



Shares Issued: 46.4M  
 Share Price: \$0.265  
 Market Capitalisation: \$12.3m  
 Unaudited Cash Est.: \$4.8m  
 Debt: Nil  
**Enterprise Value: \$7.5m**

#### Directors

Greg Boulton AM (Chairman)  
 Simon Mitchell (MD)  
 Michael Billing  
 David Turvey

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 PO Box 255  
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## Southern Gold Declares Maiden Dividend

- Ground breaking 3c per share Special Dividend
- Dividend is unfranked, payable in cash, shares or combination of both
- Implied pre-tax cash return to shareholders in excess of 11%
- 90% of the cash generated by Cannon re-invested in business

### Special Dividend Declared

The Board of Directors of junior Australian gold miner, Southern Gold Ltd ('Southern Gold'), is very pleased to announce the payment of an unfranked special dividend of 3c per share to holders of ordinary shares in Southern Gold registered at 5:00pm AEST on 4 July 2017. This special dividend represents the direct return to shareholders of economic exploitation of the Cannon Gold Mine southeast of Kalgoorlie. The dividend can be taken as cash, shares or a combination of both as per the Dividend Option table (**Table 1**).

If taken as shares under the Dividend Reinvestment Plan (DRP), shares will be deemed to be priced at 25c per share and the equity component of the dividend based on a DRP Ratio basis. For example, if the 3c dividend is taken in DRP shares then the shareholder will receive one new share for every 8.3 shares held (1:8.3).

**Table 1:** Dividend Option Table

Option	% Cash	Cash per Share	% Shares	DRP Ratio*
1	0%	0	100%	1:8.3
2	33.3%	1c	66.6%	1:12.5
3	66.6%	2c	33.3%	1:25
4	100%	3c	0%	0

This declared dividend implies a pre-tax return to Southern Gold shareholders of 12% based on a share price of 25c per share. Based on the Company's current 26.5c share price the pre-tax return is 11.3%.

### Managing Director, Mr Simon Mitchell:

*"The Southern Gold Board seeks to maximize returns to shareholders on the assets that are developed into mines. This is particularly true when such a return can be made utilising a small fraction of the available cash yet on a per share basis the dividend is material when compared to Southern Gold's prevailing share price.*

*"In recognition that our shareholders have diverse views on the requirement of cash verses equity return, the Company has provided for a DRP option to enable holders to build their equity position rather than take the cash. We have also set the size of the payment at a level that sees more than 90% of the generated funds from the Cannon mine being re-invested into the Southern Gold business.*

*"The special dividend allocation so early in Southern Gold's production life is, we think, unique in the junior resources space, signaling very strongly to our shareholders that Southern Gold is building a strategic gold exploration, development and mining business with a focus on their total returns."*

\*DRP Ratio may be adjusted if withholding tax is applicable (eg: offshore registered shareholders).

## Special Dividend Policy

The Cannon Gold Mine is expected to generate approximately A\$14 million in cash for Southern Gold from the open pit stage of the operation, of which \$10.5 million has been received to date. With 46.4 million ordinary shares on issue, the 3c per share dividend on a 100% cash basis equates to \$1.39 million. Assuming a 50% participation rate in the DRP, the cash cost to the Company is expected to be less than \$700,000.

While Southern Gold is a “growth stock” with significant value in its gold exploration assets in Australia and South Korea, and the ability to unlock even more value with new discoveries, the special dividend will see less than 10% of the generated cash from the Cannon Gold Mine returned to shareholders while providing a pre-tax return in excess of 10% based on the current share price.

The Board of Southern Gold is not implying that this dividend level will be maintained in future years. Rather, the assessment of paying this special dividend was made on the basis of:

- The amount of cash generated from a production asset and near term cash requirements;
- The relative value of returning the cash compared with the prevailing share price.

If all near-term cash requirements can be met and the dividend declared can generate a significant return compared to the share price, then Southern Gold Directors would be inclined to return a small proportion of the cash to shareholders while re-investing the majority back into the business.

## Key Dates

A summary of the key dates in relation to the special dividend is as follows:

<b>Announcement Date</b> declaring the dividend and the terms	6 June 2017
<b>“Ex Date”</b>	3 July 2017
<b>Record Date</b>	4 July 2017
<b>Documentation</b> sent to shareholders to enable DRP election	11 July 2017
<b>Closing Date</b> for DRP Election and/or nominated bank details	11 August 2017
<b>Payment Date or DRP shares allocated</b>	30 August 2017
<b>DRP Shares Available for Trading</b>	31 August 2017

Southern Gold reserves the right to amend this timetable subject to the ASX Listing Rules.

## Key Financial Metrics

Assuming all shareholders select the same option, the following table illustrates the various cash payment verses equity issuance under the declared dividend for each option. In reality actual cash distributed and shares issued will be dependent on the exact proportion of options chose by shareholders:

Option	Cash per Share	Total Cash Distributed	DRP Ratio	DRP Shares Issued
1	0	\$0	1:8.3	5.59m
2	1c	\$0.46m	1:12.5	3.71m
3	2c	\$0.93m	1:25	1.86m
4	3c	\$1.39m	0	0

The midpoint of these options (50% cash, 50% shares) would be \$696,000 cash and 2.06 million shares.

### Near Term Capital Requirements and the Future

All of Southern Gold's near term exploration activity is fully funded for the coming 2017-18 financial year with a total budget of approximately \$5 million flagged for significant exploration and development activity over the coming 12 months. In particular, drilling programmes at key projects such as Cannon Underground and Glandore in Australia and Weolyu and Kochang in South Korea, will be conducted with a view to generating additional revenue from operations or new discovery to add to the Company's portfolio of gold deposits.

Into the medium term, development of projects will look to utilise the Cannon Open Pit model of financing, where 3<sup>rd</sup> part expertise is deployed in mine execution and project equity is exchanged for financing of the project. This reduces the need for significant capital sums to be raised in the market, minimises shareholder dilution and manages operational risk.

### Shareholder Requirements

To ensure the correct payment of the dividend or allocation of the equity component to the appropriate account, shareholders are encouraged to contact the Company's share registry, Security Transfer Registrars Pty Ltd, to ensure that all bank and other contact details are up to date including the provision of a tax file number where appropriate.

#### **Security Transfer Registrars Pty Ltd**

Telephone from within Australia: 1300 992 916

Telephone from outside Australia: +61 8 9315 2333

[registrar@securitytransfer.com.au](mailto:registrar@securitytransfer.com.au)

[www.securitytransfer.com.au](http://www.securitytransfer.com.au)

### 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.*