

Gold Hedge fixes 2,500oz Au at A\$1,621/Toz



Shares Issued: 46.4M

Directors

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- Fixed forward contract of 2,500 troy ounces of gold
- Price of gold sold A\$1,621/Toz on 30 June 2017
- Executed by Sumitomo Corporation Global Commodities Ltd
- Additional hedging capability in place

Hedge Executed

Southern Gold Ltd ("Southern Gold", ASX: SAU) Directors are pleased to advise that a small gold hedge has been put in place with Japan's Sumitomo Corporation Global Commodities Ltd ("SCGC Ltd").

The hedge is a fixed forward contract to sell 2,500 Toz of gold at A\$1,621/Toz. This represents a contract value of A\$4,052,500. The forward sale is to be cash settled on 30 June, 2017. However, the contract is also able to be cash settled early at any time prior to that date. Arrangements are also in place with SCGC Ltd to enable additional hedging should Southern Gold look to do so.

The current quantum of the hedge is less than Southern Gold's 50% share of gold currently in stockpile and therefore represents a low delivery risk and as such has been executed on an unsecured basis.

Managing Director's Comment

Southern Gold's Managing Director, Mr Simon Mitchell: "It is prudent that the Company locks in a portion of its future cash flow at current gold prices north of A\$1,600/oz and take some of the volatility out of projected earnings, especially given how material they are compared to Southern Gold's market capitalisation.

"I acknowledge the good work undertaken by the hedge counterparty, Sumitomo Corporation Global Commodities Ltd, which was assisted locally by Royalty Stream Investments, to put this hedge in place. It is an excellent outcome for a company of our size and points to their confidence in Southern Gold's immediate future. I look forward to working with them again on our new projects currently in the pipeline."

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. Mining at Cannon has commenced with Westgold Resources Ltd mining the deposit under a 50/50 profit share arrangement.

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.

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.