



## Cannon Gold Mine: Update

- Southern Gold projected cash position \$8m in July 2017
- Adit to access residual high grade ore nearing completion with processing scheduled to commence in late June
- Cannon underground options being assessed

### Cannon Open Pit Mine Update

Southern Gold is pleased to provide the following update on the Cannon Gold Mine, 35km east of Kalgoorlie, WA. Mining at the Cannon Gold Mine is being conducted by Westgold Resources Ltd who financed and developed the deposit under a 50/50 profit share arrangement.

Development of the Cannon adit at the base of the open pit is nearing completion with the stoping phase to be completed during June (**Photo 1 and 2**, next page). The adit is designed to safely mine high grade ore at the base of the pit that had been impacted by very high rainfall exacerbating geotechnical instability.

The next processing campaign has been scheduled to begin late June 2017 with current modelling indicating the recovery of approximately 4,000 oz. Au.

Modelling of the financial outcomes indicates that, at the current gold price of A\$1700/oz, the final payment to Southern Gold from the Cannon account will be approximately \$3.5 million, taking total payments to \$14 million since December last year.

A portion of the \$14 million in funds has been directed by Southern Gold to repaying approximately \$3.8m of debt facilities, including interest, to various debt holders. Last month Southern Gold also closed out its hedge facility of 2,500oz Au at a fixed forward price of A\$1,621/oz and currently remains unhedged.

Southern Gold has an unaudited cash position of \$4.8 million and assuming the \$3.5 million payment mentioned above is received during July 2017, **cash projected to be held by Southern Gold is expected to be approximately \$8 million.**

### Cannon underground options under assessment

Southern Gold is now actively reviewing several scenarios for an underground phase at Cannon. The objective is to determine if a sustainable underground operation can be developed on the high grade Cannon shoots currently identified up to 80m below the base of the pit. To assist with this an experienced mining executive with substantial underground experience has been engaged to review different development scenarios. Integrated into this assessment is planning for deeper drilling below the currently defined resource envelope.

Results from this review, including any potential commercial arrangements around the preferred scenario, are expected to be announced over the next few months.

Shares Issued: 46.4M  
Share Price: \$0.27  
Market Capitalisation: \$12.5m  
Unaudited Cash Est.: \$4.8m  
Debt: Nil  
**Enterprise Value: \$7.7m**

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**Photo 1:** Overhead view of adit entrance, looking South at base of Cannon Pit



**Photo 2:** Cannon Gold Mine Adit Entrance

*Photos courtesy of Westgold Resources Ltd*

### **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 by open pit methods. Mining at Cannon is being conducted by Westgold Resources Ltd, who financed and developed the deposit under a 50/50 profit share arrangement. Westgold is responsible for all mining, haulage and processing activities.*

*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 and 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 as well as explore for world-class epithermal gold deposits.*

### **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.*