most appropriate and cost-effective mining methods for extraction. This may include a mixture of mechanised and handheld mining methods.

Ground conditions are very good, with the old workings showing no significant deterioration since mine closure. The original miners followed the veins by their experience and intuition rather than being directed by modern technical methods and geological models which have the advantage of a 3D perspective. The use of modern techniques will allow Southern Gold to identify and maximize exploitation of the projected high grade shoots.

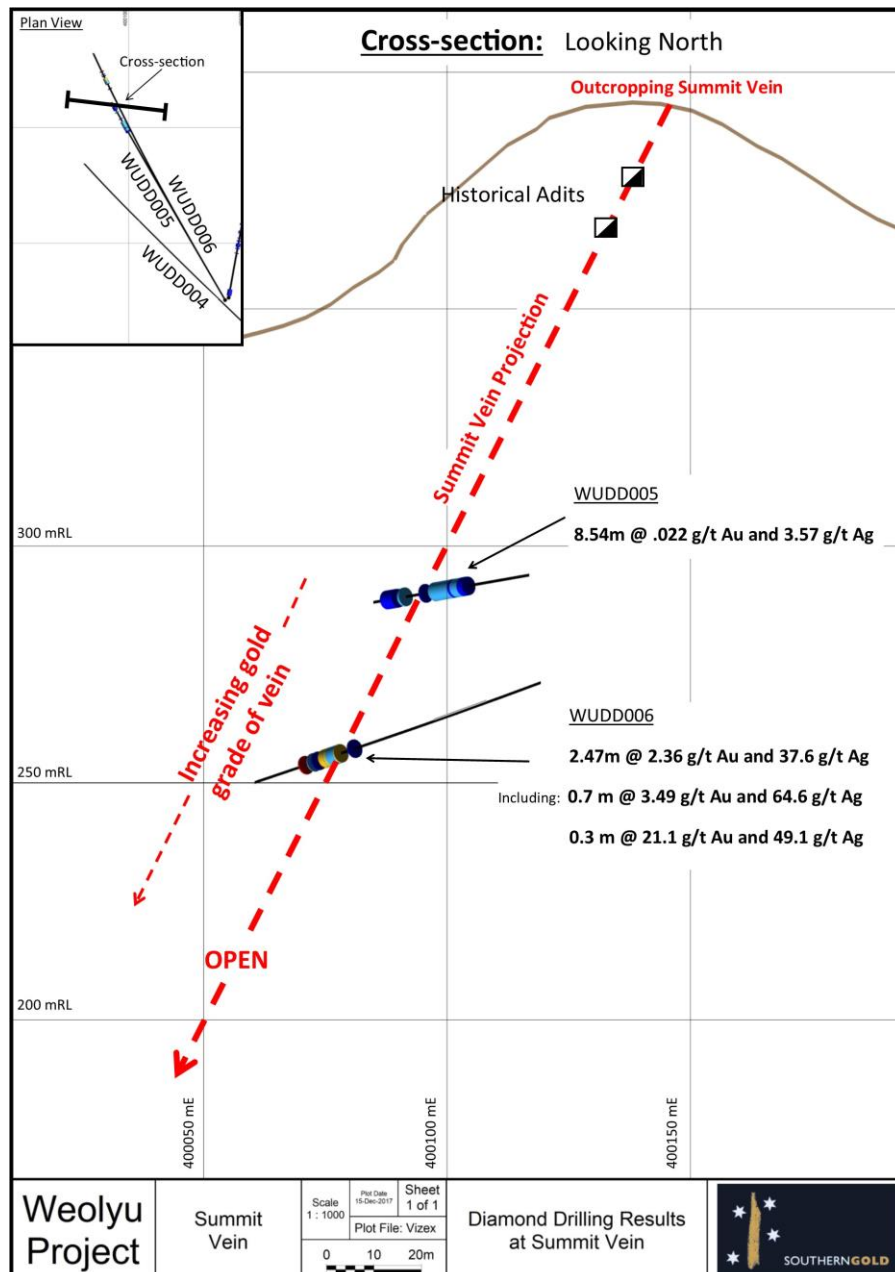
No significant rehabilitation has been necessary, apart from reinstalling the ladder-way and safe access platforms, all of which was undertaken by a Korean engineering group under the supervision of an experienced Queensland-based narrow-vein mining specialist. Observations and feedback received from the mining specialist suggest that the ground conditions would allow very narrow mining widths dependent on accessibility, proximity to structures and continuity of high grade shoots. If these high-grades are maintained and increase at depth as interpreted, the old workings can be reused and readily enlarged for semi-mechanised narrow-vein mining methods.

Southern Gold's vision is to establish a centralised ore processing hub in South Korea, initially at the Gubong Mine currently under farm-in by the London-listed Bluebird Merchant Ventures. Ore can then be trucked and processed from a series of smaller satellite operations, such as Weolyu, that do not require significant infrastructure established due to its size, location and accessibility.

Managing Director's Comment

Southern Gold's Managing Director, Mr Simon Mitchell: "The results just returned at Weolyu South, particularly its new high grade gold profile, are excellent. Because of the challenging physical geography of the area, it has been a difficult task this year to get to where we are and I am very proud of our team that worked hard to get these results by the end of the year. We have essentially confirmed Weolyu South as a high grade gold-silver system which has the potential, based on our understanding of typical epithermal systems, to return even higher gold grades at depth. The results of this programme have confirmed multiple high grade gold-silver mineralised veins as a complex vein system emplaced in the Weolyu mountain with basically zero modern exploration applied, other than Southern Gold's current activities. We have expectations of extending the defined mineralised zones next year and, given the high grades, looking at potential mining scenarios sooner rather than later."

Figure 5: Oblique view of WUDD005 and WUDD006 with improved gold grades with depth on Summit Vein.



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 flagship Cannon Gold Mine which is currently being assessed for an underground mining phase. 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 or 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 Diamond Drill Results has been compiled under the supervision of Dr. Chris Bowden (FAusIMM(CP)). Dr Bowden, who is a full-time employee of Southern Gold Limited and a Fellow and Chartered Professional 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. Dr Bowden 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 Exploration Results from the Weolyu underground sampling program 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.

Appendix 1: Weolyu Drill core WUDD007: Core tray intercepts of Significant Intervals from WUDD007

From 165.70m: **0.92m @ 13.55g/t Au, 447.38g/t Ag** (19.94g/t Au. eq70).



From 152.90m: **3.58m @ 4.80g/t Au, 129.10g/t Ag** (6.64g/t Au. eq70)



Appendix 2: Drilling Collar/Survey Table

Hole ID	Company	Easting	Northing	RL	Depth (EOH)	Azimuth (grid)	Dip
WUDD001	AGL	399,978	4,010,314	154	150.7	100	-70
WUDD002	AGL	400,058	4,010,505	192	168.0	110	-70
WUDD003	SAU/SGK	400,224	4,009,700	285	243.4	55	-45
WUDD004	SAU/SGK	400,224	4,009,700	285	348.0	310	-45
WUDD005	SAU/SGK	400,186	4,009,750	316	198.2	330	-06
WUDD006	SAU/SGK	400,186	4,009,750	316	249.4	330	-17
WUDD007	SAU/SGL	400,187	4,009,746	316	216.5	010	-06

Notes WUDD001, and WUDD002 were drilled in 2015 by Asiatic Gold. Southern Gold first drill hole was WUDD003 to maintain consistency. All interval widths are downhole widths. WUDD005, WUDD006 and WUDD007 were drilled sub-horizontal.

Appendix 3: Weolyu Underground backs sampling all significant Intersections table.

Line_ID	from	interval	Au g/t	Ag g/t	Au eq70 g/t
FS310N_001	0.65	0.55	8.36	184	10.99
FS310N_002	0.4	0.7	17.7	469	24.4
FS310N_003	0	0.9	3.45	101	4.89
FS310N_004	0.2	1	5.06	229	8.33
FS310N_005	0.5	0.35	0.83	31.89	1.29
FS310N_007	0	0.5	0.7	53.01	1.46
FS310N_009	1.6	0.67	1.18	62.26	2.07
FS310N_010	0.5	0.75	4.71	95.91	6.08
FS310N_011	1.31	0.44	2.05	96.32	3.43
FS310N_013	0.2	1.3	1.07	46.51	1.73
FS310N_014	0	0.4	1.63	30.86	2.07
FS310N_015	0.9	0.5	3.13	110	4.7
FS310N_016	0.37	1.18	3.16	140.31	5.16
FS310N_017	0.2	1.3	1.78	70.46	2.79
FS310N_018	0	0.6	1.12	55.15	1.91
FS310N_019	1.28	0.34	12.91	285.35	16.99
including	1.28	0.18	17.4	323	22.01
FS310N_020	1.28	0.38	4.75	127.47	6.57
including	1.28	0.09	10.6	272	14.49
FS310N_021	0.99	0.48	4.47	191.5	7.21
FS310N_022	0.6	0.4	2.31	107	3.84
FS310S_001	1	0.45	11	161	13.3
FS320N_001	1.1	0.67	7.62	284	11.68
FS320N_002	0	1.39	1.41	102.79	2.88
FS320N_003	0	0.8	4.15	107	5.68
FS330N_001	0.9	0.5	9.26	503	16.45
FS330N_002	0.7	0.4	3.34	201	6.21
FS330N_003	0.7	0.6	0.35	139	2.34
FS330N_004	0.9	0.3	1.7	54.02	2.47
FS330N_005	0	1.1	0.45	42.53	1.06
FS330N_007	0	0.6	4.32	114	5.95
FS330N_010	0.8	0.5	2.55	138	4.52
FS330N_011	0.7	0.4	5.11	137	7.07
FS330S_001	0.1	0.6	8.04	502.5	15.22
including	0.1	0.3	11.6	770	22.6
FS330S_002	0.46	0.44	4.87	157	7.11
FS330S_004	0	0.56	1.18	104	2.67
FS330S_005	0.3	0.4	1.69	105	3.19

Appendix 4: Weolyu Underground backs sampling Collar table.

DataSet	Line_ID	Level	Max_Width	NAT_East	NAT_North	NAT_RL
Weolyu	FS310N_001	310	1.6	400224.117	4009849.183	312.128
Weolyu	FS310N_002	310	1.5	400222.682	4009842.726	312.035
Weolyu	FS310N_003	310	0.9	400224.972	4009852.648	310.582
Weolyu	FS310N_004	310	1.6	400223.912	4009861.703	310.744
Weolyu	FS310N_005	310	1.7	400224.745	4009864.397	310.696
Weolyu	FS310N_006	310	1.6	400222.125	4009869.728	310.513
Weolyu	FS310N_007	310	1.9	400224.217	4009876.994	310.693
Weolyu	FS310N_008	310	1.6	400224.593	4009880.912	310.402
Weolyu	FS310N_009	310	2.27	400223.843	4009886.276	310.022
Weolyu	FS310N_010	310	1.5	400225.745	4009892.536	309.8
Weolyu	FS310N_011	310	2.23	400226.997	4009897.192	310.064
Weolyu	FS310N_012	310	1.65	400230.552	4009906.962	309.862
Weolyu	FS310N_013	310	1.5	400230.08	4009912.738	309.7
Weolyu	FS310N_014	310	2.3	400229.961	4009919.476	309.617
Weolyu	FS310N_015	310	1.6	400230.628	4009922.615	309.892
Weolyu	FS310N_016	310	2.06	400230.287	4009925.367	309.939
Weolyu	FS310N_017	310	1.6	400229.099	4009928.15	309.639
Weolyu	FS310N_018	310	0.6	400225.473	4009938.775	310.468
Weolyu	FS310N_019	310	1.62	400223.215	4009844.937	312.163
Weolyu	FS310N_020	310	2.2	400224.404	4009850.588	312.171
Weolyu	FS310N_021	310	1.86	400223.685	4009860.908	311.001
Weolyu	FS310N_022	310	1.5	400228.693	4009901.683	309.6
Weolyu	FS310N_023	310	2.25	400223.035	4009867.229	310.594
Weolyu	FS310S_001	310	1.6	400220.485	4009835.974	312.202
Weolyu	FS310S_002	310	1.2	400214.925	4009831.735	312.386
Weolyu	FS310S_003	310	1.1	400211.983	4009827.696	312.59
Weolyu	FS310S_004	310	1.6	400210.778	4009825.626	312.606
Weolyu	FS310S_005	310	1.6	400210.449	4009822.952	312.84
Weolyu	FS310S_006	310	1.8	400210.262	4009819.961	312.853
Weolyu	FS310S_007	310	9.81	400207.625	4009814.131	312.4
Weolyu	FS310S_008	310	1.56	400206.252	4009807.445	312.885
Weolyu	FS310S_009	310	1.8	400205.694	4009804.065	313.138
Weolyu	FS310S_010	310	1.4	400200.144	4009800.236	312.794
Weolyu	FS320N_001	320	1.77	400225.803	4009847.301	323
Weolyu	FS320N_002	320	1.39	400228.091	4009849.634	322.763
Weolyu	FS320N_003	320	1.2	400229.521	4009857.211	322.4
Weolyu	FS330N_001	330	1.8	400226.332	4009842.037	330.069
Weolyu	FS330N_002	330	1.5	400227.875	4009846.24	330.187
Weolyu	FS330N_003	330	1.3	400228.94	4009849.281	330.238
Weolyu	FS330N_004	330	1.5	400230.665	4009853.408	330.448
Weolyu	FS330N_005	330	1.5	400232.896	4009858.588	330.433
Weolyu	FS330N_006	330	1.5	400232.178	4009862.578	330.781
Weolyu	FS330N_007	330	2.37	400234.984	4009865.536	330.8
Weolyu	FS330N_008	330	2.3	400231.712	4009867.798	330.8
Weolyu	FS330N_009	330	1.7	400228.979	4009871.727	330.993
Weolyu	FS330N_010	330	1.5	400228.897	4009875.143	330.922
Weolyu	FS330N_011	330	1.7	400229.817	4009879.019	330.618
Weolyu	FS330S_001	330	0.9	400225.874	4009835.585	330.684
Weolyu	FS330S_002	330	1.66	400224.165	4009832.339	330.612
Weolyu	FS330S_003	330	1.59	400222.292	4009829.926	330.658
Weolyu	FS330S_004	330	1.83	400219.497	4009825.91	330.559
Weolyu	FS330S_005	330	1.5	400217.68	4009822.521	330.834

Notes: Collar is set as start point on the channel sample line, perpendicular to the drive.

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	• <i>Nature and quality of sampling (e.g. 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.</i> • <i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</i> • <i>Aspects of the determination of mineralisation that are Material to the Public Report.</i> • <i>In cases where 'industry standard' work has been done this would be relatively simple (e.g. '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 (e.g. submarine nodules) may warrant disclosure of detailed information.</i>	• Sample sites were chosen selectively to reflect geological features relevant to the style of mineralisation. • Channel sampling was undertaken at locations along underground vein exposures, including walls, backs and faces. The channels were cut continuously and perpendicular to vein strike by pneumatic chisel hammer tools. The channel width was approximately 15cm. All sampling was supervised by Competent Persons. • The major vein features being tested were sub vertical quartz veins. There for the sampling conducted is deemed to be representative of the true width of the vein. Sampled locations not fitting this scenario apparent width notes have been added. • Individual sample volume was in the range of Maximum 7.2kg, minimum of 1.4kg and an average of 4.3kg • Drill holes were sampled as HQ3 or NQ3 diameter drill core lengthwise using a Clipper core saw. Core cutting was supervised by Competent Persons. • Individual samples of half core were taken to minimum or grater lengths to meet or exceed laboratory requirements for sample preparation weights, and are considered appropriate for the style of mineralisation being targeted and grain size of the material being sampled. • Diamond Half-core and UG rock chip samples were bagged and labelled with sample numbers, and recorded in a hard copy sample register and digital database. • All on-site sampling was done under the supervision of the competent person. • Coarse/field duplicated samples were taken one in every 16 regular samples (as quarter core of the

Criteria	JORC Code explanation	Commentary
		same interval) as a measure of sample retrospectivity. • All drill core samples were sent to MAS laboratories in Thailand for further preparation and assay. MAS is an ISO/IEC 17025:2005 certified laboratory. • All UG channel samples were sent to SGS Internationally Certified Laboratories for prep in South Korea, and analysis in China. SG is an ISO/IEC 17025:2005 certified laboratory.
Drilling techniques	• Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc.) and details (e.g. 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.).	• Drill holes were drilled from surface using triple tube diamond core drilling, at HQ3 and NQ3 diameter. • For low angle drilling (-7 dip) the Hanjin D and B – 10D drill rig has lowered its mast to suit sub vertical drill targets. Barrel recovery is performed via wireline method assisted with hydraulic pressure. • Drill core was oriented by Spear method downhole every drill run (3m), checked for consistency between orientation marks. • DSI (the drilling Contractor) surveyed drill holes (every 30m) by Coretell Orishot – precision instrumentation. • UG Channel sampling was undertaken at locations along underground vein exposures, including walls, backs and faces. The channels were cut continuously and perpendicular to vein strike by pneumatic chisel hammer tools. The channel width was approximately 15cm. All sampling was supervised by Competent Persons.
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.	• Drill core recovery was calculated per run by measuring core length recovered against drill depth as reported on core blocks. Measured core recovery was very high. Drilling depths were cross-checked by counting drill rods at end of hole and visual validation of drill rods. • Core drilling was done by triple tube to maximise sample recovery. • UG Channel samples (dry) were collected using a tarpaulin to

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		collect chip samples from the backs and faces for each individual sample. Tarp was cleared for each sample and replaced if it became contaminated.
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. - The total length and percentage of the relevant intersections logged.	- All samples were geologically described. - Channel samples were logged to a qualitative in nature. - Core photography has been taken using DSLR camera. Channel samples and locations have not been photographed, but have been comprehensively recorded. - All logging of drill holes was qualitative in nature, basic lithological logging was completed on-site proximal to and during the drilling operations. Further detailed lithological logging will be completed at storage shed facilities. - Interpretive hard copy cross sections as well as quantitative geological logs were done, to a suitable to inform the selective sampling. - RQD logs and core photography were completed on site including mark-up of core boxes, prior to transportation to the secure long-term core storage facility. Post transportation visual inspection of core shows minimal disruption occurred. - Logs were recorded in hardcopy and later transposed into Company digital excel templates then imported into the Company's database. - Sample descriptions were recorded in hardcopy and later transposed into Company digital excel templates, and then imported into the Company's database. - Underground samples were recorded on individual face or sample line sheets, with all survey, geological and sampling information detailed.
Sub-sampling techniques	If core, whether cut or sawn and whether quarter, half or all core taken.	Drill holes were sampled as HQ3 or NQ3 diameter drill core

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<i>and sample preparation</i>	<i>If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry.</i> <i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i> <i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i> <i>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.</i> <i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i>	lengthwise using a Clipper core saw. Core cutting was supervised. - Channel Samples were sent as full samples. - Channels have been cut continuously and horizontally by manual hand tools. The channel width was approximately 15cm and samples were dry. - Field duplicate samples were not collected during the channel sampling program. Course crush splits were selected 1:16 samples submitted. - Sample size is considered appropriate for the style of mineralisation sought. - Sample size for drill core was at an average of 1.6kg and channel samples an average of 4.3kg - Internal laboratory standards used, Blanks and duplicates where incorporated into sample batches.
<i>Quality of assay data and laboratory tests</i>	<i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i> <i>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.</i> <i>Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.</i>	- All Drill core samples were sent to MAS laboratories in Thailand for further preparation and assay. MAS is an ISO/IEC 17025:2005 certified laboratory. - Samples were dried and pulverized to 90% passing 150 mesh. - Gold was analysed by fire assay using a 50g charge with atomic absorption spectroscopy finish. Detection limit range is 0.01ppm to 100ppm Au. - All drill core used a 23 multi-element suite was undertaken via aqua regia leach and ICP-ES finish. - All underground face samples used a 34 element 2:1 HNO₃: HCl / ICP-AES FINISH. - All UG channel samples were sent to SGS Internationally Certified Laboratories for prep in South Korea, and analysis in China. SG is an ISO/IEC 17025:2005 certified laboratory. - Silver was analysed as part of the multi-element aqua-regia digest ICP-MS method up to 100ppm Ag. - All silver assays reporting greater than initial upper limit of detection were re-assayed by a four-acid digest and AAS finish with a

Criteria	JORC Code explanation	Commentary
		detection range of 100 ppm to 20,000 ppm (2%) Ag. • The nature of the laboratory preparation and assay sampling techniques are considered appropriate. • Preliminary analysis of the QA/QC results suggests suitable accuracy and precision is being obtained with no contamination between samples. • Rigorous QA/QC procedures were implemented including one coarse duplicate, one laboratory pulp duplicate, one Certified Reference Material (CRM standard, Randomised) and one blank for every 16 regular samples, making a batch of 20, sent as one dispatch for fire assay in the same run. • Given the nature of the rock sampling, internal lab standards were considered appropriate for reconnaissance rock samples. • No data from geophysical tools were used to determine analytical results.
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.	• Samples or intersections returning significant gold and silver values were visually inspected and verified by the Competent Person (Dr. Chris Bowden), as well as alternative company personnel. • Geological descriptions of samples are initially recorded in hardcopy and later transposed into Company Microsoft Excel templates, and then imported into the Company's database under validation and verification rules. Failures are sent back to the responsible geologist for correction and re-submission. • Sample weights are recorded in a hardcopy sample register and imported into the Company database. • Geological and RQD logs are initially recorded in hardcopy and later transposed into Company digital excel templates, and then imported into the Company's database under validation and verification rules. Failures are sent back to the responsible geologist for correction and re-submission.

Criteria	JORC Code explanation	Commentary
		• All original hardcopy logs and sample reference sheets are kept for reference. • Assay data is imported into the Company database from original lab files via automated queries, thus minimising error in tagging samples with results. • The Company database is a custom MS Access database managed by a data administrator. The database is hosted on an off-site server, and is mirrored daily providing on- and off-site backups. • No adjustments are made to the assay data.
<i>Location of data points</i>	• <i>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.</i> • <i>Specification of the grid system used.</i> • <i>Quality and adequacy of topographic control.</i>	• Collar field location is obtained using Trimble R10 DGPS receiver. • Underground channel sample locations defined by using a Trimble R10 DGPS receiver combined with Trimble TX5 3D laser scanner marking out fixed survey station points within the workings to cm accuracy. Channel samples then located by tape and compass from these fixed survey station locations. • The grid system used is Universal Transverse Mercator (WGS84), Zone 52 Northern Hemisphere. • DSI (the drilling Contractor) Surveyed drill holes every 30m by Camteq – Orientation precision instrumentation.
<i>Data spacing and distribution</i>	• <i>Data spacing for reporting of Exploration Results.</i> • <i>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.</i> • <i>Whether sample compositing has been applied.</i>	• No Mineral Resource has been estimated. • Sample compositing has been applied, as shown in Table 1 for a weighted average. Individual intervals are also shown. • Drilling completed has been based off two drill pads, drill collars vary within each pad in azimuth and dip targeting down dip mineralisation of surface mineralisation. • All sampling intervals were based on geological boundary and veining where possible. On occasion multiple intervals within a singular vein have also been taken to identify internal variability.
<i>Orientation of data in</i>	• <i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the</i>	• Sampling was undertaken to prepare maps of lithological boundaries and structural trends.

Criteria	JORC Code explanation	Commentary
<i>relation to geological structure</i>	<i>deposit type.</i> <i>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.</i>	The sampling undertaken targeted all rock types present. - All drill core samples are cut to reflect an unbiased half-core (or quarter core where needed) core sample for assay. - Core orientation data and correlation with surface and underground geology suggests the drilling is at a high enough angle to lithological boundaries and structural trends to indicate the sampling is minimised and unbiased by the direction of drilling. - Structural recordings have been integrated into the conceptual model. - All underground samples were digitized along the sample line nominal perpendicular to the strike of the vein.
<i>Sample security</i>	<i>The measures taken to ensure sample security.</i>	- From the point of sample generation to courier pickup and delivery to the laboratory, samples are under the full security and custody of the Company. This is done by the following procedures: - Drill core produced at the rig is inspected regularly (multiple times daily) and collected by the Company at end of dayshift. - Underground sampling was completed by Southern gold staff or supervised by southern gold staff. - Core and samples are securely locked overnight on-site in a secure facility. Post on-site logging and processing, core is transported to the Company's long-term core storage facility under the direct supervision of a Company representative. Core is securely locked at the long-term storage. Core is further processed for sampling by Company representatives under supervision of the Competent Person. Bagged samples are secured by tags and delivered by a Company representative to a courier service

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		to deliver to the laboratory. The laboratory reports if any tampering is evident (none to date).
<i>Audits or reviews</i>	<i>The results of any audits or reviews of sampling techniques and data.</i>	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
<i>Mineral tenement and land tenure status</i>	- 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 license to operate in the area.	- The portfolio of tenements is held by Southern Gold Korea, a fully owned subsidiary of Southern Gold). These can be seen in previous ASX release on 8th of July 2016. - There are no material issues with third parties. - There are no known impediments to obtaining a license to operate.
<i>Exploration done by other parties</i>	Acknowledgment and appraisal of exploration by other parties.	The Weolyu mine, located 0.5 km to 1 km to the north operated up to mid-1990's. Apart from small scale adits excavated by unknown parties and historical drilling by KORES and Asiatic Gold Ltd at Weolyu. No other details of previous work in the vicinity is known to the best of our knowledge.
<i>Geology</i>	Deposit type, geological setting and style of mineralisation.	Exploration is targeting epithermal precious metal (Au, Ag) and rare earth (Ge) mineralisation in Cretaceous volcanic rocks of the Korean Peninsula.
<i>Drill hole Information</i>	- 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 meters) of the drill hole collar - dip and azimuth of the hole - down hole length and interception depth - hole length. - 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 and details of exploration results and associated grades, and drill hole parameters are shown in this release as Appendix supplements.
<i>Data aggregation methods</i>	- In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. 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.	- Weighted average grades have been done on drill core intervals and underground channel samples, as clearly stated, as well as showing individual interval assays. - Gold metal equivalent values shown in this release have been calculated as a 1:70

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	The assumptions used for any reporting of metal equivalent values should be clearly stated.	(Au:Ag) ratio based on the rounded down estimate of current Gold:Silver spot prices.
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 (e.g. 'down hole length, true width not known').	- All drill hole depths and sample intervals are reported as downhole measurements. - The vein system is recorded to be sub vertical (~75 degrees) dip. Channel sampling was set perpendicular to the vein system, reported widths are therefore at or very close to true width.
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.	Appropriate tables and diagrams have been included.
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.	Not all sample assay data has been included in this report as it is not considered material.
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.
Further work	- The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling). - Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.	- Southern Gold is reviewing the data to determine the best way to advance the projects, and will notify such plans once confirmed. - Southern Gold intends to complete underground mapping and sampling (where access can be made safe) and substantial drilling both from surface and in some cases underground.