



Shares on Issue: 49.15m

Share Price: \$0.25

Market Capitalisation: \$12.3m

Asset Base – WA, Australia

Cannon Gold Mine (100%)

Glandore Gold Project (75%*)

Cowarna Gold Project (100%)

Transfind Extended (Option)

*currently earning 90%

Asset Base – South Korea

Gubong Project (100%*/BMV)

Taechang Project (100%*/BMV)

Kochang Project (100%*/BMV)

Weolyu Au-Ag Project (100%)

Hampyeong Au-Ag Proj. (100%)

Aphae Au-Ag Project (100%)

*Currently under BMV farm-in

Directors

Greg Boulton AM (Chairman)

Simon Mitchell (MD)

Peter Bamford

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

WA gold operations and exploration update

Gold miner, Southern Gold, provides the following update on its WA gold mining, development and exploration projects located east and southeast of Kalgoorlie.

Cannon Gold Mine

- Initial mining and payment schedules to Southern Gold for new Cannon underground gold mine not impacted by change in ownership of HBJ Resources' Cannon Right-to-Mine agreement
- In March, Westgold Resources sold its wholly-owned HBJ subsidiary to Northern Star, with the Cannon Right-to-Mine obligations remaining in place with the transfer of ownership
- An updated Cannon development schedule is expected from Northern Star post completion of its HBJ acquisition. Southern Gold remains on track for maiden underground mine production payments from Cannon in the new financial year.

Drilling Activity

- RC Drilling has concluded at the Cowarna project's Pryde and Logan prospects (1,600m) with results expected late in April.
- A second drill program of 1,000m has commenced to test a new target at Monument South, 1.5km south of Cannon.
- A first pass RC programme (1,000m) will commence shortly at the Transfind Extended Project.

Glandore Gold Project

- Internal resource review of Glandore's Doughnut Jimmy prospect, based on drilling to date, has indicated that it is currently not economically feasible to proceed as a standalone gold deposit project.
- Additional resources to be defined at nearby Lavaeolus and Lankin prospects, and a depth extension to Doughnut Jimmy, with the aim to establish a larger economic project.

Southern Gold Managing Director, Mr Simon Mitchell: *“There is considerable project exploration and development scheduling underway at present on our Australian and international gold assets. Over the next few months, 3 projects are being drilled in Western Australia and at least 2 gold projects to be drilled in South Korea. We are particularly pleased to be drilling at WA’s Cowarna project after receiving all regulatory approvals – a process which has occupied the team for the past 6 months or so.*

“On-site activity at the emerging Cannon underground gold mine project will ramp up once Northern Star, the new owners of HBJ Resources (with which SAU negotiated a right-to-mine agreement), complete work on their acquisition. Southern Gold expects to remain on track for maiden underground mine production payments from Cannon to be receipted during the new financial year.

“The recent results at Doughnut Jimmy have not hit the mark as hoped but the broader Glandore gold project hosting Doughnut Jimmy will remain the focus of continued exploration drilling.”

Cannon Gold Mine

On the 23 January 2018, Southern Gold announced a five year right-to-mine had been agreed with Westgold Resources Ltd (‘Westgold’) wholly-owned subsidiary, HBJ Resources Ltd (‘HBJ’). A \$1.5 million upfront payment was received by Southern Gold from Westgold as per the agreement. Additional future payments are expected based on gold production (see ASX Release 23 January 2018, ‘Southern Gold’s Cannon gold mine in WA to proceed to underground phase’ for details).

On the 8th of March 2018, Westgold announced it had reached agreement with Northern Star Ltd (‘Northern Star’) on the sale of Westgold assets in the Kalgoorlie region, including HBJ and its subsidiary, South Kalgoorlie Operations. The transaction close was on 3 April 2018 with management of the assets passing to Northern Star.

The right-to-mine agreement covering the Cannon underground development was made with HBJ and the contractual obligations pass to the new owner, Northern Star. While the detailed and longer-term implications of this are yet to be finalised, Southern Gold is protected by provisions in the original HBJ agreement that require the first production payment within the first 12 months, and other contractual terms should the project not be developed in a timely manner.

It is anticipated that the Cannon development schedule will be finalised soon after the HBJ sale is fully complete. Southern Gold will provide an update once advised of further details by Northern Star in due course.

Glandore Gold Project

Aircore and diamond drilling at Doughnut Jimmy confirmed the extent of previous mineralisation. However, the overall gold ounces present were lower than previously estimated. Overall, the gold mineralisation is a well-defined horizontal pod 80m east-west by 70m north-south, 20m thick at its widest and starting from 6m below the surface.

The diamond drilling has provided key geological information that has potentially identified a source zone for the mineralisation below the supergene zone. The Doughnut Jimmy deposit is interpreted to have been much higher grade originally and the gold has been dispersed over a wide region in the supergene lake zone. Geological modelling is underway to evaluate further high-grade zones at depth.

Doughnut Jimmy's known mineralisation is currently uneconomic on its own, predominantly due to its location within Lake Yindarlgooda and the required infrastructure to extract the current defined resource. Southern Gold does consider Doughnut Jimmy to be part of a wide mineralisation package including the nearby Laveolous and Lankin prospects, that combined, may prove economic to mine as an integrated development in due course.

The shallow surface aircore drilling at Lavaeolus prospect in the latest round of drilling has confirmed that the surficial zone of the lode has been almost completely depleted of gold in the supergene lake zone. Deep RC drilling targeting the previously identified high grade shoots within the Lavaeolus prospect was not able to be completed with the available drill rig during this program. It will be completed in the next round of drilling anticipated to be undertaken in the second half of 2018. This program will also aim to define further high-grade extensions to the Lankin prospect which has only seen wide spaced (~100m) drilling to date.

An Exploration Incentive Scheme co-funded diamond drill hole is also planned in the second half of 2018 targeting mafic hosts under the Steve's prospect lodes. The felsic volcanoclastics hosting the surface exposures of the mineralisation show promising (Aruma Resources RC hole drilled in 2013, 5m @ 4.3g/t in drill hole GRC103, ASX 21 May 2013 – "New Gold Zones Confirmed at Glandore") but inconsistent mineralisation.

Cowarna Gold Project

A 1,600m reverse-circulation (RC) drill program has been completed, testing Southern Gold's 100%-owned Pryde and Logan gold prospects. Gold targets are outlined by several rounds of historical soil geochemistry and rock chip samples, and recent rock chip sampling and geological mapping completed by Southern Gold in mid-2017. Drilling at the Pryde and Logan prospects included 8 x 100m holes on two lines at Pryde and 8 x 100m holes on two lines at Logan. With drilling completed at the end of March, results are now expected late in April.

The program aims to delineate the location and dip of the prospective Banded Iron Formation (BIF) horizons within the northern limits of the Eastern BIF member, determine if there is significant shallow gold mineralisation and the source of gold anomalism.

Transfind Extended Gold Project

A 1000m RC drilling program is proposed to follow up high-grade rock chips, high-grade historical drilling and gold in soil anomalism. The aim is to intersect high-grade gold mineralisation amenable to open-pit mining along strike from the Transfind Pit and to test a 230ppb gold-in-soil anomaly. Wide-spaced drilling has taken place over the project and to date, has reported only one significant interval. Due to the previous work completed in the area, the exploration target is a relatively small but very high-grade system. The program will be completed after the Monument South drilling program that will itself be completed shortly.

Drilling will concentrate on the east dipping gold mineralisation trend extending south from the historic Transfind open-pit and artisanal underground workings. This trend has returned high-grade drilling and rock-chip results and warrants follow-up.

Southern Gold has an option to purchase the tenements provided a minimum amount of drilling has been completed.

Monument South Gold Project

A 1,000 m reverse-circulation (RC) drill program is currently underway to test Southern Gold's 100%-owned Monument South biogeochemical gold anomaly. Gold targets have been outlined by recent biogeochemical sampling completed by Southern Gold in mid-2017. The sampling was designed to test for deeper targets either under transported cover or through barren bedrock. Drilling at the Monument South prospect will include 12 x 80m holes on three lines. If drilling results at the rig are suitably encouraging, a further four holes (320m) are planned to test an anomaly 100m to the west of the initial program. Drilling is planned to be undertaken after the Cowarna RC drilling program in April 2018.

The program will test the validity of the combined biogeochemistry and ultrafine sampling methodology for the location of concealed mineralisation. In addition, the program will test below a surface signature of distal Cannon-style alteration. This signature was identified during a 3D, hyperspectral, alteration modelling project undertaken in conjunction with CSIRO in 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”). At the Cannon project near Kalgoorlie we are currently developing a small underground operation with development partner Westgold Resources Ltd. Southern Gold is also looking to develop a much larger mine, Gubong, in South Korea within the next 12-18 months with development partner London-listed Bluebird Merchant Ventures.

We are also active explorers. Around Kalgoorlie Southern Gold is testing projects such as Glandore, Transfind Extended and Cowarna looking for additional small high grade open pit-able gold resources to maintain cash flow. In South Korea, Southern Gold also owns a portfolio of high grade gold projects that are a combination of decommissioned gold mines with orogenic gold mineralisation and greenfield epithermal gold targets. Backed by a first-class technical team, including renowned geologist Douglas Kirwin, Southern Gold’s aim is to find Tier One epithermal gold deposits.

In essence, Southern Gold looks to monetise the small gold deposits while we search for the bigger ones.

Competent Person’s Statements

The information in this report that relates to Exploration Results in Australia has been compiled under the supervision of Mr. Justin Gum (MAIG). Mr Gum who is an employee of Southern Gold Limited and a Member of the Australasian Institute of Geoscientist, 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 Gum 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.

Related Releases

ASX Release – 13 Dec 2017: High grade shallow gold identified by Southern Gold east of Kalgoorlie.

ASX Release – 21 May 2103: Aruma release – New Gold Zones Confirmed at Glandore.