

Cashed-up Southern Gold to glister in 2018

The 2017 year has ended with a bang rather than a whimper for Southern Gold, with further promising news from one of our key Korean projects as well as one of our exploration ventures near Kalgoorlie.

Here's to 2018 delivering more good tidings as we intensify our drilling and exploration efforts in pursuit of our ultimate target: golden shareholder returns.

In South Korea, our Weolyu project is emerging as a potential new mine after new assays from our recently completed drilling effort at the historic mine unearthed new gold and silver bearing veins.

We recently accessed the underground mine, which had been undisturbed since it ceased mining in the 1970's and installed safe access ladders to enable the in-situ channel sampling.

Weolyu had been mined for silver in its northern section but we have discovered that in their pursuit of this precious metal the old timers left large gold zones intact.

Our thinking at this stage is that Weolyu will be developed as a gold mine but with useful silver credits.

Our five-hole diamond drilling covered 1,256 metres in the southern section of the mine, with hits including 0.92 metres at 13.6 grams a tonne gold and 447 g/t silver (from 165.7 metres).

We also took 101 channel samples. The best result was 17.7 g/t gold and 469 g/t silver.

We will now review the field data in 3D to decide on the most cost-effective work program to test the exciting mineralisation potential of Weolyu South.

Closer to home we keep delivering the hits as well.

At Glandore – 40km east of Kalgoorlie – initial assays from our inaugural drilling program further our hopes of a small but shallow commercial deposit.

In the 25 hole program, 22 assayed gold of more than 1 gram a tonne. The best result was 7 metres at 10.16 g/t, including 1 metre at 54.8 g/t (from 30 metres).

Our efforts so far have focused on the Doughnut Jimmy prospect, which is less than 40 metres deep. Crucially, our drilling has confirmed the presence of a ‘supergene’ (enriched) blanket, with distinctive upper and middle lodes.

Glandore is a joint venture with Aruma Exploration. We have a 75% interest but are increasing this stake to 90% by spending a minimum \$1.2m on the project, with more than \$1m of this already completed.

In the New Year we will assess the economics of what could be a small but shallow and high grade oxide resource, which would not need explosives to extract (and therefore very low cost).

While we have put plenty of holes in this doughnut, Doughnut Jimmy is part of a wider work slate of 46 holes (15 reverse circulation and 31 aircore) that also targets our neighbouring Lavaeolus and Lankin prospects as well as the nearby Lakes Consol.

Results across the three Ls have been more mixed, with four holes at Lankin identifying only low gold grades (less than 1 g/t) but providing us with clues for defining a larger mineralised system.

At Lakes Consol, we identified the relevant shear zone (called a chlorite-sericite schist). However, a dipping component of the target remains to be tested.

At Lavaeolus, our six-hole program drew a blank but this was testing just the upper oxide part of the deposit and further work is required on a previously defined deeper high-grade shoot.

Meanwhile our main Kalgoorlie focus – the Cannon gold mine – is shaping up well as an underground mine to deliver a second phase of life and critical cash flow. In its now-completed open-pit stage, Cannon produced 52,000 ounces of gold and generated a \$13.7m profit for us.

Investors can expect more news about the underground extension in the New Year in terms of technical work and commercial arrangements.

We recently confirmed the Cannon underground resource at a JORC compliant 142,000 tonnes (indicated and inferred), grading an average of 5.2 g/t for 23,6000 ounces of in situ gold.

All in all, there's plenty of work for us to do in 2018 - and almost unbounded potential on several fronts. With at least \$4m in the bank we're well placed to deliver on what we have promised.

- Written by Investor Torque (www.investortorque.com)