



Shares on Issue: 49.15m
Share Price: \$0.22
Market Capitalisation: \$10.8m

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%)
Beopseongpo Au Proj. (100%)
*Currently under BMV farm-in

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New report points to first gold pour in 2019 at Gubong mine in South Korea

- Southern Gold development partner, Bluebird Merchant Ventures (BMV) has completed the report on the feasibility of re-opening the Gubong gold mine, South Korea.
- The delivery of the report indicates the commencement of the *pre-construction phase*.
- The report bolsters expectations of first gold production in late 2019 with low upfront capital costs being confirmed.

Australian gold producer, Southern Gold Ltd (“Southern Gold”) advises that its development partner in South Korea, London Stock Exchange-listed Bluebird Merchant Ventures Ltd (“BMV”), has completed its initial report on the feasibility of re-opening the historic Gubong Gold Mine.

This report is the required catalyst for the formation of a formal 50:50 joint venture between Southern Gold and BMV over the Gubong Gold Project. Over the coming months, Southern Gold will establish a Korean-based operating entity. BMV will be the Operator of the joint venture.

BMV is confident that the mooted re-opening of the old gold mine will facilitate substantial immediate mining development with access to initial low-cost ore that can be cost effectively and quickly processed after a small scalable trial plant has been established. BMV has indicated that the project could advance to production late in 2019 and look to then progressively expand production over the next 5 years.

It is important to note that the BMV report has not been prepared in accordance with the JORC Code and this limits reporting further detail around the analysis of the report, particularly the quantitative elements.

Southern Gold Managing Director, Mr. Simon Mitchell: *“The report on the feasibility of re-opening Gubong is a substantive document and a lot of work has gone into its development. I appreciate the hard work undertaken here by the Bluebird team and I think this document will serve as a solid foundation for future work as we build our knowledge base in each area. While the report has not been completed to a JORC standard, it has been prepared by highly experienced technical personnel very familiar with the mine re-development scenario at Gubong.*

From my perspective, the report confirms two key things, firstly, that the project can be developed very quickly and that, secondly, the low capital intensity of the re-development may be even lower than first targeted. The report provides confidence that the Gubong mine can be re-opened and recommissioned, with production late in 2019.”



Photo: The former Gubong Mine.

BMV report on the feasibility of reopening of the Gubong Gold Mine

The mine closed in 1971 predominantly due to the low gold price at the time combined with the mine getting deeper, low capex investment in infrastructure and the intensive manual mining method. Gubong, as quoted in Korean Government reports, had a historical production of 430,000 ounces of gold and 110,000 ounces of silver over an intermittent production period from 1926-1971. Korean government group, KORES, has stipulated a significant residual 'Mining Resource' but this cannot be validated under any code (JORC 2012) and as such has not been reported.

The report highlights that a *preconstruction phase* is required that includes ongoing dewatering of lower levels of the mine, establishing a permanent entrance to the mine requiring key land acquisitions and a more extensive sampling and metallurgical program to refine process flow. This phase will also allow the completion of a full feasibility to prepare for the construction of the processing plant and commencement of mining. This *preconstruction phase* has been costed at US\$850,000 for the joint venture and has commenced.

The report indicates following this *establishment phase*, mining would initially be based around 150t per day using a range of mining methods from semi-manual to mechanized narrow vein equipment. Initial metallurgical results show high recoveries are attainable with low capital cost associated with the proposed leach method.

The report on feasibility has indicated that the gold resource potential at Gubong is very high and that there are four main sources of readily accessible ore from broken stocks in stockpile, sweeping and vamping, small remnant pillars and unmined blocks of ore. As the mine was shut very quickly, there is a high likelihood that 3-4 months production capacity would have been available for haulage, drilled or prepared ore stopes would have been scheduled and development of ore blocks would have also been ongoing.

A combination of mining methods is envisaged using mechanised flat back stoping where possible or mechanized room and pillar or breast stoping as the ore dictates.

Related Releases

20180404 – ASX ‘Definitive Farm In & JV Agreement over Gubong signed executed with BMV’.

20180622 – ASX ‘Excellent recovery results from preliminary metallurgical test work results form Gubong Gold Project South Korea’.

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 world-class epithermal gold deposits.

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

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 release, except as may be required under applicable laws. Readers should make their own enquiries in relation to any investment decisions and obtain advice from a licensed investment advisor.