



## Third profit share distribution of \$2 million received from Cannon gold mine, WA

- Third profit share distribution of \$2 million received
- A total of \$5.5 million of profit share distributions has now been received by Southern Gold from the Cannon mine
- Debt free after repayment of Convertible Debt Facility
- Additional distributions expected over the coming months

**Shares Issued: 46.4M**

### Directors

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### Further \$2 Million Profit Share Distribution Received

The Directors of Southern Gold Ltd ('Southern Gold') are very pleased to advise the payment to the Company of the third profit share distribution from the operating Cannon open-pit gold mine near Kalgoorlie in Western Australia. The Cannon gold mine operations committee resolved to pay \$4 million in distributions, or \$2 million to each of Westgold Resources Ltd ('Westgold', ASX Code "WGX") and Southern Gold. **This takes total payments so far to Southern Gold from the Cannon mine to \$5.5 million.**

Westgold is managing operations at the Cannon gold mine and processing Cannon ore at the South Kalgoorlie Operations Jubilee plant approximately 35km to the south west of Cannon.

### Debt Free Status on full repayment of Convertible Debt Facility

Southern Gold will direct approximately \$1 million of this distribution to the repayment of the Convertible Debt Facility (See ASX Release 1 April 2016) over the next few days. **After this repayment, Southern Gold will be debt free.**

### Status of Processing Campaigns and Further Distributions

The seventh processing campaign of Cannon ore commenced on the 7<sup>th</sup> January 2017 and continued until the 22<sup>nd</sup> February 2017. Detailed and complete figures from this campaign will be released shortly. The eighth processing campaign is currently projected to commence during March 2017 but the exact start date is yet to be confirmed.

Assuming the mine is taken to completion, **Southern Gold expects to receive further distributions during the period to 30 June 2017 of approximately \$10 million** under the base case (assuming A\$1600/oz gold price and 90% recovery).

The exact timing and quantum of distributions will be optimised over the coming month with final mine plans being designed to take account of 'goodbye cuts' and the extraction of higher grade gold ore while also managing geotechnical issues. While details are yet to be determined, Southern Gold is confident that this final mine plan will deliver further excellent outcomes for our shareholders.

### 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 currently to produce around 50koz gold.*

*Mining at Cannon has commenced with Westgold Resources Ltd financing and developing the deposit under a 50/50 profit share arrangement. Westgold is responsible for all mining, haulage and processing activities (ASX announcement 11/11/2014) with this mandate recently expanded to incorporate the commercial terms of a larger open pit development (ASX announcement 3/11/2015).*

*In addition to its cornerstone position in Kalgoorlie, Southern Gold has recently acquired a portfolio of high grade gold projects in South Korea. These projects are a mix of decommissioned gold mines with orogenic gold mineralisation and greenfield epithermal gold targets. The aim is to move one or more of the orogenic gold mines into production in the medium term as well as test for world-class epithermal gold deposits.*

### Competent Person's Statements

*The information in this report that relates to Exploration Results has been compiled under the supervision of Mr. Ian Blucher (MAusIMM). Mr Blucher, who is an employee of Southern Gold Limited and a Member of the Australian Institute of Mining and Metallurgy, 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 Blucher consents to the inclusion in this report of the matters based on the information in the form and context in which it appears.*

*The information in this report that relates to Cannon Mineral Resources is based on information compiled by Mr Ian Blucher (MAusIMM). Mr Blucher is an employee of Southern Gold Limited and has sufficient experience that is relevant to the style of mineralisation, type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (JORC, 2012). Mr Blucher 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.*